1 Smart card technology uses a little computer and software with 100s of built-in security features...

2 ... to create personal, portable security devices...
How it works
Contact & contactless smart card technology

3 It can be used in contactless situations:

At a retailer, the card owner simply holds the card within two inches of the payment reader.

No swiping is necessary and the card never leaves the owner's hand.

Contactless smart cards contain a microprocessor that makes calculations, communicates both ways, remembers new information and actively uses these capabilities for security and many other applications...

...unlike RFID tags, which are devices that typically have a read-only chip storing a unique number but with no processing capability.

4 It can be used in contact situations:

Smart cards make online banking and purchasing more secure, and can create a vault where passwords can be accessed, all via a single card inserted into a reader.