

## Frequently Asked Questions

*Please visit the Merchant Forum for additional questions and answers.*

### **Q: What do I do if a customer doesn't use a PIN with their chip card?**

A: In some countries, chip transactions are still authenticated by signature. In other countries, where PIN authentication is the norm, there will be instances where cardholders do not have a chip card. For example, disabled cardholders may have a special arrangement to use signature cards, and some domestic and foreign cardholders don't have chip cards yet. A customer using a non-chip card will automatically be prompted by the terminal to give a signature. Your usual approved security checks will protect you from any liability for fraud.

### **Q: What do I do if a customer's card becomes locked at the point of sale?**

A: When a customer enters the wrong PIN several times (typically more than three), the PIN becomes temporarily locked. Sometimes, it may still be possible to accept the card with a signature. Your terminal will tell you if that can be done in each instance. If not, your customer will need to provide a different form of payment for the transaction. Advise the customer to contact their card company. Cards always contain issuer contact information on the back.

### **Q: What will the fallback procedures be if the POS terminal fails to read the chip?**

A: If the terminal fails to read the chip, fallback to magnetic stripe and signature may be permitted. Similarly, if the cardholder forgets their PIN, fallback to signature may be permitted. These options will be discontinued as soon as it is practical to do so; therefore it is important to encourage customers to use chip sooner rather than later, emphasizing that this creates a real security benefit for all cardholders.

### **Q: What about mail order, telephone order, and Internet transactions?**

A: In most countries, these types of transactions are not directly covered by the basic chip migration program. However, there are several initiatives under way that address security for these channels. They include Address Verification, Security Code checking, and, for Internet transactions, MasterCard SecureCode® and Verified by Visa®.

### **Q: Is chip good for business?**

A: Yes, because chip means greater security and more streamlined processing, especially when chip is combined with PIN authentication, which can reduce fraud. Merchants will no longer have to store vouchers for these types of transactions. Chip will also bring increased opportunity for self-service POS stations.

**Q: What will it be like to use chip?**

A: The cardholder inserts the chip card into a card reader and leaves it in the terminal until the transaction is complete. The card reader identifies whether a card is PIN-enabled. If so, the customer will be prompted to enter their PIN rather than sign a receipt. Transactions using a chip will be similar to magnetic stripe transactions in most other respects.

**Q: Will it be faster to verify than traditional cards?**

A: After cardholders and sales staff become accustomed to chip, it is much quicker in most environments.

**Q: What do chip terminals look like?**

A: As is the case with existing chip and magnetic stripe terminals, chip terminals will continue to be of various shapes and sizes. All terminals will need to have a chip card reader. Some will have a PIN pad for cardholders to key in their PIN. Some terminals will incorporate a PIN pad into their design and others will be able to accommodate a separate PIN pad connected to the terminal.

**Q: How will I know if the chip transaction has been successful or declined?**

A: The terminal will give you these messages exactly as it does now. Authorization will be a similar process and the card can be removed at the end of a transaction.

**Q: Do I have to check anything else when a card is used and verified with a PIN?**

A: No, a PIN is all the verification required.