Merchants urged to adopt chip terminals to avoid liability risk in cases of fraud

-Shift in liability due to fraudulent transactions to take effect October 2010-

Toronto, August 23, 2010 – The introduction of chip-enabled terminals and the issuance of chip-enabled credit and debit cards have been a major advance in the payments industry, promising to meaningfully reduce instances of credit and debit card fraud in Canada. As was announced several years ago, starting October 1, 2010, both VISA and MasterCard are implementing changes relating to fraudulent transactions. Among the changes is that merchants will be liable for all losses resulting from transactions where fraud has occurred because a chip card was processed through a non-chip terminal. This means that the merchant's account will be debited for this loss, via a chargeback.

"In order to help avoid the possible liabilities and losses that may occur as a result of this shift by the payments industry, TD Merchant Services urges merchants across Canada to move to chip-enabled terminals as quickly as possible," says Jeff van Duynhoven, President, TD Merchant Services. "Chip cards are currently in use across Canada, and TD Merchant Services has chip-enabled solutions available to process Interac, MasterCard, Visa and American Express card purchases for all merchants."

In cases where fraud occurs through a chip-enabled terminal, liability will continue to rest with the payments industry and merchants will be protected, provided they follow standard processing guidelines.

In addition to helping merchants avoid liability for fraudulent transactions, processing credit and debit card transactions through a chip-enabled terminal can provide businesses with the following benefits:

- **Greater security.** The data on the chip card is difficult to copy or change, resulting in improved customer confidence in electronic transactions.
- **Fewer losses**. Chip cards allow merchants to potentially reduce the number of losses, via chargebacks, and disputes that occur due to unauthorized credit card transactions.
- **Faster, more efficient service at checkout.** The PIN used with a chip-enabled card is faster to input than a signature and does not require a verification call.
- **Convenient processing.** Merchants can use the same, convenient process for both credit and debit card transactions.
- **Reduced paperwork.** Merchants no longer need to submit a paper sales draft for Sales Draft Requests as these requests have been eliminated for chip credit card transactions properly processed at a chip terminal.

As of July 2010, TD Merchant Services had converted over 90% of TD-supplied point of sale devices to chip-enabled terminals and intends to convert the remaining devices to chip-enabled terminals prior to the liability shift occurring in October 2010.

"It's important that merchants are aware of these upcoming changes and that they can help protect themselves from fraudulent transactions and the liability that these transactions may incur – even if they currently deal with another acquirer - by calling TD Merchant Services," says van Duynhoven. "We have experts available to help them choose the chip-enabled terminal or solution that is right for their business."

About TD Merchant Services

TD Merchant Services, part of The Toronto-Dominion Bank, is a Canadian-owned and -operated payment solutions provider. TD Merchant Services has been established – and trusted – in the payment solutions industry for over 30

years. For more information about business solutions from TD Merchant Services, visit your local branch, or go online at http://www.tdmerchantservices.com

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