

# About Chip Technology



**InteracChip.ca**

Interac Association is transitioning to a new generation of payment card technology, known as chip technology, which will make a safe payment system even more secure.

Debit cards will begin to contain an embedded microchip, which will put the power of a computer onto the card. The microchip will give the card the ability to store and process data, providing an additional layer of security.

Chip technology is based on a global standard known as EMV (Europay Mastercard VISA), a proven technology currently in wide use around the world.

## Benefits of Chip Technology

**Enhanced Security:** The microchip, embedded into the debit card, is extremely difficult and costly to duplicate, and will play a significant role in preventing debit card skimming.

**Innovation:** Chip technology will provide opportunities for new product and service offerings and enable financial institutions and merchants to keep pace with the global movement in card payment technology.

**Convenience:** Chip technology offers an opportunity for multiple applications on one card, such as stored value and loyalty programs.

## Interac Association Chip Transition Timeline

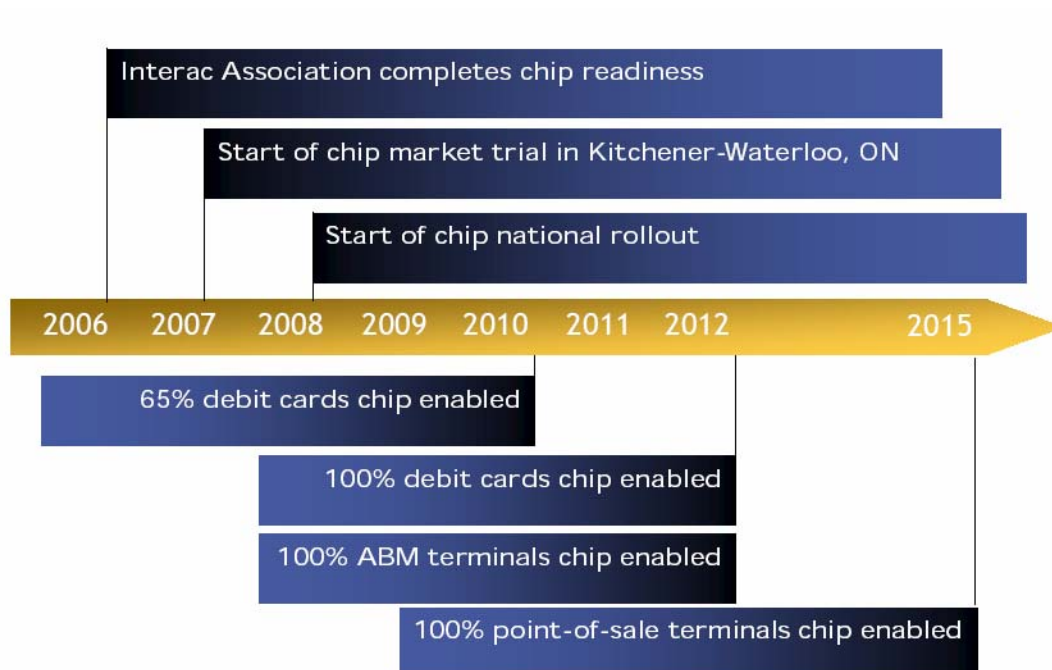
The first INTERAC chip transactions will begin to take place in fall 2007, as part of a market trial in Kitchener-Waterloo, Ontario, being carried out in collaboration with Canada's major credit card companies. Complete migration to chip technology will take several years, given the vast number of Automated Banking Machines, point-of-sale terminals and banking cards across Canada which must be upgraded. Each financial institution and merchant service provider has their own timetable in place, so the introduction of chip cards and terminals in the marketplace will vary from one participant to another.

.../more

Beginning in 2007, cards, Automated Banking Machines and payment terminals will begin to feature chip technology, and within three years, it is expected that the majority of Canadians will be able to fully benefit from this new technology.

In order to ensure a smooth transition, Interac Association has set debit chip conversion deadlines. Magnetic stripe transactions will no longer be accepted at Automated Banking Machines after December 31, 2012 and will no longer be accepted at point-of-sale after December 31, 2015.

Chip cards will continue to carry the magnetic stripe, not only to facilitate the chip transition period, but also to allow cardholders to use their debit cards in other countries that do not use chip technology.



For more information, please contact:

Tina Romano  
Interac Association  
416.869.5062  
tromano@interac.org

Lizanne McReelis  
Strategic Objectives  
416.366.7735 Ext. 237  
lmcreelis@strategicobjectives.com