

IMPORTANT INFORMATION ABOUT THE MIGRATION TO CHIP CARDS IN CANADA AND PAYMENT BRANDS UPDATES

WHAT IS A 'CHIP CARD'?

Chip and PIN payment cards are credit and debit cards embedded with a microchip that can store and process data securely. Because the data stored on the microchip is virtually impossible to copy, Chip and PIN cards help prevent certain types of payment card fraud and reduce chargeback levels for you. The security of the cards is further enhanced by the necessity of the customer to enter a PIN for point-of-sale transactions. Chip technology is designed to evolve as future enhancements become available.

CHIP TECHNOLOGY IS CANADA'S RESPONSE TO PAYMENT CARD FRAUD

Preventing the growth of fraudulent activity is one of the main reasons chip cards are being introduced. Chip cards make it difficult for fraud organizations to target cardholders and businesses alike. As a result, more and more chip cards are being issued by Canadian financial institutions in order to support and switch over to this technology.

Working together to develop Canadian standards for chip, the "Payment Brands (Networks)" (American Express®, Interac®, MasterCard®, Visa®) have established migration plans and programs to introduce chip cards to the market. As our customer, we want to be sure you are aware of these plans, including how and when they will affect you.

WHEN AND HOW WILL THE LIABILITY SHIFT IMPACT YOUR BUSINESS?

Visa and MasterCard have communicated that, as early as October 1, 2010, merchants who have not implemented a Chip and PIN enabled terminal will be exposed to additional chargeback categories.

In other words, the liability for certain fraudulent transactions will shift to merchants that have not implemented devices that can process Chip and PIN cards. If your point-of-sale does not currently support Chip and PIN, it is important to upgrade your terminal before October 1, 2010.

WHAT DO I NEED TO DO?

If you have not already upgraded your terminal to accept Chip and PIN cards and you have a non-chip terminal, we will contact you in the coming months to upgrade your payment equipment with a Chip and PIN enabled terminal.

If you have a non-chip terminal and you use an integrated solution, you will need to contact your POS software provider to assist you in your chip technology update prior to the Liability Shift dates.

For more information on Chip and PIN, please visit our website: www.chasepaymentech.ca.

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