

EMV Basics for Small Businesses

Beginning on Oct. 1, 2015, merchants are now liable for certain kinds of fraudulent credit card transactions if they didn't upgrade their point of sale systems to EMV, the new chip technology that makes in-person purchases more secure.

What does this mean for your small business? Check out our EMV upgrade tips and information to learn about your options and risks.

Questions about small business and personal finance? Visit nerdwallet.com.

What EMV does

EMV credit cards have a chip that creates new payment credentials for each transaction. That makes the cards difficult to counterfeit compared with regular magnetic stripe cards that have static payment information.

What EMV doesn't do

However, EMV cards aren't bulletproof. If you sell products online, an EMV chip won't make those transactions safer because the chip has to be physically inserted into the payment terminal. Also, EMV cards won't protect customers from fraud stemming from a data breach.

The risk to your business

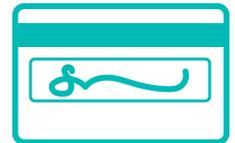
If you don't upgrade to EMV systems, you may be taking on financial responsibility for fraud on your customers' credit cards.

Small-business owners may decide it's not worth the cost and effort to upgrade. However, high-end retailers are more susceptible to "card-present" fraud, and they likely will save money by upgrading.

Upgrading your payment system

For large businesses, upgrading payment terminals can be an expensive endeavor. But there are cost-effective options such as Square, which offers a chip card reader for \$29-\$49.

For more information, read our [Guide to EMV Credit Cards](#).



Left: Front of a credit card equipped with a secure EMV chip. Right: Back of a traditional magnetic stripe credit card.

Questions your customers might ask about EMV cards

Q: Will my new chip card still work if I swipe it in the old system?

A: Yes, but the transaction won't take advantage of the new technology. To get the additional security that comes with EMV, customers need to dip the chip into an EMV-ready terminal.

Q: How do I use my EMV card?

A: Insert the chip portion of the card into the EMV-capable terminal, but don't pull it out right away. Follow the prompts on the payment system and remove the card when the receipt starts printing.

Read [The ABCs of EMV](#) for more answers to help your customers.