EMV Contactless Acceptance Requirements

Migration to EMV contact chip is underway in the U.S., and the recent launch of mobile payments has increased interest in EMV contactless payments. As merchants plan to upgrade their point-of-sale environments to support EMV contact chip, acquirers, processors and merchants need to be aware of existing and new Visa requirements for contactless acceptance devices that enhance interoperability and payment security.

Background

The U.S. is in the early stages of upgrading the point-of-sale acceptance environment—hardware and transaction processing—to support EMV contact chip, and for some merchants, EMV contactless chip. The majority of legacy contactless terminals are Magnetic Stripe Data (MSD)-only, meaning that they cannot process quick Visa Smart Debit / Credit (qVSDC) transactions. Additionally, nearly all merchants that accept contactless payments are still only capable of processing MSD for these transactions. This means their terminal reads the EMV contactless chip, but does not include EMV contactless chip data (i.e., cryptogram) and processes the transaction as a magnetic stripe transaction.

Currently, the Visa Rules require that EMV contactless terminals deployed in the U.S. after 1 April 2013 comply with Visa Contactless Payment Specification (VCPS) 2.1.1 and be capable of processing transactions using both the MSD and qVSDC paths. As of 1 January 2015, the MSD transaction path became optional at these terminals.

Since this requirement only applied to terminals deployed after 1 April 2013, a number of contactless MSD-only terminals remain in the U.S. market. These older terminals have caused contactless processing issues and declines at the point of sale. Many of the terminals cannot be upgraded due to outdated hardware or the terminal manufacturer being out of business. In addition, some terminals deployed after 1 April 2013 are not compliant with Visa requirements.

New Requirements

To address these challenges, Visa is announcing a sunset date for all contactless terminals that are not compliant with the VCPS 2.1.1 (i.e., that only support MSD-only transaction processing). Further, Visa is establishing a conditional requirement for contactless-enabled merchant locations to ensure they upgrade to qVSDC transaction processing when they activate EMV contact chip transaction processing. Additionally, Visa’s existing requirements, effective since 1 April 2013, have been amended.

- **Effective 10 April 2015**, contactless terminals deployed between 1 April 2013 and 31 December 2014 must comply with the VCPS 2.1.1 (or higher), and be capable of processing a transaction using both the MSD and qVSDC transaction paths (though the terminal may actively support only the MSD transaction path). Terminals deployed on or after 1 January 2015 must comply with the VCPS 2.1.1 (or higher), and be
capable of processing a transaction using the qVSDC transaction path (though the terminal may actively support only the MSD transaction path).

- **Effective 1 April 2016**, all contactless terminals in the U.S. must comply with the VCPS 2.1.1 (or higher) and be capable of supporting contactless chip (qVSDC) functionality. Any terminals that do not meet this requirement must be removed.

- **Effective 1 April 2016**, merchant locations that actively support EMV contact chip and accept Visa payWave transactions must actively support qVSDC transaction processing for their contactless transactions.

To actively support the qVSDC transaction path, readers must be capable of and configured to complete these transactions as specified in the VCPS and must transmit the Full Chip Data generated in the transaction to VisaNet. For clarification, the transaction **must** be performed as a qVSDC transaction when the card or device supports qVSDC and the reader supports both qVSDC and MSD.

**Note:** The Visa Rules only require terminal capabilities to ensure interoperability; there are no requirements for merchants to activate qVSDC transaction processing if they choose not to activate EMV contact chip processing at this time.

**Next Steps**

Beginning 1 April 2016, acquirers must ensure that all EMV contact-chip-capable merchants that accept Visa payWave transactions actively support the qVSDC transaction path of VCPS 2.1.1 (or higher) and that their magnetic-stripe-only merchants that accept Visa payWave transactions have contactless readers that either actively support qVSDC, or can be upgraded to accept the qVSDC protocol.

As part of our efforts to improve interoperability and payment security, Visa is committed to the eventual migration of all contactless payments away from MSD processing to more reliable and secure EMV-based qVSDC processing. Visa is currently evaluating time frames under which to establish a sunset date for the contactless MSD processing path.

**Additional Resources**

**Documents & Publications**


**Online Resources**

Visa Chip and Contactless Terminal Requirements:

- *Visa Core Rules and Visa Product and Service Rules*

- *Transaction Acceptance Device Requirements*

- *Visa Chip Bytes*

Chip and Contactless Documentation:
• **Transaction Acceptance Device Guide**

• **Visa Smart Debit / Credit and Visa payWave U.S. Acquirer Implementation Guide**

• **Visa Minimum U.S. Online-Only Terminal Configuration**

• **Visa U.S. Merchant EMV Chip Acceptance Readiness Guide**

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**For More Information**

Contact your Visa Account Executive or call 888-847-2242 to speak with a Visa subject matter expert.

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