



INTRODUCING *INTERAC* CHIP

Interac chip is rolling out across Canada

As part of our ongoing commitment to provide secure and innovative debit services, Interac Association is moving to a new generation of payment card technology. *Interac* chip debit cards contain an embedded computer chip that puts the power of a computer onto a card. This makes it extremely difficult and costly for criminals to duplicate the card and makes an already safe system even more secure.

Chip cards will have processing functions and will work together with chip enabled terminals and ABMs to maximize security by validating both the card and the cardholder.



InteracChip.ca



The positive impact of chip technology on your business

While the transition to chip technology won't affect your day-to-day business, it will have a positive long-term impact. Some key benefits include:

- **Fraud reduction:** the enhanced security offered by chip technology makes the data stored on cards extremely difficult to duplicate, increasing your consumers' confidence in the payment system, while decreasing your fraud management costs.
- **Innovation:** chip technology will provide a platform for new product and service offerings, allowing you to keep pace with your competitors' card payment technologies.
- **Brand reputation:** by reducing fraud, you're protecting your good name while enhancing consumer confidence.

IMPORTANT THINGS TO KNOW ABOUT CHIP DEBIT CARDS

Is upgrading to chip a big project?

Successful migration to chip technology will call upon the cooperation of many related to the payments industry. You, too, will play an important role in this transition. You will need to upgrade your proprietary payment systems to support this technology; you will also need to train your cashiers.

Your Acquirer or payment service provider will work with you to:

- Provide chip-accepting terminal devices, if they have not already done so.
- Update software operating the terminals.
- Update connection to backroom operations.

What changes with chip on debit cards?

With your chip-enabled point-of-sale terminal, you will simply ask your customer to insert, rather than swipe, his or her debit card into the terminal. The card must be left there for the duration of the transaction, while your customers follow the on-screen prompts, just as they do now. Removing the card before the transaction is complete will cancel the transaction, which will then have to be re-initiated from the start.

HOW TO CONDUCT A CHIP DEBIT TRANSACTION



- 1 Check debit card for the chip
 - 2 Insert or have the cardholder insert the chip debit card, chip first, when prompted
- IMPORTANT:** DO NOT remove the card until prompted



- 3 Customer will follow the prompts
- 4 Inform customer to remove the chip card when prompted
- 5 The transaction is complete.

FREQUENTLY ASKED QUESTIONS

What is a chip card?

A chip debit card is one that contains an embedded computer chip and provides increased protection against debit card skimming and the production of counterfeit cards. In addition to enhancing security, the chip card also provides a platform for future opportunities, new product and service offerings, which will allow you to keep pace with global advancements in card payment technology.

Chip technology is based on a global standard known as EMV, a proven technology now widely used around the world.

What makes chip technology more secure than magnetic stripe? If fraudsters can copy the magnetic stripe, won't they be able to eventually copy the chip?

The chip is like a mini computer, which gives the card the ability to store and process data securely. Unlike a magnetic stripe, this processing power makes it extremely difficult to copy and reproduce cards and card information. Moreover, this processing power is used together with cryptography, a series of mathematical algorithms, to allow the card and terminal to communicate with one another and carry out security checks to ensure the card is valid.

Chip technology is based on a global standard known as EMV, a proven technology currently in wide use around the world.

When will the transition to chip technology begin?

Chip cards and chip terminals began to roll out across Canada in 2008. The majority of chip debit cards and terminals are expected to be in the marketplace by 2010.

The complete migration to chip technology will take several years, given the vast number of Automated Banking Machines, point-of-sale terminals and debit cards across Canada that must be converted.

Will magnetic stripe debit cards still work on new chip card terminals?

Yes, magnetic stripe debit cards will continue to work in chip capable devices, so cardholders will be able to use their magnetic debit cards throughout the transition; however, after 2015, magnetic stripe cards will no longer work in Canada. The magnetic stripe and the chip will co-exist on the card, even after the transition in Canada, to allow cardholders to use their debit cards in countries that have not yet migrated to chip technology.

What happens if the chip debit card is removed from the payment terminal before the transaction is complete?

If the card is removed before prompted to do so, the transaction will be cancelled and will have to be initiated again.

Do I need to train my staff?

Interac Association strongly advises that you educate your sales associates about the new generation of payment cards and transaction processes so that they will be able to better serve your customers. The knowledge will ensure a smooth process for both staff and customers.

How will customers know whether to insert or swipe their debit card?

Chip is advanced technology, which means the card and the terminal are able to communicate and prompt the merchant/customer throughout the process. For example, if the customer has a chip card and attempts to swipe the card, the device will know the card has a chip and will prompt the customer to insert the card into the device.

That said, you should advise your cashiers/sales associates when their terminals are chip ready, so that they are able to inform and assist customers and ensure a smooth process for both the merchant and customer.

When will customers have chip debit cards?

The migration to chip debit card will take place over many years, as each financial institution has its own timetable in place to distribute new cards to their customers. By December 31, 2012, all debit cards will be chip enabled.

What are my relevant dates for chip conversion? Does migration differ by service provider?

Complete migration to chip technology will take several years, given the vast number of Automated Banking Machines, point-of-sale terminals and debit cards across Canada. In order to ensure a smooth transition, Interac Association has implemented conversion deadlines. Magnetic stripe transactions will no longer be accepted at point-of-sale after December 31, 2015. The transition period allows for terminals to be converted in order to accept chip as part of normal attrition and/or replacement cycles. You need to work out plans for migration to chip terminals with your Acquirer or payment service provider.

For more FAQs, please visit InteracChip.ca



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