



Contact

Business-building ideas for TD Merchant Services customers

Making change: What's ahead for merchant services?

By Jeff van Duynhoven, President, TD Merchant Services

There are several new developments currently taking place in Canada's payment card industry, and TD Merchant Services is committed to keeping you fully informed on issues and industry changes that could affect your business.

Chip card update

The biggest change to the industry over the last several years has been the gradual migration to chip card technology. Since 2007, when the first Canadian market trial was held, a significant number of chip cards have been introduced to Canadian consumers.

To protect customers against fraud, TD Merchant Services has proactively led the industry on chip adoption for all major card brands (*Visa**, *MasterCard®*, *Interac®* Direct Payment and *Amex®*), illustrating how we help protect the business interests of our customers.

The changeover to chip technology is part of a nationwide initiative that all Canadian financial institutions, payment systems and merchants are embracing in order to help better protect Canadian consumers and merchants against fraud.

To ensure global acceptance, chip credit and debit cards, including those offered by TD Bank Group, will



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continue to have a magnetic stripe, as not all countries are adopting chip technology.

Liability shift

Canadian retailers who have switched to chip capable terminals will not be liable for the cost of fraud involving chip cards, so long as proper card-processing procedures and security practices are followed. See "**Liability shift update**," Page 2, for more details.

Accompanying the move to chip card technology is a shift in liability to merchants for credit card fraud involving

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*Visa** and *MasterCard* chip credit card transactions that are processed through a non-chip capable terminal. This came into effect for Canadian cards as of March 31, 2011.

Code of Conduct

Another significant development for Canadian merchants has been the introduction of the federal government's voluntary Code of Conduct for the Credit and Debit Card Industry in Canada (the "Code"), which we adopted in May 2010. TD Merchant Services was a strong advocate for the Code, which is designed to provide Canadian merchants with greater pricing transparency and choice when accepting credit and debit card payments.

TD Merchant Services continues to provide statement information in clear, easy-to-understand language, as well as comprehensive information about rates and fees so you can make informed decisions about which credit and/or debit cards to accept.

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Planning Ahead

Liability shift update

Due to changes to *Visa** and *MasterCard* regulations, you are now liable for all losses resulting from fraudulent *Visa** and *MasterCard* chip credit card transactions processed at non-chip capable terminals. This means that your account will be debited for a loss caused by fraud, via a chargeback (regardless of whether you have a sales draft as proof of the sale).

How to prevent losses

If you have converted to a chip capable terminal, you can prevent losses and minimize chargebacks by following standard processing procedures, including the following:

Make it automatic. When a customer presents a card for payment, make sure you process the transaction by following the terminal prompts (either to insert the chip card into the reader or swipe a non-chip card) — do not key in the transaction manually.

Read the chip. When a chip card is presented by your customer, always process it as a chip transaction by inserting the card into the chip reader; do not revert back to swiping the magnetic stripe.

Use caution with card-not-present transactions. With chip technology reducing fraud in a face-to-face environment, the risk could increase for e-commerce and other card-not-present fraud (such as telephone or mail orders). To help reduce this risk, there are several security tools available designed



Merchants are embracing the changeover to chip technology to better protect against fraud.

specifically for off-site orders. See “**How to prevent card-not-present fraud,**” Page 4.

The benefits of chip

The magnetic stripe will remain on credit and debit cards for some time to allow retailers sufficient time to make the transition to chip. However, all TD Merchant Services customers with countertop POS terminals have now been contacted to convert their existing non-chip capable terminals to chip capable terminals.

Once you have been converted to a chip capable 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 could potentially reduce your 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 capable 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 capable terminals, solutions and e-commerce tools. To find out more, call TD Merchant Services at 1-800-363-1163. ■

Managing Your Business

Let us help you ramp up efficiency

From cell phones to WiFi, technology can play a huge role in increasing efficiency in your business. TD Merchant Services has developed a range of products, tools and services to help you harness the power of technology to maximize efficiency for your business.

These include:

Payment processing. Save time and money by processing all card types through TD Merchant Services. Our payment services — ranked a leader in customer service in a recent Ipsos Reid poll¹ — provide you with the reliability and support you need to keep your operation running as smoothly and efficiently as possible.

POS Express. By processing your debit and credit card transactions online through a POS Express Digital Subscriber Line (DSL), you can achieve higher processing speeds at a lower cost. You can also save on your monthly costs for a high-speed Internet connection, with a TD Merchant Services loyalty credit discount. We handle the entire set-up and installation for you.

Online Mart. This user-friendly tool allows you to expand your sales efforts to the Internet. Using Online Mart, you can create your own web-based storefront — complete with credit card processing — right from your own computer. In addition to hosting your site, Online Mart can process payments, manage orders and provide around-the-clock technical support.

Contactless cards. Our new contactless debit and credit card options allow you to process more transactions in less time. No signature

or PIN entry is required (below a certain dollar amount), which speeds up the checkout process and helps shorten lineups (See “**Contactless card options**,” below).

Online Reporting. This convenient Web-based, data-retrieval and management tool can help you manage transaction reports more effectively and efficiently. Instead of waiting for your paper statement to arrive by mail, you can access your daily card transaction details as soon as they are processed.

With payment processing information at your fingertips around the clock, you can verify transactions and reconcile your books when it's most convenient for you. By viewing



retrieval requests and chargebacks online, you can also respond more quickly to sales disputes and avoid potential losses.

Call us today at 1-800-363-1163 to find out how TD Merchant Services payment solutions, contactless card options, POS Express and Online Reporting can help maximize efficiency for your business. ■

MANAGING
YOUR BUSINESS

Contactless card options

With their speed and ease of use, the new generation of contactless credit and debit cards are ideal for high volume, fast-paced operations like food court eateries, coffee shops, newsstands and any business with average transaction amounts of less than \$50.

The cards are embedded with a radio antenna that securely transmits payment information wirelessly. TD Merchant Services supports three contactless card options — *Visa payWave*^{*} and *MasterCard PayPass*[™] credit cards and the *Interac*[®] Flash debit card — which all offer the following benefits:

Save time. Your customers can glide through checkout with a simple wave in front of (*Visa*^{*} or *Interac*[®]) or tap against (*MasterCard*) the contactless reader. With no signature or PIN to enter, a transaction can be completed in less than a second.

Boost sales. By helping serve customers faster, you'll reduce waiting times and lineups and create a more pleasant shopping experience, which could also encourage additional purchases at checkout.

Secure transactions. The transaction is just as secure as a standard credit or debit card transaction using EMV technology.

“Customers see the contactless device and ask what it is,” says Babak Sorooshkia, who offers his Toronto Jimmy the Greek restaurant customers both *Visa*^{*} and *MasterCard* contactless options. “It attracts their attention and keeps them coming back because it's so fast and convenient,” he says.

For as little as \$5 per month, take advantage of the benefits contactless cards can bring to your business. Call TD Merchant Services at 1-800-363-1163 or visit www.tdmerchantservices.com

Fraud Prevention

How to prevent card-not-present fraud

Fraud involving e-commerce, telephone and mail order transactions (“remote transactions”) is on the rise in Canada, according to the Royal Canadian Mounted Police,² in part because the enhanced security of chip and PIN technology has forced fraudsters to shift their targets. Remote transactions also involve greater risk because the customer’s credit card is not presented to you, so the standard face-to-face security measures don’t apply.

There are several security tools available, however, that are specifically designed to reduce the fraud risk for card-not-present transactions.

Address Verification Services (AVS). This service validates the

address provided by the customer (for e-commerce, telephone or mail order transactions) by matching the one on file with the cardholder’s bank.

Card Verification Value (CVV2/CVC2). This three-digit code on the back of the credit card provides a real-time check that the customer has a genuine card in hand during a telephone or e-commerce transaction. Whenever you take a card-not-present order, make sure you request this three or four-digit number.

Verified by Visa*/MasterCard SecureCode. For Internet orders, this payment feature helps to authenticate cardholder identity with the use of a password. Cardholders create a password, which they enter whenever

they make a purchase at your website. This helps ensure the person making the purchase is the actual cardholder.

Interac® Online. This service allows e-commerce customers to debit their bank account directly for purchases made online. Because the transaction is completed on the merchant’s banking website, there is no card data collected and no risk of chargebacks.

Using these tools not only protects your business, but also reassures your customers that they can safely place orders with you by phone, mail or online. For more information on how you can protect your business from card-not-present fraud, visit www.tdcanadatrust.com/merchantservices/pdf/Fraud.pdf ■

Making change

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Since our adoption of the Code, we have also made important changes to the way we communicate, including an “Effective Rate Summary” disclosure on monthly statements — listing the total cost of accepting each individual payment card type you have chosen to accept from your customers. This

disclosure helps you to more accurately compare the “true cost” or average rate associated with accepting each card type, with rates quoted by other providers. Merchants should be wary of rates that seem too good to be true, as some providers advertise an extremely low rate (known as a “flash” rate) and then charge additional fees on top of the flash rate — often with inadequate disclosure during the sales process.

Keeping you informed

As always, you can count on TD Merchant Services to keep you apprised of any changes in the payment card industry that could have an impact on you and your business. If there’s an issue or development about which you would like more information, please let us know at 1-800-363-1163. ■

Bring your MasterCard processing to us. If you don’t have your MasterCard processing with TD, consider the benefits of consolidating all your credit and debit card processing needs in one place, with one consolidated statement. For more information, speak to one of our sales specialists at our dedicated support centre by calling us at 1-800-363-1163.

Need paper? Maxwell Media Products (1-800-561-6406) is the preferred supplier of paper for TD Merchant Services point-of-sale terminals. Give them a call when you need paper.

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¹ Based on an Ipsos Reid Poll conducted by telephone between September 15 and November 5, 2009, among a sample of 556 Canadian merchants.

² Source: www.rcmp-grc.gc.ca/scams-fraudes/cc-fraud-fraude-eng.htm

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