

What's the Difference Between EMV and NFC?

by Ben Dwyer

Understanding EMV and NFC

#EMV (<https://www.cardfellow.com/blog/tag/emv/>) #equipment (<https://www.cardfellow.com/blog/tag/equipment/>)

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and NFC

There was once a time when all you had to worry about was having enough cash on hand to provide customers with change. Those days are long gone. These days you need to be prepared to handle a slew of payment options.

More people use credit cards for payments and mobile phones are becoming a popular consumer payment option as well.

Apple, Android, Samsung, and Chase all offer ways for customers to use their smartphones for payments, and new services are popping up all the time.

So what's the difference between EMV and NFC, and why should you care? Read on for more info.

Understanding EMV and NFC

The two buzzwords you'll hear in discussions of chip credit cards and phone payments are EMV and NFC.

EMV stands for Europay, Mastercard, Visa, and is a security standard for the chips (<https://www.emvco.com/>) embedded in credit cards vs the magnetic strip. NFC stands for near-field communications, and is the technology that allows data to be read by compatible machines without contact.

Although NFC is most often associated with mobile phone payments and EMV is most often associated with chipped cards, both technologies can actually be used in both payment options. The NFC chip in mobile phones can also be used for contactless chip cards, and the encryption that protects payment information on both is the EMV standard.

Many newer terminals allow you to accept both NFC and EMV payments, but it's important to note that some machines only take one or the other. Square, for example, has a mobile credit card reader that accepts magnetic stripe cards and EMV cards, but not NFC payments. (An NFC/EMV reader is available, but it doesn't take traditional magnetic stripe cards.)

Both EMV and NFC payment methods are more secure than an unencrypted magnetic strip, but only EMV cards are subject to the fraud liability shift that went into effect in October of 2015. Businesses that don't have an EMV compliant machine are liable for fraudulent transactions made with EMV chip cards. There are currently no repercussions for not accepting NFC payments like Apple Pay.

Card Processing Fees for EMV and NFC

There are many components to credit card transaction fees (<https://www.cardfellow.com/blog/average-fees-for-credit-card-processing/>) but for the time being, EMV and NFC payments don't change anything cost-wise. NFC payments made with a mobile phone in-store by 'tapping' the phone to an NFC-capable terminal are considered "card-present" transactions. Your card-present pricing will apply. NFC in-app purchases are considered "card-not-present" transactions, and your card-not-present/ecommerce pricing will apply.

As for EMV, it's possible that in the future, chip cards run using the magnetic strip instead of 'dipping' the card to use the chip will incur higher cost, but that is not the case as of now. We'll update this article with new information as it becomes available, so be sure to follow us on Twitter or Facebook for updates.

Another thing we may see more of in the future is EMV non-compliance fees (<https://www.cardfellow.com/blog/emv-non-enabled-non-compliance-fees/>), or fees charged if you don't have EMV compliant equipment. Presently, the Vantiv-owned processing company NPC is charging what it refers to as "EMV non-enabled" fees to customers who aren't using EMV terminals at their businesses. No other processors have announced non-compliance fees yet.

Taking EMV and NFC Payments

If you're set up to accept EMV chip card payments, your machine may also accept contactless payments from mobile phones. If you're not yet set up to take EMV payments, contact your processor to see what you need to do to accept chip cards and mobile payments.

For NFC, you can search our product directory (<https://www.cardfellow.com/product-directory>) to locate your machine and check if it has NFC capability.

However, it's important to note that not all smartphone payments require NFC capability. *Samsung Pay* is equipped with magnetic strip emulation. That means a customer can "slide" their phone along your regular credit card machine to pay. This means customers can use Samsung Pay even if you're not equipped with NFC-capable equipment.

The Future for EMV and NFC

At this point, EMV and NFC payments make up a small portion of overall card processing payments. These numbers are expected to rapidly rise over the next 5 years, as the technology's usage becomes more widespread. EMV chip cards in particular will see greater usage as banks phase out traditional magnetic strip cards and consumers have no choice but to use chip cards.

Purchasing EMV compliant equipment now allows you to accept chip cards, and many machines will also permit NFC payment acceptance. There's no requirement to take either payment type, but remember that with EMV chip cards, you'll be responsible for any customer fraud that occurs at your business if you run a chip card through your magnetic stripe machine.

Credit Card Processing exposed

Use the secrets that credit card processors don't want you to know to drastically lower your credit card processing fees.

Read Now! (<https://www.cardfellow.com/blog/credit-card-processing-guide/>)

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