

## Terms and conditions for merchants

### Terms and conditions for participation in the electronic cash system of the German Banking Industry Committee

#### **1. Participation in the electronic cash system of the German Banking Industry Committee**

The Merchant is entitled to participate in the electronic cash system of the German Banking Industry Committee subject to these Terms and Conditions. The electronic cash system enables cashless payments to be made at electronic cash terminals. The Merchant's contracting partner with regard to authorisation of any single payment transaction is the relevant card-issuing payment service provider (see section 5 below). The body of payment service providers participating in the electronic cash system is hereinafter referred to as the Banking Industry.

#### **2. Card acceptance**

Debit cards issued by payment service providers and bearing a girocard logo as detailed in section 2.3 of the Technical Appendix must be accepted at the Merchant's electronic cash terminals. The Merchant remains free to grant discounts. If, in the absence of a fee agreement, the Merchant does not accept any debit cards of payment service providers, this must be brought to the cardholder's attention prior to payment by means of sticker, electronically or in some other appropriate manner.

If the Banking Industry has entered into co-operation agreements with operators of, or participants in, guaranteed and PIN-based debit card systems based in other countries (co-operation partners), the Merchant must also accept the debit cards issued by a payment service provider in the system of a co-operation partner for cashless payments at electronic cash terminals under the Terms and Conditions of the electronic cash system. The network operator will notify the Merchant of co-operation partners' debit cards that are to be accepted in the electronic cash system and include these in the technical clearing and settlement process of the electronic cash system. This does not affect the acceptance of cards from other systems at electronic cash terminals, provided that this does not impair the proper processing of the cards to be accepted under the electronic cash system.

The Merchant may install automatic mechanisms in its electronic cash terminals for the cards accepted by the Merchant to default to a particular payment brand or payment application. However, this must not prevent the cardholder from overriding this default setting.

#### **3. Connection of the Merchant to the network of a network operator**

Unless the Merchant itself fulfils the function of a network operator, the Merchant's participation in the electronic cash system requires a connection to an operator network based on a separate agreement between the Merchant and a network operator. The function of the operator network is to connect the electronic cash terminals with the authorisation systems of the Banking Industry which approve electronic cash transactions. The network operator is responsible for installing the electronic cash terminals, connecting them to the operator's computer and providing technical support, including the insertion of cryptographic keys. If the process for online personalisation of terminal hardware security modules (OPT process) is used, the network operator is responsible for the transmission of cryptographic keys in that process. The network operator must ensure that the operator network meets the security requirements stipulated by the Banking Industry.

#### 4. Exchanging the cryptographic keys required for operating the terminal

To safeguard the security of the electronic cash system, the cryptographic keys must be exchanged at regular intervals or as and when necessary. The Banking Industry will generate the cryptographic keys required for operating the terminal.

The Merchant is required to accept these cryptographic keys exactly as they are provided by the Banking Industry. This process is carried out via the network operator. If the OPT process is used for inserting the keys, the Merchant will be required to enter into an appropriate agreement with a payment service provider of its choice (terminal payment service provider) or a network operator commissioned by the terminal payment service provider.

#### 5. Transaction authorisation by the card-issuing payment service provider

By positively authorising a transaction, the card-issuing payment service provider connected to the electronic cash system commits itself to settle the amount approved at the electronic cash terminal (electronic cash transaction). If the Merchant, at its electronic cash terminal, accepts the debit card issued by a credit institution in the system of a co-operation partner, the card-issuing payment service provider in the co-operation partner's system commits itself to settle the amount approved at the electronic cash terminal (electronic cash transaction). Settlement of the electronic cash transaction is subject to the electronic cash terminal being approved in relation to the network operator, being operated in accordance with the process agreed with the network operator and the requirements detailed in sections 2 and 7 being complied with by the Merchant. If the card-issuing payment service provider is connected to the electronic cash system, a further requirement is that the electronic cash transaction is submitted to a service provider of the Merchant (collection payment service provider) within 8 days. Submission of the electronic cash transaction by the Merchant to its payment service provider does not form part of the authorisation of the transaction by the card-issuing payment service provider in relation to the Merchant. If the electronic cash transaction is cancelled, the payment obligation of the card-issuing payment service provider is void.

The connected Merchant is required, on request communicated via the network operator, to provide the Banking Industry with more detailed documentation relating to the cancelled electronic cash transaction (e.g. copy of the card slip, merchant ledger) without delay, but at the latest within 10 days of receiving the request.

#### 6. Fees

The Merchant or its agent is required to pay the card-issuing payment service provider the mutually agreed fee for operation of the electronic cash system and authorisation of electronic cash transactions in the Banking Industry's authorisation systems or a co-operation partner's authorisation system. When agreeing individual fees, both parties must comply with the technical requirements of the electronic cash system. No fee is charged for cancelled transactions.

The Merchant is required to provide the network operator with evidence of the existence of its agreements on fees with all card-issuing payment service providers and also to notify the network operator of the key facts which are essential for the network operator's technical clearing and settlement of the transaction (e.g. information about individually agreed basic calculation values). If the Merchant does not have fee agreements in place with one or more card-issuing payment service providers, it must endeavour, without delay, to conclude fee agreements with the omitted card-issuing payment service providers. Until such proof has been fully provided, the network operator may, in consultation with the Merchant, make suitable and reasonable arrangements, such as having the Merchant inform the cardholder that the debit cards of particular card-issuing payment service providers cannot be accepted due to the absence of a fee agreement or the (temporary) decommissioning of the terminal until proof that the outstanding fee agreement(s) has or have been concluded.

At the Merchant's request and subject to the agreement of a service contract, the network operator may carry out the technical implementation of fee agreements negotiated directly between a Merchant and the card-issuing payment service provider(s).

Where the Merchant uses an agent for the purpose of handling electronic cash fees, the Merchant must require said agent to post the electronic cash fees received to a separate account, i.e. separate from its other assets. Unless otherwise agreed, said fees constitute trust assets of the card-issuing payment service providers. The Network Provider will regularly forward the fees owed to the relevant card-issuing payment service provider so long as this has been agreed between the Merchant or its agent and the respective card-issuing payment service provider or its agent and in due consideration of the Network Provider's technical requirements.

## **7. Operation of terminals in compliance with the guidelines set out in the Technical Appendix**

The Merchant is required to operate the electronic cash terminals for the cards approved under these Terms and Conditions (see section 2 above) solely in accordance with the "Operating instructions" set out in the attached Technical Appendix. The requirements contained therein constitute an integral part of these Terms and Conditions. Particularly to prevent anyone other than the cardholder seeing the PIN being entered at the terminal, the security requirements set out in the attached Technical Appendix must be complied with when installing the terminal.

The Merchant must refrain from doing anything that might compromise the security or proper functioning of the electronic cash system. The Merchant is required to notify its network operator of any incidents that might adversely affect the security or proper functioning of the electronic cash system.

Only terminals approved by the Banking Industry may be used for participation in the electronic cash system. Any necessary modifications to the terminal required by the Banking Industry must be carried out within the allotted time to ensure compliance with the applicable requirements for approval. Terminals that have not been modified accordingly must not be used within the electronic cash network once the stipulated deadline has passed.

## **8. Entering a personal identification number (PIN) when making a payment**

Payments at electronic cash terminals require the card to be inserted and the personal identification number (PIN) to be entered. Only the cardholder is permitted to enter the PIN. For processing contactless payments (provided that such payments are supported by the electronic cash terminal), the card-issuing payment service provider may dispense with the PIN being entered for individual transactions of up to 25 euros in value.

## **9. Granting access**

The Merchant must ensure that the Banking Industry's representatives have access to the electronic cash terminals on request and for the purpose of inspection.

## **10. Collection of electronic cash payments**

The collection of electronic cash payments is subject to separate agreements between the Merchant and the selected payment service provider and is not covered by these Terms and Conditions. The network operator has agreed to support the Merchant in its processing of payment transactions by generating direct debit files from the Merchant's electronic cash transactions or sales and, among other things,

- by making these available to the Merchant for submission to its account-managing payment service provider or a central agency nominated by the latter,
- by submitting these directly to the Merchant's account-managing payment service provider on the Merchant's behalf
- or, following the Merchant's assignment of the claim, by forwarding the files to the Merchant's account-managing payment service provider for collection.

### **11. Record retention periods**

Irrespective of any statutory retention periods, the Merchant is required to keep the merchant ledgers of electronic cash terminals for at least 15 months and make these available, on request, to the collection payment service provider involved in collecting the electronic cash payment. Any objections or other complaints raised by cardholders in accordance with section 2 sentence 1 regarding the contractual relationship with the Merchant are to be asserted directly against the Merchant.

### **12. Acceptance symbol**

The Merchant must clearly indicate the electronic cash system by using a symbol provided in accordance with section 2.3 of the Technical Appendix. In doing so, the Merchant must not advertise one payment service provider or a group of service providers more prominently than others.

### **13. Special provisions regarding cashback granted by the Merchant**

Where a Merchant offers the option of cashback as part of the electronic cash process, the following additional provisions will apply:

- Cashback is only permissible in connection with an electronic cash transaction to pay for the Merchant's goods and/or services. The amount of the electronic cash transaction should be no less than EUR 20.
- Cashback can only be provided on the basis of a mandatory authorisation of the amount requested by the card-issuing payment service provider.
- Provided that there are sufficient cash funds in the cash register, the Merchant will be bound by the authorisation result from the payment service provider.
- Cashback must not exceed an amount of EUR 200.
- With regard to the offer of cashback, the Merchant must not differentiate between the card holders of different card-issuing payment service providers. In doing so, the merchant may also take into consideration the cash funds available in the cash register.

### **14. Amendment of Terms and Conditions**

The Merchant will be informed in writing of any changes to these Terms and Conditions. If an electronic method of communication has been agreed with the Merchant, the changes may also be communicated using this method if the nature of transmission permits the Merchant to store or print the changes in a readable format. The changes are deemed to have been accepted unless the Merchant raises an objection with its account-managing payment service provider in writing or using the agreed electronic method of communication. The Merchant must be provided with specific information about this process on notification of the changes. The Merchant must submit its objection to its account-managing payment service provider within six weeks of being notified of the changes.

### **15. Governing law, legal venue and contractual language**

These Terms and Conditions and the appendices thereto are governed by the laws of the Federal Republic of Germany. The exclusive legal venue for any disputes relating to these Terms and Conditions is Berlin. A defendant payment service provider and the Merchant may also be taken to court at the location of their registered head office. If this document has been translated, the German language version will be binding in all respects.

**Version:** October 2016

**Attachment:**

- Technical Appendix to the Terms and Conditions for Merchants

**Please note, the German-language version of this document will be binding in all respects.**