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PREVIEW

Paying for Credit-Card Security

There's a push for a more secure standard using chips on cards instead of strips. But convenience issues cloud the technology's future.

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October 10, 2015

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The credit-card swipe, synonymous with U.S. consumerism, is getting an upgrade—but this is about security, not convenience. The U.S. has become a haven for payment-card crime, accounting for 48% of the world's card fraud last year, or \$7.9 billion, despite generating only 21% of total card volume, according to the Nilson Report, an industry tracker.



Insecure: The U.S. accounted for 48% of the world's card fraud last year, despite generating only 21% of card volume. *Illo: William Waitzman*

For years, MasterCard and Visa have pushed U.S. banks and merchants to join Europe in adopting a more secure standard known as EMV, which uses chips that can't be counterfeited instead of vulnerable magnetic strips. Some 40% of U.S. MasterCard-branded credit cards already have chips, though only 26% of domestic merchants accept them, the company says. Expect that number to grow. As of this month, merchants without upgraded equipment are liable for card

fraud, a hit that previously fell on card-issuing banks.

Improved security is a win, but EMV doesn't necessarily make things more efficient. Instead of swiping, consumers will soon be dipping cards into EMV readers. The card has to stay in the reader until the transaction is complete, which could add a few seconds to typical transactions and cause cards to be left behind by distracted consumers.

Fiserv, a financial-technology firm, is trying to educate merchants and consumers about EMV; the firm says 38% of card users don't know what it is. The card dip could prove short-lived, anyway, particularly if the inconvenience pushes consumers to adopt payment via smartphone. So long, swipe. Hello, zap.

-- Alexander Eule



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Next Week

Monday 12

U.S. equity markets are open, but banks and the bond market are closed for Columbus Day. Markets are also closed for various holidays in Brazil, Canada, and Japan, among others.

[California Resources](#) meets analysts.

Fed Governor Lael Brainard speaks about the economic outlook at the National Association for Business Economics meeting. Chicago Fed's Charles Evans and Atlanta Fed's Dennis Lockhart make appearances elsewhere.

Nobel Prize in economics is announced.

Tuesday 13

The small-business optimism index for September is reported.

[JPMorgan Chase](#) kicks off the bank earnings season for the third quarter, reporting after the market closes.

[VMWare](#) begins meetings with analysts at a conference in Spain.

New York Fed President William Dudley presides over a lunch meeting at the Economic Club of New York.

MacroGenics discusses its R&D.

[BSX](#), [MiMedx](#), [Eros International](#), and [Popeyes Louisiana Kitchen](#) meet with analysts and investors.

[Intel](#) posts results. MKM Partners thinks it will surprise positively.

Democratic presidential candidates hold their first debate in Las Vegas.

Wednesday 14

Look for retail sales to rise 0.3% in September on strong auto sales, says Bank of America Merrill Lynch.

The Fed issues its "beige book" survey of regional economic conditions.

[Wal-Mart Stores](#) hosts its annual meeting for investors.

California Resources, [Iron Mountain](#), [Nike](#), and [Patterson](#) meet with analysts and investors.

[Bank of America](#), [PNC Financial](#), and [Wells Fargo](#) report results.

The Frankfurt Book Fair begins.

[Medtronic](#) holds a cardiac and vascular group briefing for investors.

China announces consumer and producer prices for September.

First Data is set to price 160 million shares at an average of \$19 each; Albertsons prices 65.3 million shares at an average of \$24.50 apiece.

Thursday 15

Bank of America sees consumer prices falling 0.3% in September.

[Citigroup](#) and Goldman Sachs report results before the market opens.

New York Fed's Dudley participates in a roundtable on how the Fed should decide the right level of interest rates. St. Louis Fed President James Bullard also speaks.

The investor advisory committee of the SEC discusses exchange-traded fund pricing



3 Why Hong Kong Stocks Are A Buy



and market structure.

American Farmland prices 12 million shares at an average of \$9.50 each.

[Skechers](#) splits its shares, 3 for 1, after the market closes.

Friday 16

Industrial production for September is reported.

[General Electric](#) posts quarterly results before the market opens.

[Agiros Pharmaceuticals](#) holds a research and development day.

[Sanderson Farms](#) meets investors.

South Korea's president meets with President Barack Obama.

Week's Highlight

Tuesday 13: JPMorgan Chase kicks off big banks' earnings for the third quarter. Democratic presidential candidates hold their first debate.

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