

THE REVOLUTIONARY CHIP CARD



Questions and answers
about this amazing
computer chip

Chip technology represents an evolution of the electronic payments industry and will make an already safe payments system even more secure.

Chip technology is already tested, proven and in wide use in many



countries around the world. Canada

has just

begun to

migrate

to chip

technology

and by the

end of 2010,

it is expected

that the majority

of cardholders and

merchants will be able

to fully benefit from this new

technology.

Currently, the chip card is being tested in Kitchener and Waterloo, Ontario. This trial commenced in the fall of 2007 and is expected to continue until the fall of 2008 at which time chip-enabled cards and point-of-sale terminals will begin to be deployed nationally.

Frequently Asked Questions

1. What is a chip card?

Sometimes referred to as a “smart card”, it is a credit or debit card containing an embedded computer chip. It is the next generation in credit and debit cards. All chip cards, including credit cards, will use a Personal Identification Number (PIN).

2. What is EMV?

EMV refers to Europay-MasterCard-Visa, an acronym that is associated with chip card technology. EMV refers to the technical specifications for how chip cards communicate with merchant terminals and ATMs. EMV is the common global operating standard and has also been adopted by the electronic payment industry in Canada. Having a single standard ensures chip cards, terminals and other systems can communicate and will be interoperable all over the world.

3. What are the consumer benefits of the chip card?

Chip cards and chip terminals work together to ensure a highly secure transaction by validating the card and the cardholder. The computer chip makes it much more difficult to copy the cards, thereby reducing counterfeit fraud. Additionally, chip technology is more convenient and enables faster transactions.

The chip is difficult to copy, reducing the likelihood of counterfeit fraud.

Frequently Asked Questions

4. **Why is the industry moving to chip?**

The move to chip card technology is the latest innovation in the rapidly changing debit and credit card environment.

This move demonstrates the industry's efforts to further secure Canadian electronic payments. Chip technology has already been tested, proven and is in wide use around the world.

5. **Will chip card transactions be conducted differently than magnetic stripe transactions?**

Yes; with a chip terminal, the chip card is inserted and left there for the entire duration of a transaction. Also, credit cardholders will need to enter a PIN like they do now for debit transactions. A PIN is more secure and will replace the cardholder's signature.

6. **Are we doing away with the magnetic stripe?**

No; chip terminals will recognize both chip and magnetic stripe cards. At non-chip-enabled terminals, cards will be swiped and a signature will continue to be required for credit card transactions and a PIN for debit card transactions.

7. **Does the move to chip technology mean that the current magnetic stripe is not secure?**

Cardholders should have full confidence in the security of magnetic stripe cards. The migration to chip technology represents an improvement designed to make an already safe payment system even more secure.

Frequently Asked Questions

- 8. Will individuals have one chip card for several applications such as debit, credit, bus passes, loyalty programs, etc.?**

Although it will be technically possible, this feature will not be available when the new chip cards are first introduced.

- 9. Are all financial institutions migrating to chip technology?**

Eventually; each payment card company has individual time lines that will vary among their customers (banks, credit unions, etc.).

- 10. Will Canadians be able to use chip cards outside of the country?**

Yes, many countries have successfully adopted chip technology and Canadian chip cards will be fully compatible with these systems.

- 11. Will old cards work on new point-of-sale terminals?**

Yes; new point-of-sale terminals (featuring the EMV standard) will be compatible with existing systems and cards.

- 12. What happens to my current card?**

Nothing yet; your current magnetic stripe card will continue to be accepted until you receive your new chip card. Your current card should be destroyed at that time.

The embedded computer chip will store and process data, ensuring highly secure transactions and validation of the card and cardholder.

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