



No wrong way to pay with secure cards.

Chip, PIN, sign, or swipe: It all works.

Remember when DVDs came out, threatening to replace VHS tape? Images were sharper, storage was easier, and you didn't need to rewind the tape after every use.

Despite the benefits of DVDs, there was a transition period when new movies were released on both tape and disc. Traditionalists continued to buy VHS tapes, but eventually most people got a DVD player and switched their movie libraries to disc. Others saved money by waiting until movies were streamed online.

Credit cards and debit cards are in a similar transition.

Since the 1970s, the magnetic stripe has been the standard for transferring data from a plastic card. It was cheap, accurate, and secure.

But 21st century security challenges demand a modern solution, which is why credit and debit cards are transitioning to microchips (often called EMV chips). This new technology is far better than the magnetic stripe at protecting your private information. For each transaction, it generates a unique code that lets the merchant make the sale but is useless to thieves.

Not all merchants, however, are prepared for the new technology (pay-at-the-pump gas stations are one example). So, for a few years, you'll be seeing cards with chips as well as stripes. You'll need personal identification numbers (PINs) with some cards, but not others.

That's why you'll be asked to use your card differently at different stores.

- Some merchants will ask you to insert your card into a reader that scans the chip.
- Some merchants will ask you to swipe the stripe.
- Some merchants will ask for your PIN, while others will ask you to sign your name.
- Some won't ask for a signature or a PIN.
- Some will ask you to choose debit or credit when you're paying with a debit card. (Either way, the money will still come out of the account assigned to the card.)
- Some will automatically run debit purchases as debit or automatically as a credit.
- And some merchants won't know what to do, as the technology is just starting to reach some stores and communities.

“When it comes to spending money, use the chip whenever you can.”

Your experience will become more predictable as chips become the standard. But there will always be some variation at the register. The reason: Every merchant, every card issuer, and every transaction processor must decide what form of transaction is the default for their particular business. What you experience at the cash register depends on those choices.

Our advice: If you're the type of person who gets nostalgic for old technology, then keep your VCR. You'll need it to play that original-release Star Wars video. (Han shot first!)

But when it comes to spending money, use the chip whenever you can. Use it with a PIN. Use it with a signature. Use it, even when the merchant says neither is required.

There's no wrong way to use it.

Phone: Toll-free (855) 753.0317

Email: mymoney@stcu.org