

A hand is shown holding a credit card over a payment terminal. The terminal has a keypad with numbers 1-9, 0, and function keys. The card is partially inserted into the terminal. The background is a blurred image of a person's face, overlaid with a blue tint.

Chip Fallback Authorization Strategies to Reduce Fraud Impact

Without strong fallback authorization strategies, your financial institution could incur magnetic stripe fraud on EMV cards and ATMs.

Review this checklist to learn what strategies are most effective in mitigating losses from fallback transactions on chip-enabled cards and ATMs.

Fallback Fraud Prevention Checklist

- Work with card processor(s) to block fallback authorizations on chip cards so the fraud liability is not shifted to the financial institution.
- If fallback authorizations on chip cards are not blocked, monitor your chip card transactions closely for instances of "fallback fraud" in order to act quickly.
- Verify chargeback rights against any merchant that processes unauthorized fallbacks on chip cards.
- Monitor authorization reports from a processor so you can immediately capture and resolve any unauthorized or discrepant fallback transactions.
- Enable these authorization strategies for point-of-sale devices (POS). These can include:
 - Require a PIN for a chip fallback transaction.
 - Set a dollar and/or transactional limit on fallback transactions for each chip card.
 - Block fallback authorizations at the POS.
 - Block all key entered fallback authorizations (card present - POS 01).
- If ATMs are EMV capable:** Only permit use of chip-enabled cards at your chip-enabled ATMs – this includes for your chip-enabled cards and chip cards issued by other financial institutions.
- If ATMs are not EMV capable:** Set transaction and dollar limits for cards used at your ATMs to reduce the chargeback liability if another financial institution's chip card is used at your non-chip enabled ATM machines.

Visit our website for more risk education:

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