

*Response of the Bancontact/Mister Cash Card Scheme
to the Eurosystem questionnaire
“Terms of reference for the SEPA Compliance of Card Schemes”*

1. The scheme’s rules should not prevent that merchants and cardholders are offered the same service from the scheme, wherever the scheme operates in the euro area – that various add-ons (i.e. the various additional functionalities to the basic card and terminal functions) should not hamper interoperability.

1.1 Is it ensured that scheme rules do not prevent that merchants and cardholders are offered the same service from the scheme, wherever the scheme operates in the euro area?

Yes. Not any Bancontact/Mister Cash Scheme Rule refers to territoriality (except when required by law).

1.2 Is it ensured that scheme rules (especially those related to technical and business aspects) do not prevent that cards of other schemes are used at terminals where the cards of your scheme are accepted, despite the various add-ons (i.e. additional features to the basic payment function) offered by your scheme on cards and terminals?

Yes. Not any Bancontact/Mister Cash Scheme Rule refers to other card Schemes.

a. *What add-ons have been activated in your scheme, if any?*

Deferred Payments - Deferred Authorization – Contactless - Refund – No PIN.

2. A scheme should be compliant with the transposition into national law of the PSD provisions about surcharging.

Yes.

a. *Does the scheme allow surcharging?*

Yes, surcharging is allowed. The amount of surcharge must be clearly communicated by the Merchant to the Cardholder and must be reasonable and justified compared to the Merchant costs.

b. *Has the scheme always allowed surcharging? Or is this a result of the transposition of the PSD*

into national law?

No, surcharging is allowed since the mid '90's.

c. In the knowledge of the scheme, is surcharging taking place in practice?

Yes, but limited to a small portion of small retail merchants.

d. Do you impose an "honour-all-cards" rule (i.e. the acceptance of all valid cards of a scheme, irrespective of the type of card)?

As we have only one Brand, this is not relevant. No discrimination between issuers is allowed.

e. Do you have rules regarding the interchange fees that apply to cross-border issuing and acquiring (e.g. rules stipulating that in the case of cross-border acquiring, the interchange fee levels of the country of the merchant should be applied)?

Fall-back Interchange Fees – as defined by the Scheme for use in case no bilateral fees have been defined between members – are not linked to territory and applicable throughout SEPA.

3. Card schemes must ensure that merchants (or ATM owners) are not prevented from accepting any card from another SCF compliant scheme.

Are merchants or ATM owners accepting the cards of your scheme free to accept any card from nother SCF compliant scheme?

Yes, we have no restriction.

4. SCF compliant schemes may not mandate any certification (certification of cards, terminals and/or network interfaces) to be performed only by a proprietary (owned or controlled by the scheme) certification body.

Does your scheme allow certification of cards, terminals and network interfaces to be performed by certification bodies which are not proprietary?

Yes, only non-proprietary Certification Bodies are used by the Scheme.

a. Have your scheme's cards, terminals and/or network interfaces been certified by different certification bodies? Have any procedural problems been encountered? Do you consider the certification procedure to be sufficiently flexible?

Card: EMVCO + functional certification by an external lab.

POS Terminals: EMVCo + PCI + certification by the provider of the Terminal Specification.

ATM terminals: EMVCo + PCI + external lab.

Network interfaces: by an external lab.

5. Any transfer of personal data in a non-aggregated form to countries that are not compliant with the EU rules should be avoided.

Is any transfer of personal data in a non-aggregated form to countries that are not compliant with the EU rules avoided?

Yes.

a. Please explain how with EU legal requirements on data transfer.

Our Members and their processors have to respect the EU and domestic laws.

B. One-off measures for schemes

6. A scheme should effectively remove from its rules clauses that function as commercial barriers to SCF compliance (e.g. a requirement to be member of the scheme in order to operate in a country).

Is it ensured that the scheme's rules do not include any clauses that function as commercial barriers to SCF compliance?

Yes.

a. Please describe which commercial barriers have been removed and how. Are there any remaining commercial barriers? Please describe.

The Scheme's proprietary protocol between Acquiring Host and POS terminals has been opened to any SEPA compliant protocol.

A Scheme Switch – independent from Acquiring & Issuing processors - has been build in order to facilitate the connection of new processors.

7. Medium to long term plans of the scheme should not contradict the objectives of SEPA as a highlevel requirement.

Is it ensured that the medium to long term plans of the scheme are not contradicting the objectives of SEPA as a high-level requirement?

Yes.

8. Each card scheme will make available to its participants – and upon request to overseers - a set of operational quality benchmarks, and how they are policed.

8.1 Has your scheme made available to participants its set of operational quality benchmarks (e.g. system availability, maximum time foreseen for transaction authorisation)?

Yes, SLA's are defined and maximum timings are fixed.

8.2 If requested, has your scheme made available to overseers its set of operational quality benchmarks?

Yes, in line with the CPS Oversight requirements.

a. *What does this set include?*

Confidential.

9. A scheme should implement a separation of SEPA card schemes' brand governance and management from the operations that have to be performed by service providers and infrastructures without any possibility for cross-subsidisation.

Is there a separation within your scheme of the scheme's brand governance and management from the operations (i.e. authorisation, clearing and settlement) that have to be performed by service providers and infrastructures without any possibility for cross-subsidisation?

Yes.

a. *How has this separation been implemented? At a legal level? At a financial level? At an informational level? Please describe.*

Yes. Authorization, Clearing and Settlement can be operated by different systems and providers.

In order to allow full reachability in all occasions, the Scheme offers an Authorization, Clearing and Settlement services, outsourced to a third party.

10. Acquiring or equivalent in every scheme must be open to competition between acquirers or equivalent.

Is acquiring or equivalent in your scheme open to competition within SEPA, i.e. can various acquirers or equivalent compete between them throughout SEPA?

Yes.

a. *Was this always the case or have changes been introduced?*

No, this is the case since July 2013.

C. Licensing – scheme participation

11. To qualify under the dispositions of the SCF, each card scheme must allow banks and payment institutions to participate on the basis of transparent, non-discriminatory criteria. In particular, these criteria may no more distinguish between banks subject to supervision in the same country as the country of registration of the said card scheme, and banks subject to supervision by supervisory bodies from other SEPA countries, and conducting their business in the other SEPA countries. Furthermore, these criteria may no more distinguish between payment institutions subject to supervision in the same country as the country of registration of the said card scheme and payment institutions subject to supervision by supervisory bodies from other SEPA countries, and conducting their business in the other SEPA countries.

11.1 Are the criteria for participation in your scheme transparent and non-discriminatory?

Yes.

11.2 Does your scheme apply the same access criteria for participation to all banks within SEPA?

Yes.

11.3 Does your scheme apply the same access criteria for participation to all payment institutions within SEPA?

Yes. Access to the Scheme is not limited to banks and payment institutions, but extended to all Payment Service Providers (as defined in the Payment Service Directive).

a. *Are any of the members of your scheme payment institutions? If not, have payment institutions expressed interest in becoming members of your scheme?*

Yes.

b. *What are or will be the main differences in access criteria for payment institutions compared with those applicable to banks?*

No difference.

12. All SEPA banks and payment institutions must be able to offer basic card payment products and services throughout SEPA on the basis of a single license or comparable agreement from each card scheme without the requirement to obtain individual licenses or comparable agreements¹⁵ for each SEPA country.

Is a single license or comparable agreement of your scheme sufficient to offer basic card payment products and services throughout SEPA?

Yes. No one of our Scheme rules is based on territoriality (as long as local laws allow).

We only have SEPA licenses.

a. In the scheme's knowledge, are your members actively issuing cards and acquiring card transactions in other countries?

On Acquiring side: Yes

On Issuing side: No.

13. At their discretion, banks and payment institutions¹⁶ must be able across SEPA to enter solely into an issuing license.

Are banks and payment institutions participating in your scheme able to act as issuers only?

Yes. Members can freely select their licenses (Issuing, ATM Acquiring, POS Acquiring, ...).

14. At their discretion, banks and payment institutions¹⁷ must also be able across SEPA to enter solely into an acquiring license.

Are banks and payment institutions participating in your scheme able to act as acquirers only?

Yes. Members can freely select their licenses (Issuing, ATM Acquiring, POS Acquiring, ...).

15. A scheme may not require the use of any particular provider of processing services as a condition for participation.

Are banks/payment institutions able to participate in your scheme without being required to use a particular provider of processing services?

Yes.

D. Transaction features

16. All transactions are to be authorized by the issuer, either on-line, or off-line by the chip.

Are in your scheme all transactions – except for exceptions such as some low value transactions or specific environments such as tollways - authorised by the issuer, either on-line, or off-line by the chip?

Yes.

17. All ATMs will offer English as well as the national language(s) and any other languages regarded as appropriate by the ATM owner.

Is it inscribed in the scheme's rules that all ATMs accepting cards issued under your scheme, offer at least English as well as the national language?

Yes.

18. Where several payment applications are contained in the same card and supported by the same terminal, cardholders and merchants¹⁸ will have the choice of which payment application they will use.

Is it ensured that scheme rules do not prevent that both the cardholder and merchant have the choice of which payment application (e.g. debit or credit or choice among different schemes and brands) is used out of several ones contained in the same card and supported by the same terminal?

Yes. No Scheme rule prevents such choice.

a. Are you aware of any practical difficulty in your country or elsewhere where the cardholder or the merchant is prevented from choosing the payment application to be used? Please describe.

No, we are not aware of any claim in this area.

E. Pricing, fees

19. Card schemes commit to provide their participants with SEPA-wide, transparent pricing structures ("scheme fees"), that will endeavour to allow for participation by the greater number of banks and payment institutions (without this intending to prevent commercial flexibility to conclude business deals in order to capture business opportunities e.g. through rebates"). In this context "transparent" shall mean that the nature of the service or activity thus remunerated is unambiguous for the scheme participant or user: prices may not be presented in a bundled manner when referring to services or activities of a different nature. Does your scheme apply a SEPA-wide, transparent pricing structure?

Yes, our pricing is transparent and SEPA-wide.

a. Have you made your services and pricing structure (including information about all eventual member fees, such as admission, periodical, transaction and package fees) publicly available?

Our Fees Manual is provided to all our Members and to their Sub-Contractors. The Fees manual is available (under NDA) for all candidate members and their sub-contractors, but not publicly available.

20. An SCF compliant card scheme is a scheme that allows unbundling of functions whilst applying the same pricing per card product to national euro and SEPA transactions of the same type.

Does your scheme apply the same pricing on scheme members per card product for SEPA euro transactions and for national euro transactions of the same type?

Yes, all Fees are SEPA-wide

a. *What difficulties did you face in achieving this?*

We did not face any difficulty.

21. A scheme should disclose interchange fees and their calculation methodology, and submit them to the relevant authorities.

21.1 Has the scheme disclosed interchange fees and their calculation methodology?

Yes: Interchange Fees are publicly available (on the Scheme's Website)..

21.2 Has the scheme submitted interchange fees and their calculation methodology to the relevant authorities?

Yes, our Interchange Fees have been submitted to the Belgian Competition Authority, as the majority of our transactions are executed in Belgium.

a. *What has been the response from the relevant authorities?*

Our Interchange Fees have been approved by the competent authority.

Some limitations to the MSC have been imposed by the competent authority to one of our acquirer having a dominant position.

22. A scheme should have a single interchange fee (if any) for the whole euro area within a given brand in the long run.

Is it foreseen that in the long run there will be a single interchange fee (if any) level for the whole euro area?

Yes, it is already the case today for all Fall-Back Interchange Fees and Fall-back Service Fees defined by the Scheme. Members are free (and encouraged) to set-up bilateral fees.

a. *Is the scheme currently defining interchange fee levels? Do these differ between geographical areas?*

Fall-back Interchange Fees are defined by the Scheme for use in case no bilateral fees have been defined between members. No such fee is linked to territory and they are all applicable throughout SEPA.

b. What problems do you expect to encounter in setting a single interchange fee for the whole euro area?

We did not face any difficulty.

F. Fraud strategy

23. A scheme should put in place a strategy on how to reduce fraud, especially cross-border fraud.

Has the scheme put in place a strategy (e.g. technical rules) on how to reduce fraud, especially crossborder fraud?

Yes.

a. What are the main elements of this strategy?

We only allow secure implementations: 100 % on-line transactions, 100 % Chip with PIN for Card Present Transactions and 100 % Strong Authentication for card Not present transactions.

b. Is the strategy shared with other schemes?

Yes, through participation in various forum's and bilateral contacts.

c. Can you identify areas for further cooperation between schemes in this field?

Not at present.

24. Card schemes acknowledge that preventing and fighting card fraud is within the scope of the SCF. As a consequence, any adhering card scheme agrees to support prevention activities, in accordance with the EPC Resolutions on fraud.

Is the scheme supporting fraud prevention activities in accordance with the EPC resolutions on fraud?

Yes.

a. What measures has your scheme implemented in this context?

Cfr our reply to 23a.

b. Do you have any concerns about the EPC resolutions in this field?

No.

G. Standards (including fraud prevention standards)

25. A scheme should contribute to the design of a consensus-based selection of standards with a clear commitment for implementation on time.

Is the scheme contributing to the design of a consensus-based selection of standards with a clear commitment for implementation on time?

Yes.

a. Have you been informed of the content of the standards? Are you able to monitor work?

Yes.

b. Have you been participating in the design and maintenance of standards?

Yes.

c. How do you assess work so far? Any problematic areas?

Slowly progressing.

More attention should be paid to implementation and operational requirements.

d. Do you expect any problems with implementing the standards?

We expect 2 types of problems:

- Timing for implementation will most probably be longer than expected.*
- Difficulty for the certification of the different implementations, as long as detailed implementation requirements are not defined.*

26. In particular all schemes will introduce a liability shift rule between magnetic stripe-based transactions and EMV-based transactions, and other incentivising measures to encourage the EMV migration

Has the scheme introduced a liability shift between magnetic stripe-based transactions and EMV-based transactions and potentially other incentivising measures to encourage the EMV migration?

Not relevant as we do not allow fall-back to magnetic stripe-based transactions.

a. *What other incentivising measures have been introduced by the scheme?*

Disallowing magnetic stripe-based transactions.

b. *What have been the effects of the introduction of the liability shift and, potentially, of other incentivising measures in terms of fraud prevention?*

Fraud reduction.

27. In order for the objectives of the SCF to be achieved, SEPA-level interoperability must be ensured in the following four domains:

- **cardholder to terminal interface**
 - **cards to terminal (EMV)**
 - **terminal to acquirer interface (protocols or minimum requirements)**
 - **acquirer to issuer interface, including network protocols (authorization and clearing).** (SCF)
- Is interoperability ensured for the domains of i) cardholder to terminal interface, ii) cards to terminal, iii) terminal to acquirer interface and iv) acquirer to issuer interface domains?

Yes.

a. *If not, what is the reason? Is there a problem with the standardisation work undertaken?*

Not applicable.

28. Card schemes commit to make available to SEPA banks, payment institutions²¹ and card schemes, upon request, their terminal security requirements. Card schemes will engage in mutual recognition for type approval. Any terminal certified for SEPA transactions by a certification body in one SEPA country can be deployed in any SEPA country for acceptance of SEPA cards across all SCF compliant schemes. There may be no constraining, local requirement.

28.1 Is the scheme ready to make available upon request to SEPA banks, payment institutions and card schemes its terminal security requirements?

Yes: we only require compliance with the applicable PCI requirements.

28.2 Is the scheme engaged in mutual recognition of certificates for type approval?

Yes, through EMVCo and PCI and through the providers of Terminal Specifications for functional certification.

28.3 Is it ensured that scheme rules do not prevent that any card, terminal and/or network interface, certified by an accredited body be deployed and used anywhere throughout SEPA?

Yes.

a. Have you faced any practical procedural difficulties?

No.

Summary table of the “yes/no” answers to the above questions

Question	Answer: yes or no
1.1	Yes
1.2	Yes
2	Yes
3	Yes
4	Yes
5	Yes
6	Yes
7	Yes
8.1	Yes
8.2	Yes
9	Yes
10	Yes
11	Yes
11.1	Yes
11.2	Yes
11.3	Yes
12	Yes
13	Yes
14	Yes
15	Yes
16	Yes
17	Yes
18	Yes
19	Yes
20	Yes
21.1	Yes
21.2	Yes
22	Yes
23	Yes
24	Yes
25	Yes
26	Not applicable
27	Yes
28.1	Yes
28.2	Yes
28.3	Yes

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