



Glossary of Chip Terms

Chip card

Refers to a payment card with an embedded microchip (chip cards are also known as smart cards). Chip-enabled cards work in a similar fashion to traditional payment cards but have the capacity to store information much more securely.

Chip migration

Refers to the move toward chip-based cards. Chip is already in use in many parts of the world including Europe and the Asia-Pacific region. Twelve of MasterCard Canada's card issuers will be working with MasterCard and five leading acquirers to introduce chip-enabled MasterCard® payment cards in Canada by 2010. With 17 commitments to date on the migration to chip, MasterCard is leading the market in Canada.

EMV

Is an acronym for "Europay MasterCard Visa" and is the global technology standard for chip-based payment cards to replace existing magnetic stripe cards. The EMV standards, finalized in 1996 in Europe, were created with the goal of ensuring global interoperability of chip-based payment cards and their payment terminals/readers. In 2002, MasterCard International merged with Europay International.

Magnetic stripe

Refers to the current card technology of a band on the back of a card, containing data needed to complete the payment transaction.

OneSmart™

Is the MasterCard suite of chip solutions for issuing banks, merchants and consumers. OneSmart uses the power of chip technology to deliver highly secure, more customized and better differentiated card programs.

PIN

Stands for Personal Identification Number, and is the four- to six-digit security code cardholders are asked to enter into a keypad at the point-of-sale terminal when they make a purchase. The PIN is one of many advantages with the chip platform upgrade.

POS

Is an acronym for point-of-sale. This can mean a checkout counter in a shop or a mobile location where a financial transaction occurs, e.g. paying the pizza delivery person.

POS terminal

Stands for the device merchants use to process financial transactions.

Smart cards

See "Chip card."