Executive Welcome

EMVCo has published aggregated data that shows by the end of 2016, the number of EMVCo® payment cards in global circulation had increased by 1.3 billion in the previous 12 months to a total of 6.1 billion.

The statistics demonstrate that the percentage of EMV enabled chip card issuance has continued to increase across all regions:

- Europe Zone 1, EMV chip card adoption rate: 84.9% (up from 84.3% in 2015).
- Canada, Latin America and the Caribbean, EMV chip card adoption rate: 75.7% (up from 71.7% in 2015).
- Africa and the Middle East, EMV chip card adoption rate: 68.7% (up from 61.2% in 2015).
- Europe Zone 2, EMV chip card adoption rate: 63.7% (up from 52.3% in 2015).
- United States, EMV chip card adoption rate: 52.2% (up from 26.4% in 2015).
- Asia Pacific, EMV chip card adoption rate: 38.8% (up from 32.7% in 2015).

The data also highlighted that 52.4% of all card-present transactions conducted globally between January and December 2016 used EMV chip technology, up from 35.8% for the same period in 2015.

Europe Zone 1 continued to have the highest penetration of card-present transactions made with a chip card (97.8%). This was closely followed by Canada, Latin America & the Caribbean at 90.7%, Africa and the Middle East at 90.2%, and Europe Zone 2 at 86.6%.

The US and Asia demonstrated notable increases as they continue migrating card-present based payments to EMV chip technology. EMVCo recognises that more recent data will reflect higher adoption rates than the January to December 2016 reporting period,

In This Issue...

QR code-based payments
Learn about EMVCo's newly launched initiative which considers the acceptance of QR code-based payments.

Biometrics
EMVCo has released a Q&A to detail its work in biometrics. View here.

APSCA Webinar
Listen to EMVCo's webinar with APSCA on Secure and Frictionless Mobile Commerce.

Level 3 Testing Documents Published
The latest Level 3 Testing framework published in April 2017 is now available for download.

Level 1 Working Group Tests for Acceptance of Wearable Products
Read more on wearables products eligible for submission to the EMV Level 1 Mobile Type Approval process.

given the current pace of migration in these regions.

Visit the <u>EMVCo website.</u> to view the full data.

QR code-Based Payments

With the increasing deployment of QR code-based payment methods, EMVCo has launched a new technical initiative to work on the development of a specification for globally interoperable and secure QR code-based payments.

EMVCo's activity in this area will deliver a global specification that reflects the requirements of actors in the payments ecosystem.

Two specifications will be developed initially to reflect differing QR code-based payment modalities: consumer-presented and merchant-presented. Each of the two draft specifications ha**s** been shared with Technical and Business Associates in Q2 2017. Following industry input, EMVCo aims to release the final specifications in mid-year of 2017.

This work is complementary to ongoing activity to manage and evolve the existing EMV Contact and Contactless Chip Specifications, and other areas such as EMV Payment Tokenisation and EMV 3D-Secure 2.0.

For further detail, read the <u>FAQ</u> on the technical body's work in this area.

Biometrics

A new Q&A focusing on biometrics has been published and is available to members on the EMVCo website. In line with regulatory activities, such as the second European Directive on Payment Services (PSD2), which calls for strong authentication methods in payments and biometric verification, EMVCo has been updating the EMV Contact Chip Specifications to allow the use of existing biometric methods as an EMV cardholder verification method (CVM).

The updates to EMV 4.3 Contact Chip Specification enable the payment community to add a biometric verification option into the current EMV contact flow with limited impact.

EMV 4.3 Contact Chip Specification updates include:

- Defining the new CVM for biometrics and a new variant of the 'verify' command which includes how the template is secured, and the coding of the biometric-related values of terminal verification results.
- Supporting the use of issuer script commands to load, change, or unblock the templates after card issuance.

The updates relate to EMV Book 2 – Security and Key Management, Book 3 – Application Specification and Book 4 – Cardholder, Attendant, and Acquirer Interface Requirements.

The draft specification bulletin was published in November 2016 on the EMVCo website. Following industry input, EMVCo has released the final specification updates in Q2 2017. For more information, read our Q&A.

Listen to our latest webinar EMV: Secure and Frictionless Mobile Commerce

EMVCo partnered with APSCA, the Asia Pacific Smart Card Association, to provide its members with a webinar to explain how the Asian payments community is being supported through a range of payment methods, technologies, and acceptance environments.

The 30-minute webinar, held on Wednesday 17 May, offered a thorough overview of secure and frictionless mobile commerce, including:

- EMVCo's activity to develop a unified approach to QR codes, secure remote commerce, and payment tokenisation.
- How the Asian payment community can optimise the EMV 3DS 2.0 Specification to verify e-commerce transactions while promoting a consistent consumer experience across various channels and connected devices.
- EMVCo's roadmap of specifications and upcoming events.

Listen to the recording.

Two New EMV Level 3-Related Documents Recently Published

EMVCo is pleased to announce the recent publication of two new Level 3 related documents:

- EMV Level 3 Testing Framework – Implementation Guidelines [L3FIG] – Version 1.0
- EMV Level 3 Testing Framework – Pseudo-function Definitions for Test Card Images [L3PSEU] – Version 1.0

Creation and publication of the EMV Level 3 Testing Framework – Implementation Guidelines document was the result of ongoing engagement efforts between the Level 3 Testing Group (L3TG) and technical stakeholders in L3 testing environment.

It defines standardised formats for:

- L3 Test Set files – used by payment systems and any other entities to define their L3 testing requirements for use on EMVCo-qualified test tools for the execution of L3 test cases.
- L3 Test Session files – used by developers of the L3 Test Selection Engine (TSE) component of the L3 test tool, to ensure that test tool-generated L3 test plans are delivered in consistent, machine-readable format.
- Machine–readable Test Card Images – used by payment systems and other testing entities to define machine-–readable images of the cards required to perform L3 testing on EMVCo-qualified test tools.
- Standardised Transaction Log Formats – used by L3 test tool developers to generate the following on their L3 test tools:
  - Card to terminal transaction interaction.

       ○   Online messages, captured by optional host simulators, and imported to the L3 test tools for interrogation.

Accompanying the framework is the EMV Level 3 Testing Framework – Pseudo-function Definitions for Test Card Images. This specifies a set of card characteristics and behaviours that cannot otherwise be determined from the card images definitions alone. Publishing as a separate document will enable better management of new and updated card characteristics and behaviour when required, without significant impact to the main document.

These new publications are intended to provide separation between the technical definitions for Level 3, and the business considerations, as defined in the initially published EMV Level 3 Testing Framework – Process Enhancements document.

Level 1 Working Group Tests for Acceptance of Wearable Products

Wearables products are now eligible for submission to the EMV Level 1 Mobile Type Approval process. EMVCo defines a wearable product as any chip or host card emulation based product that is incorporated into an item of clothing or accessory which supports proximity payment.

The group will continue to work on additional updates to the process that better support wearables which may result in further changes being introduced in 2017. This will not impact the fact that wearables can already be submitted for approval. In the meantime, specific contexts will be managed on a case-by-case basis.

Product providers and laboratories can contact EMVCo for specific questions about wearables.

Spotlight on EMVCo's Conference Activity

EMVCo representatives have participated in the following events so far in 2017:

- SCA Payments Summit (27-30 March, Orlando, US)
- Merchant Risk Council online webinar series (22 March)
- PCI SSC Asia-Pacific Community Meeting (17- 18 May, Bangkok, Thailand)

Keep up-to-date with all upcoming events on the [EMVCo website](#).

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