Payment Services Directive and Interchange fees Regulation: frequently asked questions

I. Payment Services Directive

1. GENERAL QUESTIONS

1.1 What has been the impact of the Payment Services Directive of 2007?

The Payment Services Directive (PSD), adopted in 2007, has brought substantial benefits to the European economy in easing market entry for new actors, namely payment institutions, thereby increasing competition and offering more payment choices to consumers. It has facilitated economies of scale and the operational implementation of the Single Euro Payments Area (SEPA). The PSD has also enhanced transparency for consumers through its information requirements for payment services providers (execution time, fees) and it has reinforced the rights and obligations linked to payment services (shorter execution time, refund rights, liability of consumers and payment institutions). A very tangible benefit is that payments are now easily made throughout the whole EU and much quicker (payments are usually accredited to the payment receiver’s account within the next day).

1.2 Why has the Commission decided to adopt a revised a Payment Services Directive "PSD2"?

While the review of the Payment Services Directive confirmed that the existing PSD is generally fit for purpose, it revealed that some of its provisions needed to be modernised to take account of new types of payment services (such as payment initiation services offered in the context of e-commerce, see 2.1 below). These services providers have brought innovation and competition to the market by providing alternative, and often cheaper, payment solution for internet payments. So far, these new types of payment services were not regulated. Bringing them within the scope of the PSD will boost transparency, innovation and security in the single market and create a level playing field between different payment services providers.
At the same time, certain rules set out in the PSD, such as the exemptions of a number of payments related activities from the scope of the Directive (payment services provided within a “limited network” or through mobile phones or other IT devices) have been transposed or applied by Member States in different ways leading to regulatory arbitrage and legal uncertainty and in a number of areas to impaired consumer protection and competitive distortions. Updated definitions will ensure a level playing field between different providers and address in a more efficient way the consumer protection needed in the context of payments.

1.3 What are the main objectives of this Directive?

The main objectives are to:

- Contribute to a further integrated and efficient European payments market,
- Improve the level playing field for payment service providers (including new players),
- Ensure a high level of consumer protection and of payments security,
- Encourage lower prices for payments,
- Facilitate the emergence of common technical standards and interoperability.

1.4 What is the link between the Payment Services Directive and the Commission proposal for a Directive on Payment Accounts (IP/13/415 and MEMO/13/413) as both provide for rules on transparency?

The Payment Services Directive addresses fee transparency by ensuring that a consumer receives the full terms and conditions linked to payment services in terms of the execution of the payment, possibilities of refund in case of wrongful payments whereas the proposals in the Payment Accounts Directive targets the core services linked to a payment account (as for example the annual fee for a debit or credit card) and other separate aspects of payment services and fees, such as the way this information is provided to consumers. The proposed Directive on Payment Accounts also tackles additional issues, such as the procedure for switching accounts and the question of ensuring access to a basic account for all consumers legally resident in the Union.

2. KEY BENEFITS

2.1 What are the key benefits for consumers?
A. Economic benefits

The new rules will bring more competition to the electronic payments market, providing consumers with more and better choices between different types of payment services and service providers.

For example, during the past years new actors have emerged in the area of internet payments offering consumers the possibility to pay instantly for their internet bookings or online shopping without the need for a credit card (around 60% of the EU population does not possess a credit card), establishing a payment link between the payer and the online merchant via the payer’s online banking module. These innovative and often less costly payment solutions are already offered in a number of Member States (e.g. Sofort in Germany, IDeal in the Netherlands, Trustly in Scandinavia). However, these new providers are not yet regulated at the EU level. The new rules will cover these new “third party payment providers” (TPPs”) and the “payment initiation services” they offer, addressing issues which may arise with respect to confidentiality, liability or security of such transactions.

Furthermore, PSD2 will contribute to the reduction of charges paid by consumers for card payments. In all cases where the card charges imposed on merchants will be capped, in accordance with the complimentary multilateral interchange fees (MIF) Regulation (see section II below), merchants will no longer be allowed to surcharge consumers for using their payment card. This will apply to domestic as well as cross-border payments. Given the significant reduction of the fees that the merchant will have to pay to his bank, surcharging is no longer justified for the MIF-regulated cards. The new rules will contribute to a better consumer experience when paying with a card throughout the Union, on the internet and beyond. In practice, the prohibition of surcharging will cover some 95% of all card payments in the EU (as three-party schemes or commercial cards, accounting for the remaining 5%, are not included) and consumers would save 730 million EUR annually. The practice of surcharging is common in some Member States and notably in some online sectors, like the travel industry.

Consumers will also be better protected against fraud and other abuses and payment incidents. Improved security measures will be put in place. As regards losses that consumers may face, the new rules streamline and further harmonise the liability rules in case of unauthorised transactions, ensuring enhanced protection of the legitimate interests of payment users. Except in cases of fraud and gross negligence, the maximum amount a payment user could under any circumstances be obliged to pay in case of an unauthorised payment transaction will be decreased from the current amount of 150 EUR to 50 EUR.
B. Consumers' rights

The current PSD protects rights of consumers in the event of unauthorized debits from an account within certain conditions. A direct debit is based on the following concept: "I request money from someone else with their prior approval and credit it to myself". The payer and the biller must each hold an account with a payment service provider and the transfer of funds (money) takes place between the payer's bank and the biller's bank. However, since the biller can collect funds from a payer's account, provided that a mandate has been granted by the payer to the biller, the payer should also have a right to get the money refunded. Member States currently apply different rules with regard to this issue.

In order to enhance consumer protection and promote legal certainty further, an unconditional refund right for consumers will become the general rule. This means that consumers would be allowed to ask for an unconditional refund even in the case of a disputed payment transaction. The only exceptions to this unconditional refund right will relate to cases where the merchant has already fulfilled the contract and the corresponding good or service has already been consumed (e.g. a downloaded film has already been watched).

Consumers will also gain a stronger position in case of disputes with their bank and other payment service providers: the new rules will oblige banks to answer in written form to any complaint within 15 business days.

Furthermore, the proposal increases consumer rights when sending transfers and money remittances outside Europe or paying in non-EU currencies (the existing legislation addresses only transfers inside Europe and is limited to currencies of Member States). PSD2 will extend the application of the PSD rules on transparency to one-leg transactions, hence covering payment transactions to persons outside the EU as regards the “EU part” of the transaction. This should contribute to better information of money remitters, also making money remittances abroad cheaper as a result of higher transparency on the market.

Finally, the new Directive will oblige Member States to designate competent authorities to handle complaints of payment service users and other interested parties, such as consumer associations, concerning an alleged infringement of payment service providers of the directive. Payment service providers that are covered by the Directive on their side should put in place a complaints procedure for consumers that they can use before seeking out-of-court redress or before launching court proceedings.

C. Payment security

The new rules also provide for a high level of payment security over the internet. This is a key issue for many payment users and notably consumers when paying via the internet. All payment service providers, be they banks, payment institutions or TPPs, will need to prove that they have certain security measures in place ensuring safe and secure payments. An assessment of the operational and security risks at stake and the measures taken will need to be done on a yearly basis. Payment service providers also have to ensure strong customer authentication for payments with a payment instrument that is not present at the point of sale (e.g. internet payments) as further set out in the Directive.
2.2 How will PSD2 benefit potential market entrants and contribute to the Single Market?

A. Market entrants

Since the PSD was adopted in 2007, new services have emerged in the area of internet payments, where so called third party providers offer e-merchants specific payment solutions which do not require customers to open an account with the third party provider. For example, there are systems/software which collect and consolidate information on the different bank accounts of a consumer in a single place ("account information services"). These services will typically also allow consumers to have a global view on their financial situation and to make payments from their various bank accounts. As consumers access these services by logging-in with their identifiers to their bank account(s) on their IT device or on a website/'cloud', they need to be protected; hence the inclusion of the TPPs in the scope of the PSD. In addition, certain third party providers facilitate the use of online banking to make internet payments (so-called "payment initiation services"). They help prepare online credit transfers by transmitting a consumer's security code (typically a single use code that can only be used for the transaction concerned) to their bank with the credit transfer and inform the merchant that the transaction has been initiated.

Until now, entering the market of payments was complicated for TPPs, as many barriers were preventing them from offering their solutions on a large scale and in different Member States. With these barriers removed, many more new players are expected to enter new markets and offer cheaper solutions for payments to more and more consumers throughout Europe. The TPPs will have to follow the same rules as the traditional payment service providers: registration, licensing and supervision by the competent authorities. In addition, new security requirements included in the text of the PSD2 will oblige all payment service providers to step up the security around online payments.

B. Single Market

The proposed Directive will allow consumers and merchants to benefit fully from the internal market, particularly in terms of e-commerce. The proposal notably is aimed to help develop further an EU-wide market for electronic payments, which will enable consumers, retailers and other market players to enjoy the full benefits of the EU internal market, in line with Europe 2020 and the Digital Agenda. Such further integration is becoming increasingly important as the world moves beyond bricks-and-mortar trade towards a digital economy.
II. Interchange Fees regulation

1. INTERCHANGE FEES AND CARD PAYMENTS

1.1 Why are the current levels of interchange fees problematic?

The mechanisms of four-party payment card schemes applying interchange fees are described in Annex 1 to this memo. The justification generally used for interchange fees is that they are used to stimulate card issuing and use; banks would use part of the fees to incentivise card use through bonuses (air miles, etc.).

However, they have many drawbacks. Cardholders are encouraged to use cards that generate higher fees, and card companies compete primarily to attract issuing banks by offering high(er) interchange fees. Hence competition between payment card schemes actually leads to cost increases for retailers, which they pass on to all consumers through relatively higher retail prices, given that merchants find it difficult to refuse and/or surcharge in particular the 'must-take' consumer debit and credit cards. Consumers paying with debit cards or in cash thus 'subsidise' the air miles of the users of expensive cards. New and innovative providers of mobile or online payment services cannot enter the market and (low fee) domestic operators cannot expand as banks expect at least the same (high) revenues from them as for normal card payments.

As a result, consumers and merchants cannot benefit from seamless and efficient payment means and European companies are at a competitive disadvantage on the global stage.
1.2 Why is the Commission resorting to regulation in this area?

Competition authorities and regulators have been looking at interchange fees for some time. In Australia and the US for instance, they have been addressed by regulation. The European Commission has adopted several decisions under EU antitrust rules, including the Commission’s MasterCard Decision of December 2007\(^1\) and a number of national competition proceedings have been conducted and are on-going, including in Poland, Hungary, Italy, Latvia, the UK, Germany and France. Certain card scheme rules preventing merchants from steering consumers in the choice of a payment instrument (rebate, surcharging, refusal of a payment instrument) have also been covered.

In spite of this, the European cards market remains fragmented and interchange fees vary widely including for Visa and MasterCard (cf. below), often at a higher level than the one accepted by the Commission for Visa and MasterCard cross border transactions. Due to its nature, competition enforcement cannot address the current imbalances and obstacles for a level playing field to emerge in a comprehensive and timely way. A Regulation is therefore necessary.

\(^1\) According to the Decision, it is not excluded that MIFs may be justified but, amongst other conditions, they must be set at a level that allows merchants to receive some of the benefits of these alleged efficiencies (analysis under Article 101(3) of the Treaty) but MasterCard had failed to demonstrate this. Cf. Case COMP/34.579, MasterCard, Commission Decision of 19 December 2007. [http://ec.europa.eu/competition/antitrust/cases/dec_docs/34579/34579_1889_2.pdf](http://ec.europa.eu/competition/antitrust/cases/dec_docs/34579/34579_1889_2.pdf). MasterCard offered undertakings covering cross border consumer MIFs for consumer debit and credit cards, and Visa Europe offered commitments for consumer debit cards in 2010 and in 2013 for consumer credit cards.
2. SCOPE OF THE REGULATION AND LEVEL PLAYING FIELD

2.1 Why does the proposed Regulation cap interchange fees at 0.2% and 0.3% for debit and credit card transactions respectively?

The 0.2% and 0.3% caps were proposed by schemes (Visa Europe, MasterCard, Groupement des Cartes Bancaires2) in competition proceedings and appear practical as providing legal certainty while not threatening the viability of these schemes. These levels are based on an estimate of the fee at which a merchant would be indifferent between being paid by card or in cash. The figures have been developed using data from the central banks of Belgium, the Netherlands and Sweden on the cost of payment instruments.

2.2 What about so-called "three-party" card schemes and commercial cards, such as Amex or Diner's?

Under the proposed Regulation, consumer debit and credit cards applied within the so-called "four-party schemes" are subject to the caps as these cards are widely used in Europe, with market shares for Visa and MasterCard (four-party schemes) estimated at 96.8% (in value). Therefore merchants cannot generally refuse or surcharge them.

To prevent circumvention, "three-party" card payment schemes using issuers would be covered by the caps on interchange fees – this represents 9% of Amex cards and all of Diner's. Other than these exceptions, "three-party" schemes do not use interchange fees and are therefore not covered. In addition, commercial cards are not covered.

It is unlikely that consumers would shift to "three-party" schemes cards, as these tend to be co-branded (e.g. by airlines), and to focus particularly on wealthy consumers. In Australia, only a marginal increase in their market share occurred after regulatory intervention – from around 16% in 2003 to about 20% in 2011 (whilst Amex cards issued by banks were not covered). Surcharging and other measures are likely to be used by merchants anyway.

The difference between so-called four and three-party payment card schemes are described in Annex 1 to this memo.

2 In 2009, MasterCard offered Undertakings to reduce its cross-border consumer MIFs to 0.2% for debit and 0.3% for credit cards and introduced a number of changes to the rules it imposes to retailers through the acquiring banks. Visa Europe offered similar commitments in 2010 for consumer debit and in 2013 for consumer credit cards (including cross border acquiring). In addition, the French Competition Authority for instance made binding the commitments from the Groupement des Cartes Bancaires on 7 July 2011 to reduce its domestic interchange fees to equivalent levels.
2.3 What are the interchange fee levels in the Members states? What can be expected?

Since the discussion with the Commission on interchanges fees, Visa Europe and MasterCard have agreed to publish their interchange fees on their internet sites, country by country. This information can be found here:

- For Visa (bottom of the page):

- For MasterCard (also bottom of the page):

**IMPACT IN SOME MEMBER STATES**

- The cap of 0.3% is below the interchange fee levels prevailing in all Member States, and therefore the impact on credit cards acceptance is likely to be significant. This is the case for instance in Germany, where both caps would be likely to substantially improve cards acceptance instead of the current high level of cash use.

- In countries such as Poland or Hungary, where the current level of interchange fees is well above the caps, the Regulation should have a substantial impact. In Hungary where interchange fees are high, merchant acceptance is lagging far behind card issuance. The interchange fees (varying between 0.2% - 1%) are considered as a major hurdle for merchants as they greatly increases the cost of facilitating/accepting card payments. As a result, it is currently only possible to make payments using cards in 30% of retail outlets.

- In the countries where currently Interchange fees for debit cards are below 0.2%, including the Netherlands and Denmark, the cap is not expected to have any impact on the current levels, as public authorities have gone or can go below this level, through legislation or competition enforcement. The cap might however put a halt to the ‘race to the highest fees’.

In Denmark the national debit scheme operates without an interchange while the international schemes have an interchange; surcharges are prohibited for debit cards but are authorised – and are a common practice – for credit cards. The only change will be that retailers will not be able to request a surcharge for payment with consumer credit cards once they are regulated. Retailers nevertheless keep the possibility to refuse the credit cards if they think these are too expensive or to give rebates to consumer paying with the national debit card. In the Netherlands no multilateral interchange fees are in place but low interchange fees (considerably lower than 0.2%) exist on the basis of bilateral contracts between banks. Since the Regulation will only impose a cap on interchange fees it will not require changes.

In the United Kingdom debit card multilateral interchange fees are estimated at about 0.25- 0.26%. The Regulation would therefore lead to a reduction by approximately one-fifth of the existing amounts.

Some arguments have been raised about the supposedly negative impact on consumers of limiting interchange fees in Spain, in particular on cardholder fees. Since the intervention to limit interchange fees, average annual cardholder fees increased for debit and credit cards. However, at the same time, the number of (more expensive) credit cards grew much more than the one of debit cards, in
spite of the economic crisis. Other trends suggest that competition in the Spanish banking sector is relatively limited: for instance fees for maintaining current accounts doubled from 2007 to 2012, fees for overdrafts increased 30%. Increases in retail banking fees seem widespread in in Spain and no relation can be made with interchange fees.

Similarly, in France, after the domestic scheme Groupement des Cartes Bancaires accepted a weighted average fee of 0.30% for domestic debit and credit card transactions in July 2011, no correlation whatsoever can be established with increases in retail banking fees. Before the decision, between 2009 and 2012, cardholder fees increased by 6%, and this trend seems to persist, with increases in current account fees on a par with inflation. Above inflation increases of cardholder fees seem limited to international credit cards (which are not covered by the French National Competition Authority's decision).

3. IMPACT ON RETAILERS AND CONSUMERS

The lack of market integration currently results in higher prices and less choice in payment services for consumers and retailers, and more limited opportunities to take advantage of the Internal Market. As the level playing field for interchange fees will facilitate market entry and increased competition, consumers and retailers will benefit.

3.1 Impact on consumers

Consumers using low cost means of payment will no longer 'subsidise' the use of high fee cards which will compete on their own merits. This will promote (a wider choice of) more efficient and innovative providers, including pan-European ones. National (normally cheaper) card schemes will also be able to expand while currently they tend to be replaced by international schemes offering higher fees to issuing banks (as in the UK, the Netherlands, Austria, Finland and Ireland). Consumers should benefit from the services of new innovative players. For instance, in the Netherlands, the cheap online payment solution (Ideal) was adopted widely by retailers largely because of the low interchange fees (below 0.2%). As a result, Dutch consumers do not have to pay credit card subscription fees in order to shop online.

Due to the higher competitive pressure in retail than in retail banking it is likely that the resulting costs-savings to retailers (estimated at €6 Billion in total for the two phases of the regulation) would be passed on by merchants to consumers through lower retail prices. However, many factors influence retail prices: the pass-through to consumers will depend on the retail sector considered, the size of the merchant, its use of payment instruments, and the 'basket of purchases'. In Australia, the estimated reductions in retail prices are 0.47€ per purchase and 54€ per customer per year.

Consumers already pay the interchange fees indirectly in retail prices. Some banks claim that they will try to increase cardholder fees, but this may not be easy as (a) if it was, they would already have done so, (b) account holders will in general be able to see the increase in fees (which they cannot do with interchange fees) and switch banks if they increase, and (c) banks revenues may not in practice decrease much as lower fees are likely to increase the number of transactions which would offset the decrease in revenue per transaction. Moreover, consumers are likely to benefit from lower retail prices, more transparency, and from new entry in the payment market.
In the US, banks initially announced increases of cardholder fees after interchange fees regulation was put in place but had to withdraw the announcements after negative consumer reactions. In Switzerland there was a decrease in cardholder fees in parallel with the decrease in interchange fees. In Australia, cardholder fees were increasing fast before caps on interchange fees were introduced and after the reforms, the growth of cardholder fees actually slowed down (between 1997 and 2002: credit cards +218% and between 2003 and 2008: +122%).

3.2 Impact on retailers

In the first phase of the Regulation, merchants will be able to choose an acquiring bank outside their own Member State (‘cross-border acquiring’) at a regulated price. The impact (with savings estimated at €3 billion) could primarily benefit large merchants for whom investing in cross border relationships makes economic sense. However, following the competitive pressure domestic acquirers would have an interest in lowering their fees, resulting in a converging and disciplining impact on their level.

Small retailers suffer from the interchange fees more than big ones, as they already pay higher fees. Interchange Fees constitute a floor for merchant fees, below which they cannot negotiate, and the ability of small retailers to negotiate on the rest is lower. However, small retailers should benefit directly from lower interchange fees and a level playing field for payment services providers after the second phase. The cap for fees applicable to cross-border transactions will therefore be extended to cover also interchange fees applicable to domestic transactions. The savings would probably be even more substantial (estimated at €6 billion per annum).

3.3 Impact on banks

Capping interchange fees would be likely to have a positive effect on card acceptance by merchants and encourage consumers to use their cards more. Increases in the volume of transactions (through higher acceptance) and the savings on cash handling should at least partly compensate banks for the losses due to the cap on interchange fees. Another cost saving may result from fewer ATM cash withdrawals and more limited interchange fee amounts banks pay to ATM acquiring banks.

In terms of viability, there are examples of debit card schemes without interchange fee that are commercially viable without raising the costs of current accounts for consumers. Denmark for example has a zero interchange fee on its domestic debit scheme while an average account holder pays current account fees well below the EU average. Similarly, in Switzerland the main debit card network is Maestro (part of MasterCard) which has no multilateral interchange fee.
3.4 Benefits for society at large

Limited interchange fees are generally associated with a higher acceptance and usage of cards.

Domestic schemes with no interchange fees are also associated with the highest levels of card usage as can be seen above (ECB data), with the UK and Sweden also having relatively low interchange fees. Currently, many small merchants do not accept card payments because of the high fees they are charged by their acquirers. The regulation, by promoting card acceptance will also benefit consumers in their ability to use their cards. Hence, the Regulation will contribute to the use of more efficient and safer electronic means of payment, to the detriment of cash. It will also contribute to the fight against tax evasion and the black economy.

In Spain, card use increased after the intervention, with the average transaction value (ATV) for card payments decreasing by 15% from 2005 to 2010. In parallel, card transactions volume and value increased, according to official figures from the Bank of Spain.

Often the least secure or technologically advanced cards bear the highest interchange fee levels, and caps on interchange fees do not seem to prevent migration to more modern solutions. This has been the case in Australia for the move to Chip cards and PIN authorisation. Conversely, new, innovative or cheap payment solutions find it difficult to enter the market because of high interchange fees. This is the case for example for the (cheap) payment solution PayFair which has experienced difficulty to get issued.
III. Other questions

1. How will the Commission monitor the implementation of the Payments Service Directive?
   The Commission will closely cooperate with Member States in the implementation process (via implementation workshops, question and answer mechanisms and other good practices) and, once accomplished, do a conformity assessment of the national implemented measures, taking appropriate action if needed.

2. What happens next?
   The two proposals (the directive and the regulation) will have to be adopted by the European Parliament and the Council of Ministers under the ordinary legislative procedure.

   In view of the importance of this legislative Package we count on the European Parliament (Economic and Monetary Affairs Committee "ECON committee") and the Lithuanian Presidency to launch the negotiations work on the measures as soon as possible after the summer with a view to reach agreement on the Commission's proposals by Spring 2014.

For more information:
   Visit the pages dedicated to payment services on the DG Internal Market & Services and DG Competition respective website:
   
   http://ec.europa.eu/internal_market/payments/framework/index_en.htm
   http://ec.europa.eu/competition/sectors/financial_services/banking.html
Annex 1: What are Interchange Fees and what do they have to do with card payments?

Multilateral Interchange Fees (MIFs) are multilaterally agreed fees payable between the Payment Service Providers (PSPs) of the payer/consumer and of the payee/merchant. Whilst in most cases MIFs apply, Interchange fees can also be agreed bilaterally for instance.

In the vast majority of cases, the retailer’s bank pays these fees to the consumer’s bank for each transaction – although in all logic these fees could also go in the opposite direction- to encourage card use at the Point-of-Sale.

The most common type of card scheme is the so-called ‘four-party’ scheme (for example Groupement des Cartes Bancaires, MasterCard and Visa). Under this, a collectively agreed Interchange Fee is usually in place between the Payment Service Provider of the merchant and the Payment Service Provider of the cardholder.

Illustration of the operation of a four-party scheme, including the transfer of the IF

Table 1: the platform is a payment scheme (Visa, Mastercard..)

For each transaction the retailer pays a fee to its bank called a Merchant Service Charge (MSC) – the acquiring bank pays the merchant the sales price after deduction of the MSC. Most of this MSC is made up of the interchange fee – other elements include a card scheme fee (network fee) and a fee paid by merchant for the services of the acquiring bank. The interchange fee is then passed on by the bank of the merchant to the bank of the cardholder. In competition enforcement proceedings it has been found that interchange fees thus act as a minimum price floor and determine to a large extent (in general 70% or more) the price charged by PSPs to merchants for card acceptance.

How do three-party schemes differ from four-party schemes?

A second type of card scheme model is the so-called ‘three-party’ scheme (e.g. American Express, Diners Club). In the case of a three-party scheme, only one PSP
is involved, acting at the same time as issuer and acquirer. Three-party schemes do not have an interchange fee explicitly agreed between PSPs. There are only the fees paid by the cardholder (annual fees, fees per transaction, etc.) and Merchant Services Charges paid by the retailer. Three-party schemes are often more expensive to accept for merchants. Even though three-party schemes do not have explicit interchange fees, they do charge proportionately higher fees to merchants than to cardholders. The scheme may use the collected fees to subsidise one ‘leg’ of the transaction or the other (i.e. the merchant or the cardholder), resulting in an implicit MIF.

Basic operation of a three-party scheme

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3 However, in some cases three-party schemes issue licenses to several PSPs for the issuing of cards and the acquiring of transactions. In this case the scheme is not a ‘pure’ three-party scheme but resembles a four-party system.