



NEWS RELEASE

New Chip Migration Study Provides Good News for Canadian Retailers

New Visa-sponsored study provides cost-benefit analysis for merchants

(Toronto, ON) February 2, 2007 – *The Implications of Chip & PIN Migration: A Canadian Retailer's Perspective*, an independent study released today, shows long-term benefits for retailers who implement upgraded technology that allows them to accept more secure payment cards.

Between now and 2010, Visa Canada and its Members will be implementing Chip and PIN technology for payment cards in the Canadian marketplace. Visa Canada commissioned the research from J.C. Williams Group, a leading independent retail and marketing consulting firm, to provide a complete picture of the technological migration for the Canadian retail sector.

The study provides background, analysis, and details regarding the migration to Chip and PIN, as well as a cost-benefit analysis for merchants. It shows that the majority of retailers who use rented hardware from their Acquirer will assume minimal costs associated with migration and will reap many benefits. The study also shows that retailers with integrated point-of-sale systems can expect a return on investment in 21 to 35 months.

"It's clear that implementing Chip and PIN is the right strategy for retailers, who will benefit from increased security and the improved efficiencies that this new technology presents," says Maureen Atkinson, Senior Partner with J.C. Williams Group. "While there are capital costs associated with Chip and PIN migration, our study shows that many retailers can expect to recoup their costs in under three years and will demonstrate to customers that they are actively working to protect payment card information."

In 2003, Visa Canada announced its migration to Chip technology, which offers greater convenience to consumers, provides added protection to merchants, enhances confidence in the Canadian payment card system and facilitates innovative new services for consumers. Providing unparalleled security, Chip cards provide the ultimate in protection against counterfeit and lost and stolen card fraud. Countries that have already implemented this new technology have seen counterfeit card fraud drop by up to 80 percent. Upgrading the security of the Canadian payments network will also ensure ongoing consumer confidence in electronic payments, which is critical for the continued growth of the Canadian economy.

“Chip technology will both reinforce Canadians’ confidence in the security of their Visa® cards, and provide merchants with tangible benefits that translate into significant cost-savings. Canada will also avoid becoming a target for criminals who may migrate their illegal activities to countries that are not using Chip technology. Chip will allow Visa Canada Members to enhance security and offer greater utility on the card to consumers,” said Mike Bradley, Vice President of Products, Visa Canada.

Benefits for merchants

Chip and PIN technology reduces fraud, and is a technology-based solution that creates many operational benefits that add up to significant savings for retailers. Benefits include reduced fraud and chargebacks, increased lane throughput, process optimization, reduced cost of store supplies, global interoperability and reduced administration costs. The introduction of chip technology also carries less tangible benefits, such as increased consumer confidence. According to a recent Visa survey, one-third of Canadians believe that the responsibility for credit card security falls on retailers. Implementing Chip and PIN technology is an important way to foster loyalty amongst consumers and provides retailers with an effective means of reassuring customers that security is a priority.

Large format retailers to see cost reductions of nearly \$1.85 million a year

Merchants play a critical role in the successful implementation of Chip and PIN in the Canadian market. *The Implications of Chip & PIN Migration: A Canadian Retailer’s Perspective* shows that the majority of retailers who use rented hardware from their Acquirer will assume minimal costs associated with migration and reap many benefits, while large retailers with integrated point-of-sale systems can see a return on investment in 21 to 35 months.

Case studies included the study also show that two U.K. retailers realized a return on investment in less than one year following their migration to Chip and PIN with the reported savings in average transaction times, improved processes, a reduction in store supplies and chargeback reduction.

Maintaining consumer confidence in Canadian retailers

As in all business, the customer comes first, and maintaining consumer confidence in the security of electronic payments benefits all retailers. It is evident that implementing Chip and PIN technology is an important way that retailers can help foster confidence amongst consumers.

In 2006, members of the Canadian payment card industry joined together to announce a firm commitment to a broad industry migration to chip technology. This large-scale collaboration of key players is an important step in ensuring a smooth transition for all participants in the electronic payments system. The migration to Chip technology represents a forward-looking evolution of electronic payments systems intended to make an already safe payments system even more secure.

About J.C. Williams Group

J.C. Williams Group is a leading full-service retail and marketing consulting firm with offices in the U.S. and Canada. We offer our clients practical, creative, and in-depth knowledge of retailing and marketing including up-to-date expertise and techniques to make retail operations better and more profitable. With over 30 years of experience, our diverse team of exceptional people provide clients with organizational, research, strategic planning, branding and marketing, multi-channel/e-commerce, merchandising, operations, information technology, human capital management, and financial planning expertise to help drive their businesses successfully while meeting their customers' needs.

About Visa

Visa connects cardholders, merchants and financial institutions through the world's largest electronic payments network. Visa products allow buyers and sellers to conduct commerce with ease and confidence in both the physical and virtual worlds. Visa is committed to the sustained growth of electronic payment systems to support the needs of all stakeholders and to drive economic growth. Visa products currently generate more than \$4 trillion in sales volume worldwide. Visa has unsurpassed acceptance at more than 24 million locations worldwide including one million ATMs. Within Canada, financial institutions have issued more than 27 million Visa cards, accounting for \$164.1 billion in sales volume in fiscal 2006. For more information, visit www.visa.ca.

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