

MIF Regulation Brings Payment Complications

Written by Marco Attard
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The Smart Payment Association (SPA) points out the the EU's "MIF Regulation" eliminates the "honour all card" rule from June 2016-- bringing about complications to both retailers and consumers making use of prepaid, credit or debit cards.

Article 10, clause 5 of the MIF Regulation (aka EU Regulation 2015/751 - on Interchange Fees for Card-Based Payment Transactions) states "issuers shall ensure that their payment instruments are electronically identifiable and, in the case of newly issued card-based payment instruments, also visibly identifiable, enabling payees and payers to unequivocally identify which brands and categories of prepaid cards, debit cards, credit cards or commercial cards are chosen by the payer." Fair enough, but how will it actually work? The EU offers no guidelines to the the range of issues involved in the complex implementation, as listed below.

1. **Language:** The SEPA area houses multiple languages and alphabets (Roman, Cyrillic, Greek). Should retailers stick to English or their own language/alphabet? For example, should a Spanish retailer be able to understand the information on a Greek or Bulgarian card?

2. **Position of card type:** The regulation fails to standardise the position of the type icon or identifier (debit, credit) on the card-- a necessity for retailers having to search for card type and avoid finding it in a different (and possibly unknown!) language.

3. **Technical complexity:** POS terminal screens display the information stored on the card chip-- bringing about a repeat of the previously mentioned language issue, not to mention a new level of complexity in terms of electrical personalisation.

4. **Impact on contactless transactions:** The MIF Regulation could potentially bring an end to contactless payments (be it by card, mobile device or smartwatch), since the various taps and selections it demands essentially kill the speed and convenience making the technology so attractive to customers and retailers in the first place.

5. **Choice and override:** The MIF Regulation enables customers to override retailer payment application pre-selection, demanding significant POS software modification as well as very clear education of both retailers and cardholders.

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6. **Unattended terminals:** The end of by-default application choice brings further complication to unattended terminals, such as parking meters, lacking means for application selection.

7. **Visually impaired cardholders:** Users with visual impairments might be heavily impacted by visual and electrical card identification and the end of by-default application.

8. **Consumer confusion:** The end of the honour all cards rule allows the addition of surcharges to non-preferred cards. How will retailers explain their choice of preferred card? Such complications might result in customers going back to cash in order to avoid such issues and (seemingly) unfair charges.

9. **Non-SEPA issued cards:** The MIF Regulation applies only to cards issued within the SEPA area. What about international cards? Will POS terminals be able to differentiate SEPA from non-SEPA cards? What about customer information and surcharging? Should retailers treat SEPA and non-SEPA customers equally?

10. **Timely implementation:** The regulation comes into play in 6 months-- hardly enough time for all the effort required by all stakeholders (cardholders, retailers, acquirers, issuers, card manufacturers and personalisation centres) to find efficient ways to comply with the rules, from card artwork modification to POS software adaptation.

The SPA offers further details, as well as a detailed implementation guideline, in a paper available from the link below.

Go [MIF Regulation: Have You Paid Attention to Article 10?](#)