Apple Pay - Frequently Asked Questions

What is Apple Pay?
Apple Pay is Apple's NFC (Near Field Communication) payment system that lets you make purchases using an iOS device. The service is currently available only in the US and the UK, it won't run on every iPhone, and you'll run into restrictions on the latest iPads.
To sort out the intricacies of Apple's payment system, we've put together an FAQ. Everything from which devices will work with the new system to which banks are supported in the US and the UK is covered here.
Apple Pay is Apple's system for making purchases at many major retailers or through in-app purchase. With Apple Pay, you'll be able to hold your iPhone up to a credit card terminal, then use Touch ID -- Apple's fingerprint tech -- to make a purchase. You'll also be able to buy stuff within apps, such as the Target app, just by using Touch ID at the appropriate time during checkout.

Is my iOS device compatible with Apple Pay?
If you have an iPhone 6 or iPhone 6 Plus, you can use Apple Pay both in stores and while making in-app purchases. Both of Apple's latest phones have Near Field Communication (NFC) chips at the top end of the device. They also both have a separate chip called the secure element (SE). Each time you initiate a transaction, the SE generates a one-use code in lieu of transmitting your debit or credit card number.
The iPad Mini 3 and iPad Air 2 also get Apple Pay because they both have the SE, but only for in-app purchases, because they don't have the NFC chip. This means if you're using the Target app, for example, you'll be able to purchase an item simply by using Touch ID, but you won't be able to use it at the credit card terminal in a checkout line at the actual store.
Unfortunately, if you have an iPhone 5S or older, your only solution is to use the Apple Watch, which also has the SE and NFC chips. The Apple Watch is tethered to your iPhone and will use your Touch ID in tandem with these chips to make a secure purchase.

Why doesn't Apple Pay work with the iPhone 5S?
iPhone 5S users are probably wondering why their Touch ID doesn't work with Apple Pay. The problem is that the 5S doesn't have the SE chip, so it can't generate the code to transmit your credit or debit card number, even for in-app transactions.
So, even though you have one part of the Apple Pay process covered with your Touch ID, you're missing the most important part: the security of the SE chip.

What if I don't have phone service?
It doesn't matter. Your payment information is stored on your phone in the SE chip. You could even switch to Airplane Mode and still make a purchase because your iPhone doesn't need to contact anyone -- all the info is onboard.

What about using Apple Pay for in-app purchases?
When you're ready to spend, just select the Apple Pay option, and authorize your purchase by placing your finger on the Touch ID button. Apple Pay will function much as it would with a transaction in store: your credit card details remain secure, and you're saved the hassle of punching in a bunch of sensitive information while you're on your phone or tablet.

Is Apple Pay secure?
Yes. Apple introduced a two-part hardware-based security solution for Apple Pay. The first lies in your fingerprint, which is required for each transaction. Apple users are familiar with using Touch ID to authorize iTunes purchases, and now Apple is applying the same process for in-store transactions.
But the second hardware solution is the real key to keeping your financial information locked away: the secure element.
Built as a chip and available only in the iPhone 6 and iPhone 6 Plus, the secure element is where your financial information is stored. It is only accessed when a randomized 16-digit number is generated during a transaction. The data stored on the secure element never makes its way onto your phone's software, so even if someone hacked your operating system, there would be no way to extract your financial information.
The secure element found in the iPhones is also safe from hardware attacks. In fact, if a thief dismantled your phone, the secure element would sense tampering and immediately shut down.
In addition to NFC, this is also why previous versions of the iPhone cannot be made compatible with Apple Pay without an Apple Watch.

Does this have anything to do with Chip & PIN/EMV cards?
Nope. EMV chip technology is popular around the world, but Apple Pay is meant to replace credit cards entirely. With Apple Pay, a unique device account number and a dynamic security code serve as your credit card authorization. You get your goodies, and your bank gets the transaction record, but no one ever sees your credit card, eliminating the need for PINs or card swiping.

Which merchants are already compatible with Apple Pay?
There are already over 220,000 retailers that are compatible with Apple Pay, including McDonald's, Whole Foods and Walgreens. More stores -- including Staples and the Disney Store -- will be getting on board later this year.
Here is a link from Apple of many places where you can use Apple Pay:
https://www.apple.com/apple-pay/where-to-use-apple-pay/

What happens if my phone is lost or stolen?
If your phone is ever lost or stolen, you can lock down Apple Pay remotely. Just visit Find My iPhone on another Apple device or from your browser, and put your Device into "Lost Mode." Apple Pay will be suspended, and your phone will be locked to keep would-be thieves away from your data. Or call Owen County State Bank and we can deactivate your debit card on Apple Pay.

What happens when my card issuer (Visa, Mastercard etc.) sends me a new card?
If you receive a new card, then there's a good chance that your credit card details -- most likely, the expiration date -- have changed. You'll need to update the pertinent information, and add the card to Apple Pay.