

Issuing and handling of charge codes by AS-PSPs as well as of charge requests in the inter-PSP space

A note by the PSD2 Practitioners' Panel

As a result of exchanging their practical experience with the implementation of the Payment Services Directive (PSD) into their day-to-day activities, participants in the PSD Practitioners Panel identified in 2009/2010, among others, the need to clarify charge code practices. A note called "Issuing of charge codes by sending banks" endorsed by 17 European banks was issued on 5 April 2010 to provide hands-on guidance on basic practices that payment service providers should respect in this context to ensure smooth end-to-end processing of transactions and certainty around the handling of related charges and charge requests in the inter-PSP space.

Participants in the PSD2 Practitioners' Panel, set up in November 2016 to accompany the implementation by account-servicing payment service providers (AS-PSPs) of the revised Payment Services Directive, have revisited and updated this guidance on the handling of charge codes and of charges or charge requests related to payments involving several PSPs. The aim is to support a friction-free cut-over to the PSD2-regulated environment for AS-PSPs and their customers as well as to help ensure that these customers enjoy choice and transparency of payment services in line with key objectives of the Directive.

The PSD2 Practitioners' Panel participants endorsing this note have agreed on issuing the following guidance based on their shared understanding of the relevant PSD2 provisions and established inter-PSP practices.

It should be noted that the present guidance note reflects the practical conclusions that participants in the PSD2 Practitioners' Panel have drawn from the revised Payment Services Directive in general and Art. 62(2) of this Directive in particular. In this context, it should be pointed out that the relevant wording of this Article has remained unchanged compared to the corresponding Article in the original Payment Services Directive. Accordingly, the PSD2 Panel participants saw no reason to modify the essence of the original note since there has been no change to the underlying payment reality and the legislation providing its framework.

It should be stressed that any actions taken by any individual AS-PSP with regard to the matters discussed below are under the sole responsibility of that particular AS-PSP.

Shared understanding regarding the issuing of charge codes:

The endorsing AS-PSPs share the understanding that, based on Art. 62(2), "SHA" is the appropriate charge code that a sending AS-PSP should offer to the originating customer for payments falling under this article. Thus, payment transactions originated from a payment account located in the EU/EEA for a beneficiary account located in the EU/EEA should generally bear the charge code "SHA".).

However, the following exception applies:

If national legislation does not explicitly prohibit the use of the “OUR” charging practice, an AS- PSP may also offer “OUR” payments to its customers upon specific request from the customer.

Recommended charge code practices for sending, intermediary and receiving AS-PSPs:

- The sending AS-PSP is responsible for ensuring that any payment where the originator's and the beneficiary's payment accounts are located in the EU/EEA is sent using either the “SHA” charging option or “OUR”, where “OUR” is permitted within that Member State's legislation;
- Intermediary and receiving AS-PSPs would be advised not to reject any payments because of the charge code they carry. In respect of handling charge codes, the logical approach for an intermediary would be to forward on the charge code it receives in a payment message, unless there are contractual terms agreed with its client PSP to amend the code in some circumstances.

Recommended practices concerning the handling of charge codes and related requests:

for “SHA” payments:

Art. 81(1) stipulates that AS-PSPs have to transfer the full amount of the payment transaction and refrain from deducting charges from the amount transferred (see below for exception for beneficiary AS-PSPs as detailed in Art. 81(2)). It should be mentioned that Art. 81 does not apply to intra-EU/EEA payments in non-EU/EEA currencies, which means that PSPs involved in such transactions are in principle allowed to deduct charges from the amount.

The endorsing panel participants recommend the following for the different AS-PSPs in the payment chain:

- A sending AS-PSP that has issued a “SHA” payment in general does not have to accept transaction charge requests from intermediaries that are not acting on its behalf for the execution of this particular payment;
- Intermediary AS-PSPs should invoice their client PSP directly and separately for any charges related to their handling of “SHA” payments on behalf of this client PSP. Intermediaries should not send charge requests related to the payment execution to parties in the processing chain with whom they do not have an agreement in place for handling this particular “SHA” payment. In particular, this means the following:
 - Where an intermediary AS-PSP is acting as service provider for a sending (originating) AS- PSP, e.g. by offering payment routing and/or formatting services to the originator AS-PSP based on a clearing arrangement, a vostro/nostro correspondent relationship or similar agreements, charging for “SHA” should be pre-agreed between the sending and the intermediary AS-PSP;

- Where an intermediary AS-PSP is acting as a service provider for a receiving (beneficiary) AS-PSP, e.g. by offering indirect participant access to a Clearing and Settlement Mechanism to that beneficiary AS-PSP, charging for “SHA” should be pre-agreed between the intermediary and the receiving AS-PSP.
- In line with Art. 81(2), a receiving (beneficiary) AS-PSP may deduct charges from incoming “SHA” payments if it has agreed to do so with its customer and if it specifies the full amount and the charges deducted in the information it provides to the beneficiary. It does not have to accept any charge requests from intermediary banks that have not acted on its behalf for the execution of this particular payment.

for “OUR” payments:

The existing practice is that an AS-PSP receiving an “OUR” payment (i.e. an AS-PSP acting as an intermediary or as a beneficiary AS-PSP) charges that AS-PSP in the payment chain from which it has directly received the payment transaction. The endorsing AS-PSPs agree that this existing practice, including the payment of bills, between AS-PSPs with regard to the handling of the “OUR” charge code should remain unchanged.

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Contact details

For any comments or questions concerning the above note, please contact the PSD2 Practitioners' Panel at PSD-Panel-Coordination@abe-eba.eu.

This note has been created by participants in the PSD2 Practitioners' Panel. It has been endorsed by representatives of the following account-servicing payment service providers:

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Bank of Ireland
BCEE
CaixaBank
Commerzbank
Deutsche Bank
DNB Bank
Erste Bank
Landesbank Hessen-Thüringen (Helaba)
Nordea
Raiffeisen Bank International (RBI)
Raiffeisen Landesbank Südtirol
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