

Contact

Business-building ideas for TD Merchant Services customers

Code of Conduct: What it means for your business

By Jeff van Duynhoven, President, TD Merchant Services

In April of this year, the federal government released a Code of Conduct, designed to provide merchants across Canada with greater pricing transparency and choice when accepting credit and debit card payments from their customers. In May, the Code was adopted by both TD Merchant Services and TD Canada Trust — and all other major Canadian credit and debit card issuers, payment card networks and processors — effective as of August 16.

TD Merchant Services fully supports the Code of Conduct and the benefits it brings to merchants. We were an active participant in the government's process that led to the development of the Code of Conduct. In fact, many of the provisions in the Code are consistent with TD Merchant Services' current business practices of transparency and choice. We have long felt that merchants deserve to know and understand the cost of accepting debit and credit cards; should receive a monthly statement that is easy to comprehend and clearly lists all the rates and fees; and have a choice in determining what payment card options they want to accept from their customers.



Merchants across Canada will benefit from the new Code of Conduct when accepting credit and debit card payments from their customers.

What will the Code mean for you?

The Code has 10 policy elements designed to ensure merchants are:

- Given clear, complete information regarding fees and rates, so they can make informed decisions about which debit and/or credit cards to accept.
- Notified in advance of any new fees and fee increases, which will allow merchants to better forecast monthly costs related to accepting payments.
- Able to cancel contracts without penalty should fees rise or new fees be introduced.

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- Provided with increased pricing flexibility (via the use of discounts for different payment options) to encourage their customers to choose the merchant's preferred payment option.
- Allowed to freely choose which payment card options they will (or will not) accept from their customers.

What we're doing to comply

To comply with the Code of Conduct, TD Merchant Services will provide the following benefits to our merchants:

Accessible information. We have always strived to keep you fully informed with straightforward communication. With the adoption of this Code, we will continue to communicate with you in language that is clear and easy to understand.

More detailed statements. As of November 2010, our monthly statements will provide greater transparency by listing the rates and fees you pay in a more organized manner and in clear, easy-to-read language. As well, the

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Fraud Prevention

Keeping your customer data more secure

The more frequently credit cards are used by consumers, the more cardholder account information is being processed and potentially kept on file. The end result is increased potential for fraudulent use of cardholder data if organizations do not take the necessary steps now to proactively collect and store this information in a secure manner, or, preferably, eliminate storage altogether.

The Payment Card Industry Security Standards Council (PCI SSC) is an open global forum for the ongoing development, enhancement, storage, dissemination and implementation of security standards for account data protection. The Council's mission is to enhance payment account data security

by driving education and awareness of the PCI Security Standards. The organization was founded by American Express, Discover Financial Services, JCB International, MasterCard Worldwide and Visa, Inc.



What is PCI DSS?

PCI Data Security Standard (PCI DSS) are a set of requirements established by the PCI SSC and adopted by the major Card Brands to help prevent the theft of cardholder data by assessing whether cardholder data is secure within your organization and, if necessary, improving your level of

security to meet or exceed industry standards.

All merchants who store, process or transmit cardholder data must comply with PCI DSS, which forms the basis of Visa Canada's Account

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MANAGING
YOUR BUSINESS

Flash forward: New contactless debit from *Interac*

Canadians love *Interac*®. Last year, 22 million of us used *Interac* every month.¹ Canadians also love convenience. TD Merchant Services is pleased to be the first to introduce the new *Interac Flash* contactless debit capability, a convenient new payment option that combines the dependability and accessibility of *Interac* with the ease and security of contactless chip technology.

How it works

Interac Flash is embedded with a dual-interface chip that allows users to use either the standard debit card and PIN method at checkout or the contactless feature.

Your customers can simply flash their *Interac* debit card in front of a

contactless reader and their purchase, if authorized, will be automatically debited from their bank account. If the purchase is above the dollar limit set by the financial institution that issued the debit card, a prompt on the reader will ask for the card to be inserted and PIN entered to complete the transaction.

Key features

These cards are ideal for cash-based businesses — such as gas stations, convenience stores and movie theatres — to ensure speed and convenience at checkout. Other benefits include:

Save time. You can process more transactions at peak times since there's no need to swipe the card or enter a PIN.

Capture the cash market. According to the Bank of Canada, 51% of point-

of-sale purchases under \$20 in Canada use cash. *Interac Flash* gives your customers the flexibility to use either cash or their card and will encourage those last-minute purchases at checkout.

Avoid losses. Since the card never leaves the customer's hand, there is a reduced risk of chargebacks or errors due to making change or theft.

Secure transactions. Transactions are processed through the same secure banking channels as *Interac* debit, a payment system consumers and merchants know and trust, with the additional security of chip technology.

For more information about how the *Interac Flash* could benefit your business, contact TD Merchant Services at 1-800-363-1163.

Planning Ahead

Shift in liability takes effect

Due to card network regulation changes, as of March 31, 2011, merchants will become liable for all losses resulting from fraudulent MasterCard and Visa chip credit card transactions that are processed through a non-chip terminal.* Your account will be debited for the loss, via a chargeback — regardless of whether you have a sales draft for proof of the sale. (See “Liability guide,” below.)

Because of this liability shift, errors involving the improper processing of MasterCard and Visa cards by untrained staff can result in increased costs.

Reducing your risks

You can avoid these risks and minimize chargebacks by following standard processing procedures, including the following:

- When a customer presents their card for payment, make sure you follow the terminal prompts to process the transaction by either swiping the magnetic-stripe card or inserting the chip card into the reader.
- Do not key in the transaction manually.
- When a chip card is presented by your customer, always process it as a chip transaction by inserting the card into the chip reader and do not revert back to swiping the magnetic stripe.

Preparing you for this change

All TD Merchant Services customers with countertop POS terminals have already been contacted to convert their existing non-chip-enabled terminal to a chip-enabled terminal.

Once you have been converted to a chip-enabled terminal, your business can enjoy the following benefits:

- **Speedier checkout.** The PIN used with a chip card is faster to input than a signature and does not require a verification call, saving you valuable time at checkout.
- **Reduced chargebacks.** If you and your staff follow terminal prompts and adhere to processing procedures, chip cards potentially reduce the number of losses through chargebacks.
- **Less paperwork.** You no longer need to submit a paper sales draft for Sales Draft Requests — they

have been eliminated for chip credit card transactions properly processed at a chip terminal.

- **Increased security.** The encrypted data on the chip card is difficult to access or copy, and the use of a PIN adds another layer of security.

How we can help

To help you reduce the risk of losses and chargebacks, TD Merchant Services offers a range of chip-enabled terminals, solutions and e-commerce tools. To find out more, call TD Merchant Services at 1-800-363-1163. ■

Liability guide

The chart below shows the common types of transactions and where liability resides for losses due to fraudulent transactions.

In the event of a fraudulent transaction...				
If this POS terminal is used	To process this type of credit card	Using this procedure	Who is liable?*	Effective March 31, 2011
Non-chip	Non-chip	Swiped	Card Issuer	Already in effect
Non-chip	Non-chip	Keyed	Merchant	Already in effect
Non-chip	Chip	Swiped	Merchant	✓
Non-chip	Chip	Keyed	Merchant	✓
Chip	Non-chip	Swiped	Card Issuer	✓
Chip	Non-chip	Keyed	Merchant	✓
Chip	Chip	Inserted	Card Issuer	✓
Chip	Chip	Swiped	Merchant	✓
Chip	Chip	Keyed	Merchant	✓

* Effective March 31, 2011 for Visa and MasterCard.
Not effective for other card types at this time.

Code of Conduct:

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statement will set out an effective discount rate which represents the full cost of accepting the individual payment card types you have chosen.

Advance notice of fee changes.

We will provide at least 90 days' notice of fee changes and a full explanation of the nature of the change.

More information on new cards. As new payment card options are introduced to the Canadian market, you will be given a clear price structure and all the applicable features, benefits and terms. You will also get the time

you need to ask questions and make a fully informed decision.

Going beyond the Code

As part of our commitment to provide transparency for our customers, TD Merchant Services will go beyond the requirements of the Code of Conduct by offering new merchants the opportunity to terminate their contracts without penalty within 30 days of the date of their first statement, if they are not satisfied with the pricing disclosure provided during the sales process. We firmly believe that there should be no "surprises" when the first statement is received.

Ongoing support

As the only Canadian financial institution that issues debit and credit cards, provides business financing to merchants, and operates a merchant acquiring business, we at TD see all sides of the payments business. This is why we took a leading role in the development of this Code and are committed to ensuring your needs continue to be met and your voice heard.

To read the full Code of Conduct, visit the Department of Finance Canada website at www.fin.gc.ca and perform a quick search using "Code of Conduct." ■

Keeping data secure

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Information Security (AIS) program and MasterCard's Site Data Protection (SDP) program. To download a PDF version of the complete PCI Data Security Standard, visit www.pcisecuritystandards.org and search "PCI Data Security Standard."

Who needs to comply?

Each merchant currently falls under one of four validation levels, based on their annual credit card transaction

volume processed. This level determines the activities that the merchant needs to follow in order to be validated as PCI DSS compliant under the card brand programs (AIS and SDP).

What you need to do

PCI DSS compliance is required for all merchants and encompasses:

1. Completion of an annual PCI Self-Assessment Questionnaire (SAQ)².
2. Performing quarterly network scans for system vulnerabilities (if applicable).

Begin the validation process

by visiting www.visa.ca/ais or www.mastercard.com, and click on "PCI Merchant Education Program," under the For Merchants/Security tabs, where you can determine your compliance requirements and find a list of qualified assessors and other information.

Why data security matters

Safeguarding cardholder data not only helps protect your business from fraud but also helps build customer trust, prevent unnecessary losses and give your business an edge over your competitors.

For more information, visit www.tdcanadatrust.com/merchantservices/pqi_security.jsp or email TD Merchant Services at TDMSPCI@td.com or contact us at 1-800-363-1163. ■

Need MasterCard support? Call us for all your MasterCard needs — from debit and credit sales questions to service support. Call TD Merchant Services Service Centre at 1-800-363-1163 — support available 24 hours a day, seven days a week.

Payment Solutions you can count on

Contact is published periodically by TD Merchant Services. Every effort has been made to ensure that the information contained in this newsletter is accurate. However, TD Merchant Services is not liable for any errors or omissions in the information or for any loss or damages suffered arising from such errors or omissions.

For more information, please write to: *Contact* Newsletter, TD Merchant Services Marketing Department, 100 Wellington Street W., 29th Floor, Canadian Pacific Tower, Toronto ON M5K 1A2; or call toll-free 1-800-363-1163; or visit www.tdmerchantservices.com

- ¹ Interac Association, 2010.
 - ² Depending on your merchant level, a Qualified Security Assessor (QSA) may be required to validate your questionnaire.
- ® Trade-Mark of Interac Inc., TD Canada Trust, authorized user of Trade-Mark.
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