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TO: MERCHANTS ACCEPTING SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) AND CASH BENEFITS

FROM: RYAN GILLETTE, Chief Data Officer
Research, Automation, and Data Division

SUBJECT: Implementation of Chip Europay, Mastercard, and Visa/Tap Cards for California Electronic Benefit Transfer

This notice is to inform Electronic Benefit Transfer (EBT) Merchants currently accepting the Supplemental Nutrition Assistance Program (SNAP) and/or cash benefits on the California Electronic Benefit Transfer card (EBT) that the California Department of Social Services (CDSS) is upgrading its magstripe EBT card to a more secure Chip/Europay, Mastercard, and Visa (EMV) and Tap Pay (Chip EMV/Tap) technology card. **This change will require retailers to update their Point of Sale (POS) devices by August 1, 2024, to accept Chip EMV/TAP transactions and continue redeeming EBT benefits.** In partnership with the Office of Technology and Solutions Integration and the EBT vendor, Fidelity Information Services (FIS), California is leading the nation as the first state to enable the integration of Chip EMV/Tap technology to improve EBT card security and increase the protection of food and cash benefits.

Chip EMV/Tap Technology

Electronic theft of EBT benefits has increased exponentially in California. The addition of the Chip EMV helps safeguard EBT cardholders against electronic theft by making card transactions more secure. The embedded chip contains encrypted data which makes the card information difficult to duplicate. The addition of Tap technology gives cardholders the ability to make contactless payments using Near-Field Communication, a specialized type of radio-frequency identification technology. Tap facilitates payments by sending a secure, single-use token to the payment Point of Sale (POS) terminal.

Merchant Impact

The implementation of Chip EMV/Tap enabled EBT cards requires merchants who wish to continue accepting EBT benefits to update their POS devices. **Failure to update POS devices may result in you not being able to process CA EBT transactions.** The State of California plans to begin issuing Chip EMV/Tap cards in Summer 2024 and we anticipate that the transition to the new Chip EMV/Tap cards will be over several months. To ensure no disruption to your acceptance of both the Magnetic Stripe Only and Chip EMV/Tap enabled cards you will need to ensure that the following actions have occurred:

1. **Ensure that your terminals fall back to magnetic stripe processing by updating your terminals to recognize the 220 Service code by July 1, 2024. You must also continue to accept EBT cards with 120 service code.**
2. Please note that if your terminals are not able to accept the 220 Service code, you will not be able to process CA EBT transactions with the cards being planned for issue starting in Summer 2024.

3. **Update your terminals by August 1, 2024, to support EBT Chip EMV cards and Tap functionality** (where TAP is available) for EBT transaction processing. Merchants should start accepting the new **A0000000044542** AID registered for the EBT industry as soon as possible. California Chip EMV/Tap enabled cards will have a BIN of **507719**, will utilize the EBT industry AID **A0000000044542** with the service code **220**.
4. Please note that if your existing policies do not allow for Fall Back if the AID is unknown, you will not be able to process CA EBT transactions with the cards planned for issue starting in Summer 2024.
5. Confirm that your cash register or POS system routes the transactions for online approval instead of doing Stand-In* for EBT transactions. Merchants accept the liability and risk for processing transactions via Stand-In.

Please reach out **NOW** to your processor to understand their timelines for supporting EBT EMV. Merchants or their POS providers will be required to complete a certification with their processor to support Insert/Tap EMV EBT functionality once available. While strongly encouraged, merchants are not required to accept Tap payment to accept EBT benefits.

Fraud

CDSS highly encourages merchants and employees to continue protecting EBT cardholders from card skimming and shimming devices by regularly inspecting POS/Personal Identification Number pads for equipment tampering. In instances where a customer with a Chip EMV/Tap EBT card encounters issues during a transaction, employees should immediately check the POS equipment for tampering.

Questions

If you need more information about how to implement the changes required to continue accepting SNAP EBT Chip/EMV Tap cards, please contact your Third-Party Processor (TPP). Our merchants and grocers fill an essential role in providing EBT cardholders with access to fresh produce and other food items. Thank you for continuing to partner with the State of California to support food access for all.

*Stand-In processing whereby the Vendor authorizes the Transaction when the processor is unable to authorize the transaction.

For additional information: click on the link below to navigate to the FNS website:
<https://www.fns.usda.gov/snap/ebt/modernization>.