

Apple Pay & VeriFone Frequently Asked Questions

** Notes: This is currently VeriFone's understanding of how Apple Pay works and variables are subject to change. Clients are recommended to contact Apple directly to understand Apple Pay in more detail.*

What is Apple Pay?

Apple Pay is a payment option added to Apple's Passbook leveraging NFC contactless payment on iPhone6, 6+ and Watch devices. At initial launch, only payment will be supported. Payment leverages standard Visa payWave, MasterCard PayPass and American Express ExpressPay and doesn't require a specific app. Apple recommends the latest version of contactless specifications to be supported; Visa VCPS 2.1.1, MasterCard PayPass 3.0 and American Express ExpressPay 3.0.

Apple Pay also offers in-app mobile or m-commerce support. Merchants will be able to build support and leverage Apple Pay in their own store iPhone apps.

When will it be available?

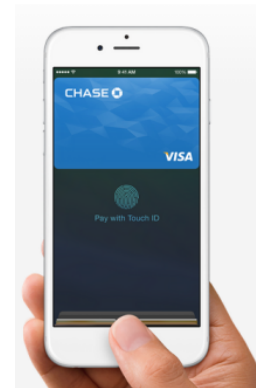
Apple Pay will be available sometime in early October 2014.

What geographies will support Apple Pay?

Apple Pay will initially be only in the US. Apple has not announced availability for other countries though it is assumed that it will be forthcoming.

How does it work?

Apple Pay is based on Near Field Communication (NFC) technology for proximity payments and an embedded Secure Element. Apple Pay uses industry-standard EMV contactless protocols over NFC. Apple Pay is also compatible with non-EMV magstripe contactless emulation. Apple Pay is compliant to EMVCo tokenization framework and works with a tokenized PAN (Primary Account Number) and Cryptogram (transaction specific dynamic security code). The card number (PAN) is never stored on the device or passed to the payment terminal.



Apple Pay also requires a fingerprint authentication for payments to be made thru Touch ID via the home button.

To add payment cards to Apple Pay (Passbook), the cardholder can either link the card information from their iTunes account or take a picture of the card with iPhone camera, or manually enter the card information into iPhone. The information from the card is verified by Apple with the relevant scheme and the card issuer. After verification – typically a very quick process, the token service of the



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scheme sends the Device Account Number (tokenized PAN) to the wallet server of Apple that will store the tokenized PAN on the Secure Element in the phone.

For this to work, the issuing bank must support the card brand token service and have an agreement with Apple. The initial banks are rebating a portion of interchange to Apple as these transactions are deemed more secure than a card only transaction with the addition of Touch ID and removal of the PAN from the merchant's POS. As part of the verification process at the issuer, the issuing bank determines if the consumer's card is able to be used.

What about security?

Apple Pay uses a tokenized PAN (Device Account Number) and Cryptogram (transaction specific dynamic security code). So no cardholder data is stored or passed. On top of that, the information is stored in the iPhone's embedded secure element. Finally, fingerprint authentication is required to 'unlock' payment.

If the iPhone is stolen or misplaced, the customer can feel confident it won't / can't be used for payment since it requires Touch ID. Also, they can remotely delete their Apple Pay account through their card issuer or through the Find My iPhone app.

What payment networks and banks are supported?



Participating Banks.

Add your debit and credit cards from these banks.*



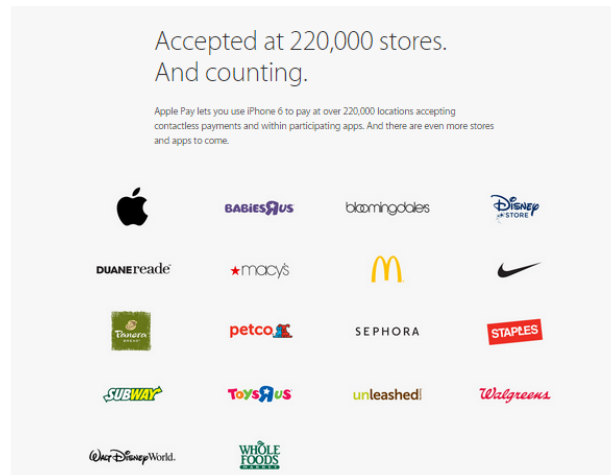
Coming Soon.



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What retailers are involved? Which ones are VeriFone clients?

Based on the information available on the Apple website, the following merchants support Apple Pay:



Out of the 18 merchants, 13 are VeriFone customers (more than 70%). However, any payment terminal that accepts either magstripe-emulation contactless or EMV contactless transactions can accept Apple Pay payments. Apple is working to sign up new merchants.

Which VeriFone products will work with Apple Pay?

All contactless-enabled VeriFone products support Apple Pay.

Will we need a particular app to make Apple Pay work on VeriFone devices?

No there is no specific Apple Pay application. It leverages standard Visa, MasterCard and American Express applications.

Is it a card-present transaction?

Yes. In store, contactless Apple Pay transactions are card present transactions. In-App transactions are card not present transactions.

Is there an impact on interchange fee for retailers?

No there is no impact for retailers on interchange fees. Apple brings an additional layer of security with Touch ID and negotiated directly with the issuers.

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I heard Apple is making money on every transaction. How are they doing this?

Apple has negotiated to receive a portion of the interchange fee from each issuer as the combination of iPhone, the token, and Touch ID reduces the risk of fraudulent transactions and chargebacks.

How do I enable Apple Pay?

You will need the following:

1. Contactless/NFC capable terminal
2. Latest contactless firmware
3. If necessary for MX devices, modify the 'tender' form to display contactless acceptance logo
4. POS application capable of handling contactless transactions
5. Acquirer contactless certification

For MX devices only, are there form changes?

If the device already supports contactless then there is no changes required.

If contactless is not supported then the 'tender' form will need to add the contactless acceptance logo following the NFC Forum guidelines in order for it to be displayed.



The location of the logo is defined during certification and cannot be changed. For products with the antenna around the display, it is usually around the center of the screen.

Will enabling Apple Pay make our clients EMV compliant?

No, EMV support and certification is still required. While Apple Pay uses contactless EMV compatible applets, the terminals could be setup in magstripe mode, and is dependent on the acquirer and terminal application.

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Is it possible to turn off Apple Pay?

From a terminal standpoint, we only see that it is a Visa, MasterCard or Amex contactless transaction. Therefore, the only way to turn off Apple Pay, would be turning off contactless support.

Is it possible to support Apple Pay and Soft Card at the same time?

Yes, our solutions are designed in such a way that multiple payment apps and wallets can be supported at the same time.

Is Apple Pay compatible with VeriShield Total Protect or VeriShield Protect?

While Apple Pay uses a token, it doesn't change the data format and has no impact on VeriShield.

What are the implications of this announcement to our clients?

Our clients should see a push from their customers to pay with their iPhones. It will mean that they will want/need to enable contactless payment and potentially upgrade their estate. It will also be the perfect opportunity for them to enable EMV at the same time, which can help justify the costs of purchasing new terminals.

Where do I get Apple Pay latest information?

Use the following link - <https://www.apple.com/iphone-6/apple-pay/>