



From your Friends at NetWorks



Visa Delays AFD Liability Shift Date

To promote the use of EMV technology in the US, Visa and MasterCard announced in August, 2011, a liability shift. The liability shift was designed to place fraud losses of an EMV transaction on the party (acquirer or issuer) with the weakest security features. For example, if a terminal could not support an EMV transaction but the card supports chip technology, then the terminal owner would be required to accept any fraud loss for that transaction. The announced shifts were as follows.

October, 2015 – Visa and MasterCard acquirer fraud liability shift for all POS transactions

October, 2016 – MasterCard acquirer fraud liability shift for all US (Cirrus) ATM transactions

October, 2017 – Visa and MasterCard acquirer fraud liability shift for all AFD transactions. Also, Visa acquirer fraud liability shift for all US (Plus) ATM transactions.

In the December 1, 2016 edition of the Visa Business News, (US Automated Fuel Dispenser EMV Liability Shift Delayed to 2020), it was announced that the liability shift for US Automated Fuel Dispensers (AFD) has been delayed until October 1, 2020 for Visa card activity. The news article stated the reason is “due to unforeseen challenges with EMV AFD solution readiness. Not only is updating AFD terminals time consuming and difficult,

but the hardware and software necessary to implement EMV, specifically to support US debit transactions, is not expected to be widely available from terminal vendors until mid-2017.” Visa’s announcement did not change the acquirer fraud liability for ATMs (Plus) network. At the time of writing, MasterCard had not made any announcements regarding a similar delay of their October, 2017 AFD liability shift date.

We all know that AFD terminals have been a source for fraudulent transactions and the delay may add to fraud problems going into the future. Visa and the US Fuel Industry, however, have implemented fraud tools to assist in mitigating fraud losses, per the news article. The tools include Address Verification Service (AVS) and Visa transaction alert advisor. Visa also intends to improve the scoring process for AFD transactions through their Visa Advanced Authorization product.

Further, Visa will also be monitoring fraud monthly through the Visa Fraud Monitoring Program (VFMP) for Merchant Category Code specific to AFDs (MCC 5542). If a merchant exceeds predetermined fraud limits for five consecutive months it will be subject to fraud chargebacks. If, however, a merchant exceeds predetermined ‘excessive’ fraud limits, the merchant will

be subject to fraud chargebacks in the first month. The criteria are defined in the Visa Business News dated December 2, 2016, "[Visa Fraud Monitoring Program will be Expanded to Help Mitigate Counterfeit Fraud at US AFDs.](#)"

In a related note, NetWorks has begun to see adjustments due to ATM fraudulent activity that are being charged to the ATM owner when a terminal does not support EMV and accepts Cirrus (MasterCard) issuer activity. If your ATM terminals are set to accept acquired Cirrus activity but are not able to accept EMV chip cards, we highly recommend that you convert them as soon as possible to avoid such fraud losses. As stated above, the Plus national ATM network won't implement the ATM liability shift until October 1, 2017. Feel free to contact your member services representative with any questions you may have.

Survey Winners!

Thank you to those of you that took the time to complete the 2016 Bi-annual NetWorks survey. The number of responses was greater than any of our previous surveys. Due to the large response, we are presented with a bigger picture on how well we are meeting the needs of our members, as well as what is important to you going forward. We greatly appreciate your candidness.

Congratulations to the four winners from a random respondent drawing listed below. A \$50 Visa gift card has been sent to each in time for Holiday shopping!

Jeff English – Farmers and Merchants Bank, Axtell
Peggy Jensen – State Bank of Scotia
Gail Curry – F&M Bank, West Point
Jeana Mrkvicka – Citizens Bank and Trust, St. Paul

Timeout for Some Fun!

In holding with tradition, the NetWorks staff treated themselves to its 15th Annual Chili Cookoff in October. Started as a personal challenge in the operations area, chefs from throughout the company began making their 'special' chili in hopes of winning cash; but more importantly, the coveted trophy and a year of boasting!



Seated: Matt Durr, Anthony Hunt, Jason Wilson
Standing: Evan Beer, Alan Hunt, Al Lubken, Dave Hunt, Nate Johnson, Jim Klaasmeyer

The contest is simple. Those choosing to participate bring their chili for the staff to taste test. Each chili is given a score of 1-10 (ten being the highest) by each staff member and the chili with the highest score is the champion. This year we had nine participants. As if we needed more to eat, the rest of the staff brought the condiments, snacks and desserts! Congratulations to Anthony Hunt, the 2016 champion. Anthony is a four-time winner including the last two years in a row. It was a great day of food, fun and comradery!

Quote

"Maybe Christmas doesn't come from a store!"
- The Grinch (Dr. Seuss)

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