

Visa® Chip cards are here



What are Visa Chip cards?

Visa Chip cards have an embedded microchip that, in most cases, works with a personal identification number (PIN) instead of a cardholder signature. Processed using Chip-reading terminals, Visa Chip cards help ensure highly secure transactions. The microchip is virtually impossible to duplicate and enables secure payment transaction processing. The enhanced authentication made possible by Visa Chip technology in cards and terminals can help you improve fraud protection, simplify payment processing and speed up transactions.

Make sure your point-of-sale (POS) terminals are up to date so that you can benefit from the enhanced security that Visa Chip offers and help avoid financial implications as a result of Liability Shift: when a valid PIN is entered and accepted and the transaction is approved, you and your staff are no longer responsible for signature verification.

The world is migrating to Chip technology

More than 483 million Visa Chip cards have been issued globally, reducing card-present credit card fraud in over 113 countries where Chip technology has been used,¹ including Canada. Chip cards are continuing to be rolled out to Canadian Visa cardholders.

What are the benefits of Visa Chip cards?

By accepting Visa Chip cards at a Chip-reading terminal at your location:

- > You can expect a reduced frequency of fraud-related chargebacks
- > You and your staff will no longer be responsible for signature verification when a PIN is entered[†]

[†]The device will usually prompt the cardholder to enter a PIN, unless the terminal indicates that another cardholder verification method is required (such as a signature).

How Visa Chip cards work

A transaction using a Visa Chip card with a Chip-reading terminal is simple. Rather than swiping the card and signing a receipt, the cardholder inserts the Visa Chip card into the terminal, follows the prompts to complete the transaction (which may include PIN entry — some Visa Chip cards may require a signature instead of a PIN), then removes the card when prompted.

What to do if a customer forgets his/her PIN

If a customer forgets the Visa card's PIN, or the PIN is locked through repeated incorrect attempts to enter the PIN, advise the customer to contact their Visa card Issuer. The Issuer's phone number can be found on the back of the Visa card.

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¹ As of September 2009, as reported by Visa-issuing financial institutions globally and may therefore be subject to change.

* Visa claim based upon global number of general purpose cards, number of transactions and purchase volume.

Processing Visa cards

Some Visa cards may use either Chip technology or a magnetic stripe for processing. Different cards may need to be processed differently. To minimize the risk of declined or incomplete transactions, please ensure that proper card-acceptance procedures are followed. You should expect to process:

- > Magnetic stripe Visa cards that require a signature for verification
- > Visa Chip cards that require a PIN for verification
- > Visa Chip cards that require a signature for verification†

†The device will usually prompt the cardholder to enter a PIN, unless the terminal indicates that another cardholder verification method is required (such as a signature).

Will I continue to see Visa cards with magnetic stripes in Canada?

While Canada is migrating to Chip technology, magnetic stripes will remain on some Visa cards and will continue to provide a safe, reliable and convenient method of payment. In addition, Chip-reading terminals will be able to process Visa cards with a magnetic stripe. Likewise, Chip cards can be processed by non-Chip-reading devices via the magnetic stripe. Use of a Chip card's magnetic stripe in a magnetic stripe terminal may result in a Liability Shift to the merchant for fraudulent transactions.



What is the Visa Liability Shift and how does it affect me?

Migrating to the Chip platform is important for protecting your business and customers from fraud and related liability.

As part of the Chip migration process, Visa implemented a liability shift to support participants in the Visa payment system that have invested in Chip. Generally, this liability shift means Canadian Merchant acquirers are liable for Visa card-present fraudulent transactions that may have been avoided by using a Chip-compliant device. As a result, if Merchants are not using Chip-compliant devices, they may be held accountable for fraud by their acquirer.

Merchants may expose their business to liability for fraudulent transactions that occur when a Visa Chip card is used at a device that is not Chip-compliant. Liability Shift has been phased in over 2010/2011:

- > Effective **October 1, 2010** International** Chip cards used at your place of business that are not processed using a Chip-compliant device may result in fraud liability for you.
- > Effective **March 31, 2011** Canadian Chip cards used at your place of business that are not processed using a Chip-compliant device may result in fraud liability for you.

You are encouraged to ensure your POS systems are Chip enabled, and you can do so by contacting your Acquirer/Payment Processor.

To find out more about the benefits of Chip technology and the importance of liability protection, contact your Acquirer/Payment Processor or visit visa.ca/merchant.

**International Chip cards are Visa Chip cards issued in Europe, Asia-Pacific, Central Europe, the Middle East or Africa.