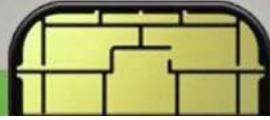


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June 10, 2009

Q&A FOR CREDIT UNION MEMBERS

QUESTION	ANSWER
CHIP TECHNOLOGY: WHAT IS IT? HOW DOES IT WORK? WHY ARE WE MOVING TO IT?	
<p>What is a chip card?</p>	<p>A chip card, sometimes referred to as a “smart card”, is a credit or debit card containing an embedded computer chip that gives the card the ability to store and process data.</p> <p>Chip cards and chip terminals work together to ensure a highly secure transaction by validating the card and the cardholder. The computer chip makes cards more difficult to copy, thereby reducing counterfeit fraud.</p>
<p>What are the benefits to consumers?</p>	<p>The primary benefit is added security. Chip cards provide additional protection to avoid disclosure of personal information and are very difficult to copy.</p>
<p>What is EMV?</p>	<p>EMV is Europay-MasterCard-Visa, which relates to the technical specifications for how chip cards communicate with merchant terminals and ATMs. EMV is the common global operating standard and has been adopted by the electronic payment industry in Canada. Having a single standard ensures that chip cards, terminals and other systems can communicate and will be interoperable all over the world.</p>
<p>Will credit union chip cards be used for multiple applications such as debit, credit, bus passes, loyalty programs, etc.?</p>	<p>The ability to offer several applications on one EMV card is one of the potential features chip offers consumers and credit unions, although we do not know whether additional functionality will be added later. For now we are concentrating on implementing the system and getting chip cards into the hands of members.</p>
<p>When will chip cards be implemented?</p>	<p>The credit union implementation schedule is being developed in consultation with credit unions.</p>
<p>Why is the industry moving to chip?</p>	<p>The move to chip technology is the latest innovation in the rapidly changing payments environment, and demonstrates the industry’s efforts to prevent fraud and further secure Canadian electronic payments.</p>

<p>Why now?</p>	<p>The industry's decision to make the shift in Canada has been led by substantial increases in counterfeit and fraud activity.</p> <p>As countries in Europe, Asia, Latin America, the Middle East and Africa have implemented chip programs, criminals have moved their operations to North America. Both the Interac Association and credit card systems have experienced an increasing volume of attacks in Canada. With the access to magnetic stripe read and write devices, as well as the availability of wireless pinhole cameras, fraudsters can capture information off cards and PIN numbers with relative ease.</p> <p>According to Interac, losses to debit card fraud rose from \$44 million (affecting 27,000 cardholders) in 2003 to \$105 million (and 148,000 cardholders) in 2008. Losses from credit card counterfeiting and other fraud have also continued rise.</p> <p>Credit and debit card fraud is often called a victimless crime because victims usually get their money back, but the cost is borne by all members. Confidence in the entire payments system is being compromised, impacting everyone in the financial industry.</p>
<p>Are all financial institutions migrating to chip?</p>	<p>In Canada, yes. All will be, although dates will vary because of the amount of work required to migrate the entire Canadian card payment system within the mandated timelines.</p>
<p>Why are credit unions introducing chip cards later than some banks?</p>	<p>Credit unions will meet the timelines mandated by Interac. Given the vast number of ATMs, point-of-sale devices and cards that have to be converted, the time line reasonably reflects the background work required to prepare for and deliver a smooth migration for members and merchants.</p>
<p>Why is Canada migrating to chip now and the U.S. is not?</p>	<p>The U.S. has a different structure in its financial system and does not have a single proprietary network like Interac. Also, debit card point-of-sale purchasing is not a significant factor in the U.S.</p>
<p>WHAT DO I DO WHEN I GET MY CHIP CARD?</p>	
<p>What do I do with my current card?</p>	<p>Your current magnetic stripe card will continue to be accepted everywhere you use it today. When you receive your new chip card, destroy your current card.</p>
<p>Do I need to sign the back of my chip card?</p>	<p>Yes. Chip cards are not valid unless signed. For credit transactions at terminals that have not yet been upgraded to accept chip and PIN, you will still be asked to sign a receipt to authorize the transaction.</p>
<p>How do I get my PIN? How do I change my PIN?</p>	<p>You will receive a new PIN prior to receiving your chip card. If you would like to change your PIN once you receive your chip card, you can do so in person at your credit union branch or credit union ATM.</p>
<p>USING MY CHIP CARD & KEEPING IT SECURE</p>	
<p>How does the new chip card work?</p>	<p>The chip card is inserted into a chip terminal and left there for the duration of the transaction. The cardholder simply follows the prompts to complete the transaction.</p>
<p>Will chip card transactions be conducted differently?</p>	<p>The big change is for credit card holders: the credit card stays in the device for the duration of the transaction and is authorized with a PIN, not a signature.</p>

Do I get to choose whether I use my PIN or sign the receipt for a credit card transaction?	No. If you are using your credit card at a chip terminal, entering your PIN will be your only option. Likewise, if you are using your chip credit card at a non-chip enabled terminal, you will have no choice but to sign. With debit transactions there is only one method: using your PIN.
What if I enter the wrong PIN?	For your protection, if you incorrectly enter your PIN a number of times, it will be locked and you will have to contact your credit union to have it reactivated.
Where can I use my chip card?	Chip cards can be used anywhere in the world where credit and debit cards are accepted today.
Will I be able to use chip cards outside of Canada?	Yes. Chip technology has already been or is being implemented in Europe, Asia, Latin America, the Middle East and Africa, and Canadian chip cards will be fully compatible with their systems. In countries like the U.S. that have yet to switch or do not plan to, you will still be able to use your card, as the mag-stripe will still be on your cards.
Will chip cards be accepted by stand-alone terminals, such as pay-at-the-pump gas stations, toll booths, or parking lots?	Chip cards will work wherever credit cards are accepted. It will not have "wave and pay" functionality, which uses technology that is less secure than chip.
Will current cards work on new point-of-sale terminals?	Yes. New point-of-sale terminals – featuring the EMV standard – will also accept magnetic stripe cards.
SECURITY & ACCESS TO STORED INFORMATION	
With chip will I need to do anything to protect myself?	Yes! Protect your Personal Identification Number (PIN). As with a mag-stripe card, if someone obtains/steals your chip card and has your PIN — or if you lose your wallet/purse and your PIN is written down in it somewhere — they will be able to make purchases and withdraw funds from your account. In other words, keep doing the things you do now to keep your card and your PIN safe.
I've seen ads for wallets that block the chip signal so people can't steal my money. Should I get one?	No, the chip used in debit and credit cards does not emit a signal. The only way to get information from the card is by inserting it into a chip-enabled POS terminal or ATM. "Wave and pay" types of devices, where a customer swipes their value-loaded pass in front of a sensor for quick payment at gas pumps, for example, do have radio transmitters that, theoretically, could be compromised.
How do I use my chip card to pay for items purchased over the phone?	You cannot use your debit card for phone purchases. Just as you give merchants your credit card number now, without signing, that is all you would do with a chip credit card. A PIN would never <u>be</u> required — and should never be asked for.

What should I do if a merchant asks me for my PIN to enter it into the terminal?	Never give your PIN to anyone. Point-of-sale devices should be accessible to customers.
Are chip cards really state-of-the-art? What about biometrics?	Yes, chip is state-of-the-art payment card technology. It is possible that credit unions could pursue additional security in the future — like biometrics, which verify that only the legitimate cardholder uses the card — but there are currently very few locations that accept biometrics.
Are chip cards 100% immune to fraud?	While no technology is 100% invulnerable, chip cards employ a range of security features and measures that work in concert with each other to create a multi-layered defence against fraud. Chip represents the highest level of security available to protect payment information and prevent fraud.
Can chip cards still be skimmed as long as they carry the magnetic stripe?	Yes, the information can be skimmed from the magnetic stripe, but we are not aware of any security breaches having occurred in Canada or elsewhere in the world involving chip technology. Chip technology is much more secure than magnetic stripe technology.
Are you doing away with the magnetic stripe?	Magnetic stripe will co-exist with chip card technology to allow consumers to use their cards at non-chip-enabled terminals in Canada and abroad. As long as you continue to protect your PIN and card, you can have full confidence in the security of the magnetic stripe functionality of your card.
What information is stored on the chip?	The chip stores the same information currently stored on the magnetic stripe today: payment related information that allows the transaction to be authorized and processed (e.g., the debit card number and financial institution code).
Who has access to the information on the chip? Can I access and change the information on my chip card?	Only the card issuer can access or change the information. Changes to name or account information would require that a new card be issued, as is currently the case. The only thing a cardholder can change on their chip card is the PIN, which is done through secure in-branch devices or a member's "home" ATM that has this capability.
Will a merchant have access to the information on my chip card? Will my transactions be stored on the chip?	Like magnetic stripe cards, cardholder information on the chip is encrypted and not accessible by the merchant. Your card transactions are not stored on the chip card.