



IMPORTANT REMINDERS FOR VISA MERCHANTS REGARDING VISA TRANSACTION PROCESSING

TO: Visa Merchants in Canada
FROM: Visa Canada

There are more than 483.2 million Visa contact chip cards issued in 113 countries worldwide¹. The use of these cards with chip-reading terminals will continue to reduce credit card fraud. Merchants can expect to see an increasing amount of Visa chip cards at their location as we get closer to the liability shift. On October 1, 2010 the acquirer/merchant will only be liable for card-present fraudulent transactions, if a non-chip-compliant device is used and the cardholder uses a chip card².

With a chip-reading terminal in your store or restaurant, you can accept Chip cards and enjoy the following benefits:

- You can expect reduced chargeback frequency for fraud
- You and your staff will no longer be responsible for signature verification for Chip transactions
- Increased customer satisfaction – 73% of Canadians feel chip cards will help reduce fraud³

In order to minimize unnecessary declines or incomplete transactions, please ensure that proper card acceptance procedures are followed. Merchants are also reminded that cards may need to be processed differently depending on the technology on the card and device. You should expect to process:

- Magnetic stripe Visa cards that require a signature for verification;
- Visa chip cards that require a personal identification number (PIN), and;
- Visa chip cards that require a signature to complete the transaction.

If you have a chip-enabled POS device:

- To accept a **Visa card that does not have a chip**, swipe the magnetic stripe through the machine and, if required, request that the cardholder sign the merchant copy of the receipt to complete the transaction.
- ⁴**To accept Visa cards with chip technology**, the card needs to be inserted into the terminal and follow the prompts.
 - As some chip cards require a signature to complete the transaction, when the merchant copy of the receipt requires a cardholder signature request that those cardholders sign the merchant copy of the receipt.
- As many chip cards will require that the cardholder enter his or her PIN to complete the transaction when the terminal prompts for PIN, ensure that your PIN entry device is easily accessible to customers. If necessary, contact your acquirer to ensure the most appropriate device is deployed.
 - If you are a chip-enabled restaurant merchant that offers table service, a portable POS device provides a convenient way for your customers to pay with their Visa chip card and enter their PIN at the table.
 - If the chip POS devices in your restaurant are not portable, in order to process a transaction with a chip card as a chip and PIN transaction (for which you would not be liable for chargeback) your customers would be required to leave the table to insert their Visa chip card and enter their PIN to pay their bill. Merchants are reminded to ensure that their POS devices are located in an area where customers can insert their card and enter their PIN.
- Merchants with chip-enabled POS devices should use the chip to complete the transaction. Use of the magnetic stripe on a Visa chip card at a chip-enabled POS device may increase the chances of the transaction being declined and may result in the acquirer/merchant having a chargeback liability.

If you do not have a chip POS device:

- Your customers may use magnetic stripe Visa cards without a chip, or Visa chip cards. Both cards require a signature to complete the transaction.
- When the card is swiped at the point-of-sale device, simply follow the prompts and obtain a signature on the merchant copy of the receipt to complete the transaction.

For more information, visit www.visa.ca/merchant or contact your acquirer.

¹ As of SEP, 2009. As reported by member financial institutions globally and therefore may be subject to change

² See your acquirer for Liability Shift details

³ Source: Ipsos Reid: Chip Cards in Canada – A Syndicated Consumer Research Study, January 2007

⁴ If you are using a chip POS device, there may be additional costs to your acquirer/processor and/or you for failing to process a working chip card by using the chip.