



## **THE EXCHANGE® ATM NETWORK EMV FREQUENTLY ASKED QUESTIONS & ANSWERS**

**March 3, 2010**

### **Q1 What is an AID?**

- A.** AID stands for Application Identifier. It is used to distinguish brands from one another such as Interac, Amex, MasterCard, Visa and Exchange when initiating a transaction at an ATM or POS acceptance device.

### **Q2 Why do we need an AID on our chip cards?**

- A.** The AID contains a list of parameters that exists on both the chip card and the ATM or POS device in order to facilitate a chip transaction. Both the card and the ATM or POS device must contain the same AID (e.g. Interac, MasterCard, VISA, Exchange) in order to initiate the chip transaction and use the unique list of parameters that is needed for that Brand at the acceptance device.

### **Q3 If we do not have THE EXCHANGE® AID on our chip cards will we be using the Interac AID and if so, do we have permission to use the Interac AID?**

- A.** If you do not have THE EXCHANGE® AID on your card, the ATM will make a match on whatever the highest priority AID is on the card to initiate the chip transaction. Some people are of the opinion that using the Interac AID, while not a technical issue, is an issue related to proprietary rights that belong to Interac and, as such, FICANEX Services should ask Interac for permission to use its AID on THE EXCHANGE® network.

FICANEX sought the opinions of three EMV experts and provided those opinions to our lawyer for review. The legal review has determined:

- At the ATM, the AID is a label used only to identify which application program will be used when talking to the card.
- Picking an AID doesn't mean you will conduct the transaction using that scheme.
- The contents and operation of the card are entirely at the discretion of the card issuer.
- All Canadian FI's are entitled to use the Interac AID through their membership.
- AIDs are the property of the International Standards Organization and issued by application to the Standards Council of Canada.
- No damage is done to Interac by the use of the Interac AID to initiate a proprietary transaction.

### **Q4 Is it correct to say that EMV network certification and AID presence on the card are two very separate issues?**

- A.** Yes, this is correct. AID presence or absence on the card has no material impact on moving

forward with EMV certification at this time. We do recommend adding THE EXCHANGE® AID on cards now if possible, but if it is not possible, it can be done at the time of card re-issuance.

**Q5 Is it fair to assume that the implementation of THE EXCHANGE® AID on our chip cards is out of scope for the current Chip Implementation Program?**

A. Yes, it is more important to have the network EMV compliant. FICANEX has indicated that adding THE EXCHANGE® AID to your cards, at this time, is a business decision that must be made by each Financial Institution. While a number of FIs are adding THE EXCHANGE® AID now, it is okay to wait and add it the next time you do a card re-issue. This is a decision for each FI to make and should not be made by suppliers or service providers.

**Q6 To be 100% clear, do I have to put THE EXCHANGE® AID on my card right now?**

A. No. While we recommend you have THE EXCHANGE® AID on your chip cards, and many of you will, it is up to each FI to decide whether to put it on your card now or wait until a later date.

**Q7 Will my transactions still process without THE EXCHANGE® AID on my card?**

A. Yes. Your transactions will still be processed over THE EXCHANGE® network because routing of transactions will still be performed by BIN as they are today.

**Q8 If routing of transactions is based on BIN then why do I need THE EXCHANGE® AID at all?**

A. In the future it is a real possibility that routing of transactions could occur by AID. In Canada there are already initiatives to route on AID because of the introduction of Visa and MasterCard in the POS debit arena. FICANEX Services is positioning our members and our network for this future possibility by having our own AID in place. We feel strongly it is in the best interest of the network and our membership to maintain its own independence and be able to distinguish ourselves from the other brands using AIDs.

**Q9 Can THE EXCHANGE® AID be added/downloaded to the chip card at a later date?**

A. While it is technically possible to download an AID to a card once it has been issued the problem lies in the ability of networks and back office systems to handle post issuance scripts. This is something that can be supported in the future but it is not currently supported.

**Q10 What will happen to my chip card transactions if routing changes to using an AID and we don't yet have THE EXCHANGE® AID on our cards?**

A. You could find your ATM transactions routing over another network, such as Interac, in which case you would lose the benefits of THE EXCHANGE® network, such as lower interchange fees, being surcharge free, deposit taking etc. However, if a decision to route based on AID does manifest itself, it will not happen overnight. If you do not have THE EXCHANGE® AID on your card when/if this happens, we anticipate you will receive enough time to address the situation. For this reason, if you decide not to add THE EXCHANGE® AID to your card right now, we recommend that it be added upon the first re-issue of your cards.

**Q11 Are we at risk by not adding THE EXCHANGE® AID now?**

- A. We believe the risk is small because routing by AID it is not a change that will occur without advance notification. If you do not have THE EXCHANGE® AID on your card when/if this happens, we anticipate you will receive enough time to address the situation. If for some reason you were unable to reissue cards with THE EXCHANGE® AID the risk to your FI is higher costs, loss of service to your cardholders and surcharging. It will be your choice at that time to reissue cards with THE EXCHANGE® AID or accept the increased costs and communicate service level changes to your cardholders.

**Q12 How do we get THE EXCHANGE® AID on our cards?**

- A. FICANEX Services has produced a document called THE EXCHANGE® Card Personalization Guide that has been delivered to all relevant parties. It provides detailed information on what is required to add THE EXCHANGE® AID to your cards. You must work with your card supplier, switch provider, and possibly banking system provider, to determine what needs to be done.

**Q13 Will it cost us more money to add THE EXCHANGE® AID to our cards?**

- A. That depends on who you use as a card supplier. CUETS has already finalized the card specifications for the first issue of chip cards and has certified their cards to the EMV standards as required. Changes to add THE EXCHANGE® AID will require additional work and retesting and, as such, the additional work will require funding. Threshold has developed card profiles with THE EXCHANGE® AID in mind and clients participating in the Threshold/Gemalto card offering can issue cards with THE EXCHANGE® AID on the new chip cards at no additional cost as cards are deployed. If you are using another card supplier you will need to provide them with THE EXCHANGE® Card Personalization Guide and determine any associated costs on a one-to-one basis.

**Q14 Can both THE EXCHANGE® AID and the Interac AID be put on the card?**

- A. Yes they can and should be. You need to have THE EXCHANGE® AID as priority for ATMs and you will also need to have the Interac AID as priority for point of sale. This is explained in detail in THE EXCHANGE® Card Personalization Guide.

**Q15 Have MasterCard and Visa granted permission to add THE EXCHANGE® AID to cards?**

- A. As we do not have a business relationship with MasterCard or Visa they will not give permission to FICANEX to add THE EXCHANGE® AID onto your cards. MasterCard and Visa have said they require a request from the Principal Sponsoring member who sponsors credit unions into the Cirrus and Plus networks to make this request. COOP Node (CUETS for MC, CUCC for Plus) C2C Node (BMO/Moneris for MC and CUCC for Plus). This is required to ensure proper licensing is in place and both brands have allowed this in other countries for proprietary networks as well as in Canada for Interac.

**Q16 If we decide to wait to issue our cards until the network is EMV certified, can CUETS and Gemalto handle the volume of cards later in the year?**

A. Gemalto and CUETS have indicated that they have great capacity, many millions of cards per month in fact. However, we recommend you give them as much information in advance of issuing your cards to ensure they have sufficient card inventories. We recommend if you haven't already, you begin discussions with the card suppliers immediately. Additionally, because there is work to do to get your card bases ready, we recommend you begin preparations now.

**Q17 I have been issued a new BIN for my chip cards. What happens if I issue cards for a staff chip pilot but don't add that new BIN to THE EXCHANGE® network right now?**

A. If your BIN is not registered with THE EXCHANGE® network it is not part of THE EXCHANGE® network and, therefore, transactions will route over either Acculink or Interac, assuming that the BINs were loaded on those networks. You will incur higher interchange fees and surcharges. If your BIN is not registered as part of the Canadian Exchange network it is also not registered in the US which means you will also have no access to the US Exchange network or ACCEL® POS network.

**Q18 Why has FICANEX recommended issuing chip cards only for staff pilots and not issuing cards to our general membership?**

A. We recommend that you don't issue chip cards to your members now because of the known inter-operability issues. The recommendation is to wait until the network is EMV compliant, meaning HSBC, National Bank, Everlink and Threshold (the four EDSSPs) have each tested and certified their connections to Threshold (the CSP). Your members will not be able to conduct EMV transactions successfully because the network is not ready. Understanding this situation, it would be okay to issue a small number of test cards to staff because it is easier to explain to staff why their cards won't work at National Bank ATMs, as an example. This would be an extremely difficult scenario to try to explain to your members.

**Q19 When I issue my chip cards and the BIN is registered with THE EXCHANGE® network, will my US transactions be processed?**

A. Your chip card will still carry a magnetic stripe for use in countries like the US, who have not changed to chip technology. Your US POS transactions over the ACCEL® network and ATM transactions over the US Exchange network will be processed as magstripe transactions as they are today and therefore there is no effect by moving your cards to chip.

**Q20 Can Everlink and CUETS handle the additional work required to add THE EXCHANGE® AID to cards?**

A. At the February 10th meeting held in Toronto Everlink indicated CUETS will need to do some additional development work and Everlink will need to make resources available to facilitate a CUETS project to get THE EXCHANGE® AID on the cards. Everlink also indicated they may need the involvement of CUCC. Because of these variables, Everlink said it is difficult to give a definite answer but that they are doing their utmost to meet the timelines.

**Q21 Who are the EDSSPs and what does this stand for?**

A. EDSSP stands for Electronic Data Switching Service Provider and refers to Everlink, National Bank of Canada, HSBC and Threshold. Threshold holds a dual role, CSP (Central Switch Provider) and EDSSP.

**Q22 What does network EMV readiness mean and what needs to happen to have the network EMV ready?**

A. In simple terms EMV readiness means that all four EDSSPs (National Bank, HSBC, Everlink and Threshold) must test and certify to each other so that they can pass EMV transactions between each other. The four EDSSPs make up the network and all must work together as they do now in passing magstripe and Chip transactions between each other.

**Q23 When will Threshold be ready to start EMV testing and certification processes with the EDSSPs?**

A. Threshold, as the Central Switch Provider (CSP) for THE EXCHANGE® network, has stated that testing and certification of the EDSSPs can start on April 15th.

**Q24 Why April 15th? Why can't the testing start sooner?**

A. The EDSSPs have received the certification plan, QA EMV Certification scripts and message specifications. They will need time to review the documentation and prepare for April 15th. Threshold is also preparing the test environment, test cases, test tools etc. to be ready for April 15th.

**Q25 Have any EDSSPs said when they will be ready to test?**

A. Yes, HSBC has already confirmed they are ready to test starting May 1st.

**Q26 When will Everlink and National Bank start testing?**

A. Everlink and National Bank have not yet stated when they will begin testing. From our discussions with them, they are reviewing all the documentation and scoping the size of the project to determine when their testing will commence

**Q27 How long will testing and certification take?**

A. Testing and certification for the EDSSPs with Threshold should be a 2-3 week process for each if no problems are encountered.

**Q28 If the EDSSPs all come back and say they are ready at the beginning of May, would Threshold be able to do the certification for them at the same time?**

A. Threshold has stated that they can handle overlaps and some concurrency, but probably not all three at once. However, it is not expected that this will be requested. All possible support will be put in place so that none of the EDSSPs are slowed down from their requested timelines and any overlaps that occur should help compress the actual duration of the plan.

**Q29 Is PIN change going to be available as part of the certification?**

- A. Yes, PIN change is included in the certification and has been part of THE EXCHANGE® specifications and Operating Rules as a mandatory transaction since April 2009.

**Q30 When will the testing and certification be finished so that we can issue our chip cards?**

- A. When we have determined testing dates with Everlink and National Bank we will be able to extrapolate an end date and provide a date when the network should be ready.

**Q31 Where has THE EXCHANGE® Network been in bringing these four groups together? What is going on, why has it taken so long to get to this point?**

- A. We recognize some issues in our management of this technology transition with our key partners and opportunities for improvement. We commit to conducting a post mortem at the conclusion of this technology transition to analyze areas for change and improvement but at this time, our sole focus is on moving this project forward as quickly and effectively as possible. We assure you the EDSSPs have been working extremely hard to get to network EMV certification. We are confident that we are going to meet deadlines and all parties are working collaboratively towards that goal.

**Q32 Have any ATMs already been upgraded to EMV?**

- A. Yes, all EDSSPs report they have commenced upgrading their ATMs.

**Q33 Has all required documentation for the EDSSPs been delivered to them by Threshold?**

- A. Yes, all required specifications and guidelines were delivered to Everlink, National Bank and HSBC on February 18th.

**Q34 Has the EDSSP/CSP technical meeting, promised for the end of February, been scheduled?**

- A. It has been scheduled for March 3rd.

**Q35 What is the downgrade option and is it still on the table?**

- A. Downgrading is a technical solution that would allow transactions to flow through the network as they do now by changing the EMV transaction at the ATM to a magstripe transaction.

It was an option we considered that would have allowed you to issue your chip cards now and not have to wait until the network was EMV compliant. However, it was an option that required all four EDSSPs to participate. One EDSSP was prepared to do a downgrade solution and another had built a downgrade solution into their EMV solution. Both of these EDSSPs were positioned to implement a downgrade option. Two other EDSSPs did not have a downgrade solution. One provided an estimate on their effort to implement a downgrade solution and it was neither timely nor cost effective to pursue. The last EDSSP felt it was not in everyone's best

interest to pursue a downgrade option if they didn't already have one and preferred to put their resources into the network EMV certification. For these reasons a downgrade solution is no longer being pursued.

**Q36 Will FICANEX continue to allow Global Payments Cards (GPC) to participate in THE EXCHANGE® network as they do today given that CUETS has stated they will not put THE EXCHANGE® AID on these cards.**

A. Yes, we will continue to let GPC cards access the network now and in the future as this is a service we currently offer.

**Q37 Has there been a production Exchange CHIP transaction to date?**

A. No. This is not possible as the network is not EMV compliant yet.

**Q38 Is there anyone ready to test with Threshold using a produced Exchange AID chip card?**

A. Not yet but there should be one soon after April 15th. Test cards will be used as part of the EDSSP certifications.

**Q39 Has CUETS committed to any delivery date or time frame when they will be producing chip cards with THE EXCHANGE® AID on it?**

A. CUETS have indicated to us that they require direction from clients and they will have additional costs that will need to be covered in order to proceed. We encourage members to discuss this with CUETS directly.

**Q40 Does the EMV testing include testing THE EXCHANGE® AID on the cards?**

A. If your cards are being produced with THE EXCHANGE® AID on them, as is the case for the Threshold/Gemalto solution, there is a certification process for the card that is conducted using a tool that is provided to the card supplier and/or switch provider. It is a separate process from EMV certification.

**Q41 What differences will we see when CHIP transactions are enabled within THE EXCHANGE® network?**

A. The only difference your cardholder will see on the ATM screen is the addition of the new functionality PIN Change. This is new functionality that you currently do not have in the magstripe world. ATM owners will receive a new revenue stream from PIN change transactions.

**Q42 Will my cardholder experience anything different at the ATM after the network is EMV compliant?**

A. No. The only change they will see is the addition of the PIN change option at the ATM. All specifications have been carefully designed so the cardholder has the same experience as now.

**Q43 Will Exchange member card holders have a different POS terminal experience?**

- A. Exchange has no impact on this so they should not have a different experience. THE EXCHANGE® network is not impacting or supporting the POS experience in any way as we are only concerning ourselves with the ATM network. What may influence the POS experience in the future is what is happening with Visa and MasterCard entering the POS market in Canada. FICANEX is reviewing, at a very high level, what it would take to enter the POS market in the future but our review in no way impacts your cardholder POS experience at this time.

**Q44 What are the chances that THE EXCHANGE® will not be ready for EMV to roll out as per the Interac mandate? Would the membership go without? What are the consequences? What options do we have?**

- A. We can't speculate but can say we are on track to meet deadlines. FICANEX will be monitoring all EDSSP activities very closely for any slippage. You will be informed immediately if we encounter any issues.

**Q45 When issuing cards to members, will the PIN be the same PIN that they have been using or will there be new PINs issued with the cards?**

- A. This is an important question that you should discuss with your card supplier and switch provider. Based on our discussions with Threshold and Everlink, for Threshold clients it is an option to keep the same PIN as on the previous magstripe card since it can be propagated to the chip card. Everlink clients are being issued new BINs and consequently there may be new PINs required. This is something we recommend you pursue as part of your chip card readiness program. We encourage you to discuss with your card supplier and switch provider as soon as possible.

**Q46 Has there been any discussion with Interac in terms of extending the deadline for being EMV compliant?**

- A. No, not at all. The Interac deadlines, to our knowledge, are 100% firm.

**Q47 According to the Interac deadlines, 65% of cards need to be deployed. Is that by FI or switch processor?**

- A. It is by Interac member so it is an aggregate amount under that membership. Each node, the Co-op node and the C2C node, has to reach 65% total as a group.

**Q48 Have Threshold, Everlink, CUETS, National Bank, HSBC and Central 1, as participants at the February 10th meeting, reviewed and agreed to the contents of this FAQ?**

- A. Each was given an opportunity to review.

**Note: If there are further questions or clarifications needed to any of the questions or answers in this document, please contact Linda Matheson directly at 604-581-6246 or [lmatheson@the-exchange.ca](mailto:lmatheson@the-exchange.ca).**