



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Payment Card Reform Framework

Issued on: 23 December 2014

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PART A OVERVIEW

1. Introduction

1.1 Retail payment systems and instruments contribute to the broader effectiveness and stability of the financial system, in particular to facilitate the smooth functioning of commerce. Under the Financial Services Act 2013 [Act 758] (FSA) and the Islamic Financial Services Act 2013 (IFSA) [Act 759], the Bank shall, among others, foster safe, efficient and reliable payment systems and payment instruments.

Policy Objectives

- 1.2 This Policy Document outlines requirements which aim to-
- (a) prevent indiscriminate increases in interchange fees and provide for an objective and transparent framework for the setting of interchange fees for domestic payment card transactions; and
 - (b) address other distortions in the payment card market in order to create an enabling environment for wider deployment of point-of-sale (POS) terminals and to promote the greater usage and acceptance of cost-effective payment cards.

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2. Scope

2.1 This Policy Document sets out the requirements pertaining to-

- (a) establishing an objective and transparent framework for the setting of interchange fees for domestic payment card transactions;
- (b) unbundling of the merchant discount rate (MDR) for domestic payment card transactions;
- (c) facilitating the identification of debit cards and international prepaid cards;
- (d) removing restrictions on the co-badging of debit cards;
- (e) ensuring that merchants do not impose any surcharge on payment made using a debit card or an international prepaid card;
- (f) empowering merchants to steer cardholders to use the more cost-effective payment cards and to have the first priority in routing decisions;
- (g) prohibition on exclusivity to an account or a line of credit;
- (h) minimum product offering for payment cards; and
- (i) reporting and data retention requirements.

3. Applicability

3.1 Subject to paragraph 3.2, this Policy Document is applicable to all issuers, acquirers and operators of payment card networks as defined in paragraph 6.2 below.

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3.2 Paragraph 9.6 of this Policy Document is applicable to approved operators of payment systems as defined in paragraph 6.2 below including operators of payment card networks.

4. Legal provisions

4.1 The requirements in this Policy Document are specified pursuant to sections 33(1)(a) and 143 of the FSA and sections 43(1)(a) and 155 of the IFSA.

5. Effective date

5.1 Unless otherwise stated, this Policy Document comes into effect on-

- (a) **15 January 2015** with respect to the requirements set out in-
 - (i) paragraph 8.8 (Publication of interchange fee rates);
 - (ii) paragraph 9.1(a) (Unbundling of the MDR for domestic debit card, international debit card and credit card transactions);
 - (iii) paragraph 9.2(a) (Facilitating the identification of of new and replacement debit cards);
 - (iv) paragraph 9.6 (Prohibition on exclusivity to an account or a line of credit);
 - (v) paragraph 9.8 (Reporting and data retention requirements); and
- (b) **1 July 2015** with respect to all other requirements.

5.2 For the purpose of paragraph 8.4(d) of this Policy Document, the Bank shall monitor the achievement of the industry indicators set out in the Schedule to this Policy Document commencing from **15 January 2015**.

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6. Interpretation

6.1 The terms and expressions used in this Policy Document shall have the same meanings assigned to them in the FSA and the IFSA, as the case may be, unless otherwise defined in this Policy Document.

6.2 For the purposes of this Policy Document-

“**S**” denotes a standard, requirement or specification that must be complied with. Failure to comply may result in one or more enforcement actions;

“**G**” denotes guidance which may consist of such information, advice or recommendation intended to promote common understanding and sound industry practices which are encouraged to be adopted;

“**acquirer**” means a registered operator of a payment system that provides merchant acquiring services for credit card, debit card and/or prepaid card transactions registered under section 17 of the FSA;

“**approved operator of a payment system**” means a person approved under section 11 to operate a payment system set out in paragraph 1 of Division 1 of Part 1 of Schedule 1 of the FSA or in paragraph 1 of Part 1 of Schedule 1 of the IFSA;

“**Bank**” means Bank Negara Malaysia;

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“**cardholder**” means a person to whom a payment card or an Islamic payment card has been issued or any person who uses a payment card to obtain money, purchase goods or services or to make any payment;

“**co-badging**” means the act of issuing a payment card with two or more unaffiliated payment card network applications or brands;

“**co-badged debit card**” means a debit card with two or more unaffiliated payment card network applications or brands;

“**credit card**”¹ means a payment instrument or an Islamic payment instrument issued by an issuer approved under the FSA or the IFSA, which indicates a line of credit or financing based on Shariah principles granted by the issuer to the cardholder and where any amount of the credit or financing utilised by the cardholder has not been settled in full on or before a specified date, the unsettled amount may be subject to interest, profit or other charges and for the Islamic payment instrument, the unsettled amount may be subjected to a lesser rebate (*ibra*) by the issuer, and any reference to “credit card” shall include a reference to both consumer and commercial cards;

“**credit card transaction**” means a transaction for the purchase of goods or services using a credit card and acquired by an acquirer registered under the FSA, and any reference to “credit card transaction” shall include a reference to

¹Based on the definition provided under the Financial Services (Designated Payment Instruments) Order 2013 [P.U.(A)202] and the Islamic Financial Services (Designated Payment Instruments) Order 2013 [P.U.(A)208]

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both card-present or face-to-face transactions and card-not-present or non-face-to-face transactions;

“**debit card**”² means a payment instrument or an Islamic payment instrument based on Shariah principles that is linked to a deposit account at a financial institution that can be used-

- (a) to pay for goods and services;
- (b) to withdraw cash from an automated teller machine (ATM) or withdraw cash at participating retail outlets through debit card usage by debiting the user’s account; or
- (c) for the purposes of (a) and (b),

and any reference to “debit card” shall include a reference to both the domestic debit card and the international debit card and to both consumer and commercial cards;

“**domestic debit card**” means a debit card issued in Malaysia by an issuer approved under the FSA or the IFSA under a debit card network operated by an operator of a domestic payment card network such as the Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear), and any reference to “domestic debit card” shall include a reference to both consumer and commercial cards;

²Based on the definition provided under the Financial Services (Designated Payment Instruments) Order 2013 [P.U.(A)202] and the Islamic Financial Services (Designated Payment Instruments) Order 2013 [P.U.(A)208]

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“domestic debit card transaction” means a transaction for the purchase of goods or services using a domestic debit card and acquired by an acquirer registered under the FSA, and any reference to “domestic debit card transaction” shall include a reference to both card-present or face-to-face transactions and card-not-present or non-face-to-face transactions;

“domestic payment card transaction” or **“payment card transaction”** means a transaction for the purchase of goods or services using a payment card and acquired by an acquirer registered under the FSA, and any reference to “domestic payment card transaction” or “payment card transaction” shall include a reference to both card-present or face-to-face transactions and card-not-present or non-face-to-face transactions;

“Effective Date”, in relation to a specific requirement in this Policy Document, means the relevant date as specified in paragraph 5;

“electronic money” means a payment instrument or an Islamic payment instrument that stores funds electronically in exchange of funds paid to the issuer and is able to be used as a means of making payment to any person other than the issuer;

“financial institution” means a licensed bank, a licensed Islamic bank, an issuer of a designated payment instrument as defined under the FSA or the IFSA or a development financial institution prescribed under the Development Financial Institutions Act 2002 [*Act 618*];

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“Government or its agencies” means-

- (a) the Federal Government, any State Government or local government, and includes any ministry, department or office of the Federal Government or of any State Government that accepts any statutory payment; or
- (b) any statutory body established under a written law passed by the Parliament or by any state legislative assembly that accepts any statutory payment;

“industry indicators” means the industry indicators as set out in the Schedule to this Policy Document that the Bank considers in deciding whether to adjust the interchange fee ceiling for a credit card transaction;

“interchange fee” means a fee paid by the acquirer to the issuer, whether directly or indirectly, for a domestic payment card transaction, including any fee or remuneration with a similar object or effect pursuant to the rules, condition or contract of an operator of a payment card network;

“interchange fee framework” means a framework for regulating the setting of interchange fees for domestic payment card transactions;

“international debit card” means a debit card issued in Malaysia by an issuer approved under the FSA or the IFSA under a debit card network operated by an operator of an international payment card network, and any reference to

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“international debit card” shall include a reference to both consumer and commercial cards;

“**international debit card transaction**” means a transaction for the purchase of goods or services using an international debit card and acquired by an acquirer registered under the FSA, and any reference to “international debit card transaction” shall include a reference to both card-present or face-to-face transactions and card-not-present or non-face-to-face transactions;

“**international prepaid card**” means a prepaid card issued in Malaysia by an issuer approved under the FSA or the IFSA under a prepaid card network operated by an operator of an international payment card network, and any reference to “international prepaid card” shall include a reference to both consumer and commercial cards;

“**international prepaid card transaction**” means a transaction for the purchase of goods or services using an international prepaid card and acquired by an acquirer registered under the FSA, and any reference to “international prepaid card transaction” shall include a reference to both card-present or face-to-face transactions and card-not-present or non-face-to-face transactions;

“**issuer**” means any person, acting alone or under an arrangement with another person, who undertakes to be responsible for the payment obligation in respect of a credit card, debit card or prepaid card resulting from the

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cardholder being issued with or using such payment card, and who has obtained the approval from the Bank under section 11 of the FSA or section 11 of IFSA to issue such payment card;

“MDR” means a merchant fee or merchant discount rate paid by the merchant to the acquirer for each domestic payment card transaction comprising the interchange fee, the processing and other fees imposed by an operator of a payment card network, other costs incurred by the acquirer and the acquirer’s margin;

“merchant” means a person who enters into a contract with an acquirer to accept payment cards for the purchase of goods or services;

“operator of a payment card network” means an operator of a payment system approved under section 11 of the FSA or section 11 of the IFSA that provides a payment card network operation which enables payment to be made through the use of credit cards, debit cards and/or prepaid cards;

“payment card” means any credit card, debit card, prepaid card or any other payment instrument as may be specified by the Bank³ that is associated with or bears the logo of a payment card network, and any reference to “payment card” shall include a reference to both consumer and commercial cards;

³ Any reference to “payment card” shall include a reference to payment card in both physical or electronic form based on the definition of “payment instrument” in the FSA and the IFSA read together with the definitions provided under the Financial Services (Designated Payment Instruments) Order 2013 [P.U.(A)202] and the Islamic Financial Services (Designated Payment Instruments) Order 2013 [P.U.(A)208].

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“**payment card network**” means an electronic payment system or an Islamic electronic payment system based on Shariah principles, whether in or outside Malaysia, which accepts, transmits or processes information on payment transactions resulting from the use of payment cards for purposes of facilitating authorization, clearing and settlement among issuers, acquirers, merchants and cardholders;

“**point-of-sale**” means the point or location where a payment card transaction is conducted or completed;

“**point-of-sale terminal**” or “**POS terminal**” means a device that allows the acceptance of one or more payment cards to complete a payment card transaction;

“**prepaid card**” means an electronic money stored on a host system or in a card where interchange fee is payable to the issuer, and any reference to “prepaid card” shall include a reference to the international prepaid card and to both consumer and commercial cards;

“**restrict**” or “**restricting**” includes the act of imposing an obligation to pay a fee or other obligation with similar object or effect;

“**statutory payment**” means any payment made pursuant to a written law;
and

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“**written law**” has the same meaning as defined in section 3 of the Interpretation Acts 1948 and 1967 [Act 388].

7. Circulars superseded

7.1 With effect from 1 July 2015, the following circulars issued by the Bank are superseded-

- (a) Circular dated 15 July 2013 on “Interchange Fees” (Ref No.: JDSP/POL/4500/4/24/CMK/YKK/NAR);
- (b) Circular dated 15 November 2013 on “Interchange Fees” (Ref No.: JDSP/POL/4500/4/24/TNC/YKK/DL & NAR);
- (c) Circular dated 4 March 2014 on “Interchange Fees” (Ref No.: JDSP/POL/4500/4/24/YKK/NAR); and
- (d) Circular dated 10 April 2014 on “Issuance of Premium Credit Cards” (Ref No.: JDSP/POL/4500/4/24/AFM/YKK/NAR).

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PART B POLICY REQUIREMENTS

8. Interchange fee framework

S 8.1 Interchange fee ceiling for domestic debit card transactions

(a) With effect from 1 July 2015 and subject to sub-paragraph (b) below, the amount of any interchange fee that an issuer may receive or charge or the amount of any interchange fee that an acquirer is required to pay with respect to a domestic debit card transaction shall not exceed-

(i) 0.15% of the value of the transaction; or

(ii) 50 sen plus 0.01% of the value of the transaction,

whichever is lower, or such other amount as may be calculated by the Bank in accordance with paragraph 8.7 below.

(b) With effect from 1 July 2015 until 31 December 2020, no interchange fee shall be payable to an issuer or by an acquirer for any domestic debit card transaction made for payments to the Government or its agencies.

S 8.2 Interchange fee ceiling for international debit card transactions

(a) With effect from 1 July 2015 and subject to sub-paragraph (b) below, the amount of any interchange fee that an issuer may receive or charge or the amount of any interchange fee that an acquirer is required to pay with respect to an international debit card transaction shall not exceed-

(i) 0.21% of the value of the transaction; or

(ii) 70 sen plus 0.01% of the value of the transaction,

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whichever is lower, or such other amount as may be calculated by the Bank in accordance with paragraph 8.7 below.

- (b) With effect from 1 July 2015 until 31 December 2020, no interchange fee shall be payable to an issuer or by an acquirer for any international debit card transaction made for payments to the Government or its agencies.

S 8.3 Interchange fee ceiling for international prepaid card transactions

- (a) With effect from 1 July 2015 and subject to sub-paragraph (b) below, the amount of any interchange fee that an issuer may receive or charge or the amount of any interchange fee that an acquirer is required to pay with respect to an international prepaid card transaction shall not exceed:-
 - (i) 0.21% of the value of the transaction; or
 - (ii) 70 sen plus 0.01% of the value of the transaction,whichever is lower, or such other amount as may be calculated by the Bank in accordance with paragraph 8.7 below.
- (b) With effect from 1 July 2015 until 31 December 2020, no interchange fee shall be payable to an issuer or by an acquirer for any international prepaid card transaction made for payments to the Government or its agencies.

S 8.4 Interchange fee ceiling for credit card transactions

- (a) With effect from 1 July 2015 until 31 December 2020 and subject to sub-paragraphs (b) to (d) below, the amount of any interchange fee that an issuer may receive or charge or the amount of any interchange fee that an acquirer is required to pay shall not exceed:
- (i) 1.10% of the value of the transaction with respect to a credit card transaction made under a payment card network where the operator of such network has established a Market Development Fund in accordance with sub-paragraph (b) below; or
 - (ii) 1.00% of the value of the transaction with respect to a credit card transaction made under a payment card network where the operator of such network has not established a Market Development Fund in accordance with sub-paragraph (b) below.
- (b) An operator of a payment card network may establish a Market Development Fund to manage the interchange fee amounting to 0.10% of the value of any credit card transaction for the purpose of funding the deployment of POS terminals by the participants in the payment card network of the said operator .
- (c) Where a Market Development Fund has been established by an operator of a payment card network in accordance with sub-paragraph (b) above, the said operator shall-
- (i) cause 0.10% of the value of any credit card transaction to be paid into the Market Development Fund;

(ii) manage the Market Development Fund subject to a set of objective and transparent rules as may be determined by the said operator with the approval of the Bank.

(d) In the event the industry indicators for any particular year between 2015 and 2020 are not met, the interchange fee ceiling with respect to a credit card transaction in the subsequent year(s) shall be adjusted in accordance with the following formula:

$$\text{Adjusted interchange fee ceiling for the subsequent year}^4 \text{ (bps)}^5 = \text{Interchange fee ceiling for the particular year (bps)} - X$$

Where-

Interchange fee ceiling would start at 100 bps in 2015

⁴ Subject to a minimum of 48 bps or such number of bps as may be determined by the Bank in accordance with paragraph 8.7 of this Policy Document

⁵ Basis points

And

$X =$ *No. of bps to be deducted from the interchange fee ceiling for the particular year*

And

$$X = \left[\frac{\text{Percentage of cumulative non-achievement of the industry indicators}^6 \times 312 \text{ bps}^8}{600\%} \right] \times 2.1^9$$

No. of years between the year the interchange fee ceiling is to be adjusted and 2020

- (e) With effect from 1 January 2021, the amount of any interchange fee that an issuer may receive or charge or the amount of any interchange fee that an acquirer is required to pay with respect to a credit card transaction shall not exceed 0.48% of the value of the transaction, or such other amount as may be calculated by the Bank in accordance with paragraph 8.7 below.

⁶ The industry indicators and the corresponding weightage are set out in the Schedule of this Policy Document. Cumulative non-achievement of the industry indicators is calculated by adding the percentage of non-achievement for every year.

⁷ The achievement of the industry indicators is measured in the ratio of 100% for 1 year and 600% for 6 years.

⁸ This represents the excess interchange fee above the eligible costs for a credit card transaction which is 52 bps per year (calculated by deducting the interim ceiling of 100 bps with the eligible costs of 48bps) amounting to 312 bps for 6 years.

⁹ A selected constant to ensure that the higher the level of non-achievement of the industry indicators, the faster the rate of reduction of the interchange fee ceiling to the interchange fee ceiling determined based on the eligible costs of a credit card transaction.

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S 8.5 Obligation to comply with the interchange fee ceilings by operators of payment card networks

An operator of a payment card network shall ensure that the interchange fee rates that the operator sets in its rules, condition or contract with issuers and acquirers shall not exceed the interchange fee ceilings set out in paragraphs 8.1 to 8.4 above.

S 8.6 Prohibition of circumvention

(a) No person shall, directly or indirectly, evade or circumvent the interchange fee ceilings set out in paragraphs 8.1 to 8.4 above.

(b) Without prejudice to the generality of sub-paragraph (a) above, any net compensation received by an issuer from an operator of a payment card network with respect to a domestic debit card transaction, an international debit card transaction, an international prepaid card transaction or a credit card transaction or in relation to debit card, prepaid card or credit card related activities shall be treated as part of the interchange fees received by the issuer and are thus subject to the interchange fee ceilings set out in paragraphs 8.1 to 8.4 above.

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- (c) For the purpose of sub-paragraph (b) above-
- (i) an issuer is deemed to have received net compensation if the total amount of payments, incentives, fees or funds received by an issuer from an operator of a payment card network during a calendar year exceeds the total amount of all fees, payments or funds paid by the issuer to the operator of the payment card network during that calendar year; and
 - (ii) any payment, incentives or funds received by an issuer from an operator of a payment card network for the purpose of payment card infrastructure development shall not be included in the computation of net compensation subject to the prior written approval from the Bank.

S 8.7 Recalculation of the interchange fee ceilings by the Bank

- (a) Subject to sub-paragraphs (b) and (c) below, the Bank shall review, recalculate and adjust the interchange fee ceilings set out in paragraphs 8.1 to 8.4 above at the end of every three-year interval commencing from 1 July 2015 or at such other date as may be determined by the Bank in writing due to changes in eligible costs and other relevant factors, and an issuer, an acquirer and an operator of a payment card network shall comply with the adjusted interchange fee ceilings.

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- (b) The Bank shall review the cost incurred by issuers to fund an interest-free period for the credit card business on a yearly basis.

- (c) The interchange fee ceiling for credit card transactions shall not exceed 1.10% or 1.00% of the value of transaction, as the case may be, for the period between 1 July 2015 and 31 December 2020 except where the sum of the eligible costs for a credit card transaction determined by the Bank exceeds 1.10% or 1.00% of the value of the transaction, as the case may be.

S 8.8 Publication of interchange fee rates

An operator of a payment card network shall publish prominently on the website of the said operator the interchange fee rates for domestic debit card transactions, international debit card transactions, international prepaid card transactions and credit card transactions which are applicable to the payment card network in Malaysia.

9. Measures to address other distortions in the payment card market

S 9.1 Unbundling of the MDR for domestic payment card transactions

- (a) With effect from 15 January 2015, an acquirer shall charge merchants specified and separate MDR for each of the following transactions which reflects the cost structure of the respective transactions:
- (i) domestic debit card transactions;
 - (ii) international debit card transactions; and
 - (iii) credit card transactions.
- (b) With effect from 1 July 2015, an acquirer shall charge merchants specified and separate MDR for the international prepaid card transactions which reflects the cost structure of such transactions.

S 9.2 Facilitating the identification of debit cards and international prepaid cards

- (a) With effect from 15 January 2015, an issuer shall ensure that any new or replacement debit card issued by the issuer is visually and electronically identifiable including through the prominent display of the word "Debit" on the face of the debit card.
- (b) With effect from 1 July 2015, an issuer shall ensure that any new or replacement international prepaid card issued by the issuer is visually

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and electronically identifiable including through the prominent display of the word “Prepaid” on the face of the international prepaid card.

- (c) With effect from 1 January 2018, an issuer shall ensure that all its debit cards and international prepaid cards on issue or in circulation are visually and electronically identifiable including through the prominent display of the word “Debit” and “Prepaid” on the face of the debit cards and the international prepaid cards, respectively.

S 9.3 Removing restriction on co-badging of debit cards

- (a) An operator of a payment card network shall not, either directly or indirectly or through an agent or a third party, by rule, condition, contract or by any means whatsoever, do or omit to do an act which has the following object or effect:
- (i) restricting or preventing an issuer from issuing a co-badged debit card or an acquirer from acquiring a transaction carried out using a co-badged debit card;
 - (ii) restricting or preventing an issuer from giving equal branding to the payment card networks that are available on a co-badged debit card; or
 - (iii) imposing an obligation to pay a fee or other obligation with similar object or effect in relation to a transaction carried out

using a co-badged debit card which is not routed or processed via the payment card network of the said operator.

- (b) An issuer shall give equal branding to the payment card networks that are available on a co-badged debit card by ensuring that the logo of the payment card networks are of equal size and are displayed on the same side of the debit card.

S 9.4 No surcharging for debit card and international prepaid card transactions

An acquirer shall ensure that merchants do not impose any surcharge on a transaction made using a domestic debit card, an international debit card or an international prepaid card.

S 9.5 Empowering merchants to steer cardholders to use cost-effective payment cards and to have the first priority in routing decisions

- (a) An operator of a payment card network or an acquirer shall not, either directly or indirectly or through an agent or a third party, by rule, condition, contract or by any means whatsoever, do or omit to do an act which has the following object or effect-
 - (i) restricting or preventing a merchant from steering a cardholder to use any payment card, or any payment card network available on a payment card, and for the purpose of this subparagraph, the act of “steering” includes the act of

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- indicating preference or offering discount or other benefit for the use of a payment card or a payment card network but excludes the act of imposing a surcharge on a payment card transaction;
- (ii) restricting or preventing a merchant from routing or setting priority routing to route a transaction made using a co-badged debit card to the payment card network of the merchant's choice;
 - (iii) restricting the number of payment card networks on which a payment card transaction may be routed or processed at the point-of-sale; or
 - (iv) restricting or preventing an acquirer or a merchant from giving equal prominence to a competing payment card network at the point of sale.
- (b) For transactions made using a co-badged debit card-
- (i) merchants shall have the first priority in deciding which payment card network that a transaction is to be routed or processed, followed by cardholders;
 - (ii) acquirers shall ensure that the POS terminals that they deploy to merchants are enabled to allow merchants to choose the payment card network of the merchant's choice; and

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- (iii) acquirers shall ensure that a merchant who decides to set priority routing at the POS terminals display a prominent notice at the point of sale to inform customers about the payment card network that is prioritised by the merchant for routing purposes over other payment card networks.

- (c) An acquirer shall provide in the monthly or periodic statement sent to all its merchants the following information:
 - (i) the respective MDR applicable for each payment card transaction;
 - (ii) the respective interchange fee rate applicable for each payment card transaction; and
 - (iii) the website address of each payment card network where details of interchange fee rates are published.

- (d) An acquirer shall provide in its monthly or periodic statement sent to all its merchants a prominent notice to notify the merchants of any reduction in interchange fee rates together with-
 - (i) a notice of the corresponding reduction in the MDR charged to the merchants; or
 - (ii) an explanation as to why there is no corresponding reduction in the MDR charged to the merchants.

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S 9.6 Prohibition on exclusivity to an account or a line of credit

An approved operator of a payment system including an operator of a payment card network shall not do or omit to do an act which has the object or effect of restricting or preventing the access or use of, an account maintained by a customer with a financial institution or a line of credit extended by a financial institution to a customer, via other payment card networks, payment systems or payment instruments.

S 9.7 Minimum product offering for payment cards

- (a) An issuer who issues a debit card, a prepaid card or a credit card shall offer to its customers, at the minimum, the option of obtaining a basic debit card, a basic prepaid card or a basic credit card as the case may be, with minimal or no cardholder incentives or rewards, and at zero or a nominal fee charged to the customers subject to the prior written approval from the Bank.

- (b) In providing customers with an option to obtain a basic debit card, a basic prepaid card or a basic credit card as the case may be under sub-paragraph (a) above, an issuer shall also provide the customers with the choice of obtaining-
 - (i) a payment card that enables a cardholder to make payment to any merchants acquired in or outside Malaysia under the

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payment card networks available in the respective payment card; or

- (ii) a payment card that enables a cardholder to make payment to any merchants acquired in Malaysia under the payment card networks available in the respective payment card.

S 9.8 Reporting and data retention requirements

- (a) Each issuer, acquirer and operator of a payment card network shall submit to the Bank a report in such format and at such periodic intervals as the Bank may specify in writing.
- (b) Information or data required in the report in sub-paragraph (a) above may include details of costs incurred in relation to a debit card, prepaid card and credit card transaction, interchange fees, MDR, the processing or other fees imposed by operators of payment card networks, incentives, funds and payments received from operators of payment card networks, transaction decline rates and such other information and data as the Bank may specify in writing.
- (c) Each issuer, acquirer and operator of a payment card network shall retain evidence of compliance with the obligations set out in paragraphs 8 and 9 above for a period of not less than seven years after the completion of the transactions, operations or events related to the respective obligations.

SCHEDULE

Industry indicators

(sub-paragraph 8.4(d))

Industry Indicators	2015	2016	2017	2018	2019	2020
1) Cumulative POS terminals comprising:						
a. Contact terminals	252,000	264,000	301,000	392,000	483,000	560,000
b. Contactless terminals	28,000	66,000	129,000	168,000	207,000	240,000
2) Debit card transactions (million)	89	137	246	433	681	1,000

Notes:

1. The industry indicator on “Cumulative POS terminals” represents the cumulative total number of POS terminals deployed in Malaysia (net of terminals that have been terminated) which satisfy the following characteristics:
 - (a) There is at least one (1) payment card transaction per month for each of the POS terminals; and
 - (b) Any new POS terminal deployed commencing from 15 January 2015 is deployed at new merchants or at new merchant outlets.

2. For the purpose of determining the level of non-achievement of the industry indicators under paragraph 8.4(d) above, equal weightage of 50% is assigned to each of the industry indicators set out above.