

IFR (Interchange Fee Regulation) and co-branded cards on Viking terminals

Introduction

A new EU regulation gives merchants the right to define which part of a combined payment card that is to be prioritised when customers pay by card. Currently, payment terminals are automatically prioritising the domestic card schemes; Dankort in Denmark and BankAxept in Norway.

The EU regulation gives the card holder the final decision authority, which implies that the card holder can override the merchant's card priority settings.

The EU regulation came into effect 9 June 2016 in Denmark. It comes into effect 1 November 2016 in Norway.

Nets will support payment card prioritisation from R2-2016 (4.8.x) on Viking software, which is planned available for pilot beginning of September 2016.

A temporary solution is available for Danish merchants, where the card holder is requested to make choice for each transaction. The functionality can be enabled on existing software with a parameter update.

For more information, please see:

- www.nets.eu/terminaltjek
- www.dankort.dk/Pages/Dankort-eller-Visa.aspx
- Search for "artikel 8" in: www.eur-lex.europa.eu/legal-content/DA/TXT/PDF/?uri=CELEX:32015R0751&rid=1
- www.regjeringen.no/no/aktuelt/forskrift-om-formidlingsgebyr-i-kortordninger/id2506302/

The software update will not be available on Nets' legacy terminals, which will be swapped by the end of 2017: www.teller.com/service-support/secure-payments/pci-standard/Non-compliant-terminals/

The solution

Below is a description on how we will enable the card holder to select application on Viking terminals. The basic principle of the solution is that the card holder indicates that he wants to perform application selection before the card is presented. This is done by pressing the yellow CLEAR-button on the terminal.

Note that the application lies within the chip of the payment card. The solution is made for co-branded BankAxept cards and co-branded Dankort cards.

- The priority can be changed by a local parameter in the terminal:
 - Parameter name : IFR priority = <domestic>, <international>, <none>.
This parameter will be visible for Norwegian and Danish terminal configurations.
 - The existing priority <domestic> will be default.
- The priority can also be set from the ECR for integrated terminals. This enables the merchant to prioritise based on input from the card holder.

- The card holder is able to overrule the automatic selection:
 - The application's preferred card scheme will be displayed during PIN entry to ensure that the card holder can see which application that has been selected.

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BankAxept
NOK      12,00
CODE + OK
Skjul inntasting
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- The first line of the PIN entry screen will be used for this purpose.
- The card holder can disable the automatic selection by pushing the yellow CLEAR-button when the card is requested.
 - Standard application selection is then displayed, enabling the card holder to select the desired application.

VELG KORTTYPE	VÆLG KORTTYPE
1 BankAxept	1 Dankort
2 VISA CLASSIC	2 VisaDankort

The names are fetched from the card:

- The name "VisaDankort" is to be selected if it is to be processed as Visa, while "Dankort" is Dankort.
Note: The selection will only be available on newer cards which also support contactless.
 - The name displayed below "BankAxept" in the sample above is the international card scheme. The card issuer decides the text.
- The functionality will be available for all terminals except the unattended module iUC180B. This module does not support PIN entry or application selection.

A transaction has to be aborted and initiated again if the card holder sees that the application at PIN entry is not in line with what he wants. This is expected to be a seldom issue.

Note that the terminal does not display any guidance text informing about the yellow CLEAR-button's functionality. Nets does not see any user friendly way of doing that, and most card holders are not expected to make use of it. The merchants should ensure that their employees are informed about the yellow CLEAR-button's functionality and are able to guide card holders. It is also assumed that the card holders that want to perform the selection will rapidly learn how to enable it.

The yellow CLEAR-button will not have effect for contactless transactions. Card holder should be advised to use the contact chip in case he wants to select application.