



IMPORTANT REMINDERS FOR VISA MERCHANTS REGARDING VISA TRANSACTION PROCESSING

TO: Visa Merchants in Canada
FROM: Visa Canada

There are more than 517 million Visa Chip cards issued in 121 countries worldwide¹. The use of these cards with Chip-enabled Point-of-Sale (POS) devices will continue to reduce payment card fraud. Merchants can expect to see an increasing amount of Visa Chip cards at their location as a result of continued growth of Chip globally. 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.

The liability shift for interregional Chip card transactions came into effect on October 1, 2010. Interregional Chip card transactions are transactions in Canada that involve the use of a Visa Chip card issued in Europe, Asia-Pacific, Central Europe, the Middle East or Africa. The liability shift for domestic Chip card transactions came into effect on March 31, 2011. Domestic Chip card transactions are transactions in Canada that involve the use of a Visa Chip card issued in Canada.

With a Chip-enabled POS device in your store or restaurant, you can accept Visa 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 Visa Chip card transactions when a personal identification number (PIN) is used
- Increased customer satisfaction – 73% of Canadians feel Chip cards will help reduce fraud²

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 POS 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 device and, if required, request that the cardholder sign the merchant copy of the receipt to complete the transaction.
- **To accept Visa cards with Chip technology³**, the card needs to be inserted into the POS device and the prompts need to be followed.
 - Because some Chip cards require a signature to complete the transaction, when the merchant copy of the receipt requires a cardholder signature, remember to request that those cardholders sign the merchant copy of the receipt.
- Since many Chip cards will require that the cardholder enter his or her PIN to complete the transaction when the POS device 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 Visa 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. Remember to ensure that your 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 chargeback liability for fraud.

¹ As of June, 2010. As reported by member financial institutions globally and therefore may be subject to change.

² Source: Ipsos Reid: Chip Cards in Canada – A Syndicated Consumer Research Study, January 2007

³ 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.

If you **do not** have a Chip-enabled POS device:

- Your customers may use magnetic stripe Visa cards without a Chip, or Visa Chip cards.
- When the card is swiped at the POS 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.