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### Types of payment cards

#### 1. What are co-badged cards?

Co-badging means the inclusion of two or more payment brands on the same card. Customers may request two or more payment brands on a single payment card, provided that such a service is offered by the payment service provider. Prior to entering into a contractual agreement governing the use of the card, the payment service provider must inform their customers on all payment brands available and their characteristics (including their functionality, cost and security).

#### 2. Which types of cards are available?

Cards are payment instruments that may be classified into three types, according to their main function and manner in which funds are withdrawn: debit cards, credit cards, prepaid cards.

#### 3. What are debit cards?

Debit cards allow cardholders to carry out a series of transactions on their payment account (e.g. their demand account), chiefly cash withdrawals, payments, account balances and statement enquiries and, depending on the ATM network and the cards' payment brands, card transfers. As a rule, when the card is used to carry out

domestic transactions, the corresponding amount is immediately debited from the holder's associated payment account.

#### **4. What are prepaid cards?**

As a rule, prepaid cards allow the same type of payment transactions as debit cards. However, they are not associated with a payment account. The amount available stored in the card is provided in advance by the cardholder to the issuer, and the corresponding amount is debited from it.

#### **5. What are credit cards?**

Credit cards allow cardholders to make payments through a pre-established credit line from the card-issuing provider. The deadline for payment of the card's balance and the form of payment are agreed in advance between the customer and the payment service provider (typically, the bank). Should customers choose to pay the whole amount due by the established deadline, it is interest-free. Otherwise, interest is charged on the amount outstanding, in accordance with the contracted conditions.

#### **6. What are deferred debit cards?**

Deferred debit cards are a subtype of credit card. These cards are associated with a payment account and make it possible to pay for goods and services, and the corresponding amount is not immediately debited from that account. The total amount of transactions is debited at a pre agreed specific date, interest-free. Banco de Portugal's clarification on deferred debit cards (in Portuguese only)

#### **7. What are single-function cards and dual or multi-function cards?**

Cards that perform exclusively a single type of function (debit, credit or prepaid) are single function cards. Cards that combine debit and credit functions are called dual or multi function cards.

#### **8. What is a payment brand?**

Payment brand is any material or digital name, term, sign, symbol or combination thereof, capable of denoting under which payment card scheme payment transactions are carried out. Payment brands identify payment systems for debit transactions (e.g. Multibanco, Visa Electron and Maestro) and payment systems for credit operations (e.g. Visa, MasterCard and American Express).

### **Issuance**

#### **1. Can the card issuer decide not to reissue my card?**

According to the principle of contractual freedom, card-issuing payment service providers are free to decide whether or not they will issue or reissue a bank card to a certain customer. Likewise, customers are free to accept or refuse the issuers' conditions with regard to the cards they issue. However, given that the decision not to reissue a card constitutes a contractual change, card issuers must report it to the cardholders no later than two months before their proposed date of application.

#### **2. What should I do if I receive an unsolicited card?**

Payment service providers must not send unsolicited cards, except where reissuing a card currently used by a customer.

#### **3. Is my payment service provider obliged to provide me with a card?**

Payment service providers are not required to provide cards to their customers and are free to set their own criteria for providing cards to customers upon request. However, in cases where customers hold a minimum banking services account, payment service providers must give them a debit card for transactions in that account.

### **Use of payment cards**

#### **1. Is it mandatory to accept card payments?**

No. No one is obliged to accept cards as a means of payment for any good or service. In Portugal, only euro banknotes and coins are legal tender, and must be accepted as a means of payment.

#### **2. What are contactless payment cards?**

Contactless payment cards are a type of bankcard that use a technology allowing cardholders to initiate a payment transaction by bringing the card close (typically, less than 4 cm) to a POS enabled for this type of transaction. Cards and POSs enabled to process contactless payments bear the following symbol: This technology is incorporated in payment cards, but may also be available in other mobile devices, such as smartphones, watches, bracelets, among other devices.

#### **3. Are there any limits to contactless payments before the card's PIN is entered?**

Card issuers limit contactless payments before the PIN is entered: (i) to a maximum amount per transaction (typically, low-value payments), and (ii) to an overall

amount or number of successive contactless transactions. As a rule, bank customers may only make a contactless payment (i.e. without inserting the card in the POS and entering the associated PIN) if the value of the transaction is below €50 and the overall amount or number of successive contactless transactions is a maximum of €150 or 5 transactions (the entity that issues the card can set lower limits). At times, as a supplementary security measure, the PIN may be required even when limits set by the card issuer are not exceeded. The card issuer must inform the customer about the conditions of use of the contactless card, more specifically on limits to their use when no PIN associated with the card is entered.

#### **4. Can dual or multi-function cards be used to make debit payments in POSs?**

Dual or multi-function cards incorporate credit and debit functions. These cards allow cardholders to debit from the associated deposit account, in the same terms as single-function debit cards, and make payments on credit. When customers use a dual or multi-function card, they may choose in POSs the payment brands associated with the debit function (e.g. Visa Electron, Maestro or Multibanco), if they want the amount of that operation to be immediately debited from their demand deposit account, or the payment brand associated with the credit function (e.g. Visa or MasterCard), if they prefer to draw on the credit line associated with the card. In Portugal, some credit cards may also be used to conduct debit transactions in ATMs (cash withdrawals, payment of services and bank transfers), but they cannot be used in POSs to make payments debiting from the demand deposit account.

#### **5. In which order are payment brands displayed in points of sale (POSs)?**

As a rule, payment brands are displayed on the POS terminal screen according to the pre established order when the payment card is issued. As such, if customers use a debit card featuring, first, an international payment brand (e.g. Visa Electron or Maestro) and, second, the national payment brand (Multibanco), the brands will be displayed on the POS terminal screen in that order.

#### **6. Can the merchant change the order in which payment brands are displayed on the POS terminal screen?**

Yes. Merchants can install automatic mechanisms in their POS terminals that make it possible to change the order in which brands are presented to the customer. However, these mechanisms cannot prevent the cardholder from choosing the payment brand for each specific payment, provided that the brands included on the card are accepted by the merchant. It is always incumbent on the cardholder to choose which brand to use.

#### **7. Is it always possible to make contactless payments?**

Making contactless payments is possible if, in addition to activating the card's contactless technology, the POS is also enabled for this type of transaction. In those circumstances, it is sufficient for the cardholder to activate the card's contactless technology to conduct this type of transaction. The contactless technology is activated when the customer uses the card for the first time in an ATM or makes a payment for the first time in a POS, by inserting the card and entering the associated PIN.

#### **8. What is the interchange fee?**

The interchange fee is a charge paid by the card acquiring payment service provider to the card-issuing payment service provider for every card-based payment transaction. The interchange fee is a component of merchant fees and, where cardholders are consumers, its caps are legally set (Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions). Presently, in Portugal, for debit-card-based payment transactions, the interchange fee cannot be more than 0.2% of the transaction value. In credit-card-based payment transactions, this fee cannot be more than 0.3% of the transaction value.

#### **9. What are merchant fees?**

Merchant fees are charged to those who receive payment transactions (as a rule, merchants) by the corresponding payment service providers, for each transaction settled with a bankcard in POSs. In general, this fee is a percentage of the sale value. Merchant fees are a way to pay the payment service provider, which has signed a contract for the utilisation of POSs with the merchant, for accepting payment brands and for the guarantee that funds will be received by the beneficiary. Merchant fees include the interchange fee.

### **Safety**

#### **1. What are the main precautions that cardholders should take when using their card?**

Payment cardholders should follow good practice for the use of cards, in both on premises and off-premises sales, to promote the safety of this payment instrument. These good practice guidelines are available for consultation (in Portuguese only) in the following documents: Good practice for payment cardholders; Good practice for payment cardholders when making online payments.

#### **2. What should I do if my card is lost, stolen or misappropriated, or if I suspect that it was skimmed or forged?**

Whatever the situation, you should immediately notify the payment service provider that issued the card, or the entity specified by the latter, following the procedures specified in the contract (which, at times, are also stated in the card's monthly statements or the statement of the associated payment account). To know how to act,

you should know the procedures and information detailed in the contract and be able to state the card number at all times. To report the loss, theft, misappropriation or unauthorised use of your payment card, you may use the contacts provided below. Contacts of payment card issuers: <https://www.bportugal.pt/sites/default/files/anexos/documentos-relacionados/contactosdosemissorescartoescredito-102016.pdf>

### **3. Can I be held liable for the use of a lost, stolen or misappropriated card?**

After informing the card issuer of its loss, theft or misappropriation, excluding cases of intention and gross negligence, cardholders cannot be held liable for its use. With regard to any unauthorised transaction following the loss, theft or misappropriation of a card, prior to notifying the card issuer (or the entity specified by the latter), cardholders are liable for losses that cannot exceed the balance available in the card account or the credit line associated with the account or the card, up to €50. If cardholders do not comply with the terms governing the issuing and use of the card or do not notify, without any justification, the payment service provider of the card's loss, theft or misappropriation, they are liable for all losses resulting from unauthorised transactions.

### **4. How can users authenticate card-based payment transactions?**

Regardless of whether card-based transactions are conducted via POSs or remotely, users, as a rule, must authenticate the payment transaction. Transactions in POSs or ATMs are, as a rule, authenticated by the cardholder by entering the personal identification number (PIN). The PIN is personal and non-transferable and should be known by heart. Never, under any circumstances, should cardholders let third parties know their PIN. In the case of payments using contactless technology, a PIN verification may not be required (for more details, see question 20). In the case of off-premises sales, as a rule, the number of the card is required, as well as its validity date and the three-digit security code printed on the back of the card.

### **5. What precautions should merchants take when accepting this payment instrument?**

Merchants should follow good practice when accepting payment cards, in both on premises and off-premises sales, to foster this instrument's security. These good practice guidelines may be consulted (in Portuguese only) in the following documents: Good practice for merchants, Good practice for payment card acceptors and issuers for online payments.