



BULLETIN

Visa Canada Chip Liability and Fraud Management

BACKGROUND

Visa has been actively moving toward the widespread deployment of EMV chip technology in Canada, to provide cardholders and merchants greater security and operational efficiency. Visa announced the migration to chip technology in 2003, and was followed in 2005-06 by similar announcements from the other payments networks in the Canadian market.

The 'liability shift effective date' signifies when Canadian merchant acquirers will become liable for domestic Visa card-present fraudulent transactions that may have been avoided by adopting Chip technology. If merchants have not yet upgraded to chip payment technology by the liability shift effective date, they may be held accountable for fraud.

In September 2010, Visa Canada granted a one-time, six month deferral of the domestic chip liability shift effective date from October 1, 2010 to March 31, 2011. This deferral was in response to requests from the merchant community. The chip liability shift date for inter-regional transactions was effective as of October 1, 2010.

If merchants have not yet upgraded to EMV chip technology, there are measures that can be taken at the point of sale to help reduce fraud.

TIPS TO HELP MITIGATE FRAUD AT THE POINT OF SALE

Here are some simple tips and best practices merchants can use to help prevent payment card fraud.

- **Verify the Signature** – non-chip transactions are authorized by signature. When processing a transaction, retain the card while the receipt is being signed and check that the signature on the sales slip matches the signature on the card
- **Match the account number** – verify that the last four digits on the front of the card match the numbers that print out on the receipt
- **Make sure the card bears the standard Visa card security features:**
 - Hologram
 - 4-digit pre-printed BIN – the first four digits of the card number should also be printed below the card number
 - Signature panel on the back
- **Be aware of suspicious behavior**, which could point to payment card fraud. Watch out for customers who:
 - Purchase a lot of merchandise without regard to size, colour, style or price
 - Ask no questions when making major purchases
 - Try to distract or rush you during the sale
 - Make large purchases right at opening or at the last minute when the store is closing
 - Refusing free delivery for large items