



**Opening Statement of Chairman Steve Chabot
Committee on Small Business
“The EMV Deadline and What it Means for Small Businesses Part 1”
October 7, 2015**

Good morning,

One week ago marked the official deadline for implementing new EMV chip card technology. The shift away from traditional magnetic stripe credit cards to ones embedded with a chip, adds an additional layer of security to every purchase—making our financial data less accessible to cyber criminals.

The transition to EMV chip technology impacts every American consumer and is of great importance to this Committee. But just how much does the average American know about this transition? Many have probably received a new card in the mail. Fewer have probably “dipped” their card into a new payment terminal. And many more may not know that a change is even taking place.

Given the number of electronic transactions that occur every day, this is a serious transition and with it are some serious concerns.

Small retailers are worried about the cost of *implementing* these new payment terminals and then taking time to train staff on *how to use them*, and finally helping *consumers learn* how to use them.

And even though the technology shift was intended for October 1, many credit card companies are still behind in issuing new cards to consumers. This poses significant challenges to sorting out liability issues in the case of cyber theft.

There are also questions about how much this actually does for security. For instance, when chip-enabled cards were introduced in the United Kingdom, fraudulent charges with counterfeit cards at the point of sale fell by 56 percent, but online fraud increased by 64 percent.

These challenges are real and they impact every American consumer and most small businesses. Unfortunately, this transition seems to be catching many people off guard. A recent survey by the NFIB found roughly half of small employers who accept electronic payments were “somewhat familiar” with EMV chip cards and a full 23 percent didn’t know anything about them at all.

Let me be clear: I did not convene this hearing today to take sides on this topic. This is a transition motivated by the private sector, not by any government regulation. And this

committee concerns itself with one thing, and that is the impact of this transition on small businesses. To fully understand that impact, we must speak with all those involved.

Today, we start by speaking with those who process our financial transactions. In a couple weeks, we will speak with the small businesses and retailers who must purchase new payment terminals or risk being held liable for using old technology.

We need to make sure everyone knows what's happening. The panel we have today – and those that will join us in our subsequent hearings – will help us do that.

I thank the witnesses for joining us this morning to share their point of view on this transition and what it means for small businesses. At this time, I recognize the Ranking Member for her opening statement.

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