EMV Merchant Adoption Slower Than Expected Since The Liability Shift

92 Payment Service Providers
3.95 Million Card Accepting Merchants
~50 Percent U.S. card accepting Market

Based on a January 2016 Survey, the Following Can be Estimated

1. Of card-accepting merchants are EMV-ready
   - 37%
   (Prior TSG survey estimated over 40% would be EMV-ready at this point)

2. Expected EMV Readiness
   - Mar. '15 Est.
     - 25%
   - Sept. '15 Est.
     - 50%
   - Jun.'16
     - 75%
   - Dec.'16
     - 72%
   - 2017
     - 90+%%

3. Top EMV Hurdles
   - Processor Readiness: 57%
   - Gateway Readiness: 54%
   - Technical Staff Resource Availability: 53%

Payment Service Provider Commentary

"The media coverage increased the interest and overwhelmed our call center but positive overall."

THE GOOD

"Not all gateways, terminals or processors are fully EMV ready and/or capable for all card types. The liability shift was implemented too soon based on the effort required."

THE BAD

"This has been a major pain in the a$$! Terminal manufacturers weren't ready, the processors and certification people weren't ready; we spend more of our own $ to clean up their mess."

THE UGLY

"Liberal BS"

THE FUNNY

The Strawhecker Group (TSG) is a management consulting company focused on the global payments industry. The company specializes in providing financial institutions, merchant acquirers, card networks, ISOs, processing companies, large merchants, and the investment community with advisory services to maximize their growth and profitability. TSG is also a resource for consumer spending data, industry research, benchmark studies and developing trends. For more information please visit www.TheStrawGroup.com.