

PSD2 - The Second Payment Services Directive

Frequently Asked Questions



GENERAL	
1. What is PSD2?	<p>Since 2009 when the Payment Services Directive (PSD) was first mandated, the retail payments market has experienced significant technical innovation, with rapid growth in the number of electronic and mobile payments and the emergence of new types of payment services in the market place.</p> <p>The revised or second Payment Services Directive (PSD2), is a directive that aims to drive increased competition, innovation and transparency across the European Union (EU) and European Economic Area (EEA) payments market, while also enhancing the security of internet payments and account access.</p> <p>These Regulations require us to make certain changes to our banking terms and conditions. The Regulations are based on a European Union Directive which is designed to further benefit customers across Europe by enhancing the transparency and standardisation of service terms and conditions originally introduced in 2009.</p>
2. When will PSD2 come into force?	PSD2 has been implemented into local law as of 13 January 2018.
3. What does PSD2 cover?	PSD2 covers payments made with cards such as credit/debit cards and transactions such as credit transfers, direct debits, money remittance and cash deposits plus withdrawals to a payment account. It does not cover cash-only transactions, cheques, acceptance terminals, transactions to/from central banks, clearing houses, bank internal transactions, and intra-group transactions between parent and subsidiary.

TERMS, DEFINITIONS AND CONDITIONS	
4. What is the unique identifier?	<p>The unique identifier is the combination of letters, numbers or symbols (such as an IBAN - International Bank Account Number) that allows us to identify the beneficiary of a transaction and/or their payment account. The unique identifier indicates to us without ambiguity the identity of the payee and their account.</p> <p>When we execute your transaction we will look only to the unique identifier to determine where the payment should go. We are not required to investigate whether the unique identifier is in accordance with the other information you may have provided to us e.g. the name on the account.</p>
5. How does PSD2 define 'business day'?	Under PSD2, business day means not just a day on which the banks are open for business as usual, but a day on which banks are open for business 'as required for the execution of a payment transaction'. In other words, if a bank is open for limited business but is not executing transactions of a particular type, then that day is not a business day for purposes of this transaction. This can mean either the payer's bank or the payee's bank.
6. What is a national payment transaction?	<p>A national payment transaction is when a payment service and the payment service user are in the same country and the transaction takes place there. The location of the bank does not matter.</p> <p>For example, if an English bank were to offer a payment service through its branch in Malta to a Maltese customer, any transaction between the Maltese customer and the English branch in Malta would be a national payment transaction. If the same branch operating in Malta were to offer a service that was then paid for by a customer in Belgium, then the relevant transaction would be cross-border and not a national payment transaction.</p>
7. What is the 'payment service user' referred to in PSD2?	The payment service user (PSU) is the party making use of the payment service offered by the bank. This can be either the payer or the payee.
8. How is 'consumer' defined?	PSD2 defines a consumer as a natural person '...who in payment service contracts covered by this Directive, is acting for purposes other than his trade, business or profession.' That means that a non-consumer is one who acts for purposes of his trade, business or profession.

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<p>9. How is the distinction between consumer and non-consumer relevant?</p>	<p>PSD2 provides different levels of protection for payment service users depending on whether they are consumers or non-consumers. Non-consumers may agree with the bank certain optional terms that are mandatory for consumers.</p>
<p>10. We are a micro-enterprise according to the law of our country. Are we considered to be a consumer or a non-consumer for purposes of PSD2?</p>	<p>PSD2 allows countries to give micro-enterprises the same level of protection as is granted to consumers. This has been done by Malta. "Micro enterprises" is defined as being an enterprise, which at the time of conclusion of the payment service contract, is an enterprise as defined paragraph 3 of the Business Promotion Regulations (LN 135 of 2001 as subsequently amended). The Business Promotion Act defines "Enterprise" as being any individual or body of persons who or which carries on or exercises a trade, business, profession or a vocation.</p>
<p>11. To what does 'one leg in - one leg out' refer?</p>	<p>This phrase refers to the situation in which only one of the payment service providers is established in the EEA, and the other is outside the EEA or where payment is made outside the EEA. One leg out transactions will have limited application of PSD2 business provisions, e.g. value dating and availability of funds.</p>
<p>12. What is the 'point in time of receipt'?</p>	<p>The 'point in time of receipt' is defined as the time when the payment order transmitted (by the payer or by the payee) is received by us. The payment service user initiating the payment order can also agree with his payment service provider that the execution of a payment order shall start on a specific day, or at the end of a certain period, or on a day where the payment service user has set funds at his payment services provider's disposal.</p> <p>Establishing the point in time of receipt of the payment order is important as the time-lines executing this order are calculated from the point in time of receipt.</p>
<p>13. What is the opt-out or optional corporate approach?</p>	<p>PSD2 allows non-consumers to come to a different agreement with us with respect to certain provisions of PSD2. Instead of being required to comply with these provisions of PSD2, you may agree specific terms and conditions.</p>
<p>14. What types of provisions fall under the corporate opt-out or optional corporate approach?</p>	<p>The optional approach covers two main areas:</p> <ol style="list-style-type: none"> 1. The type and frequency of information your bank is required to send to you. As far as we are concerned, the arrangements we currently have in place with you will continue to apply. 2. Certain rights and obligations that exist between you and LOMBARD.
<p>15. I do not agree with these new terms and conditions. Can I ignore PSD2 regulations or will this have consequences?</p>	<p>We are sorry if you don't agree with the new terms and conditions, however LOMBARD is required to introduce these changes as a consequence of PSD2.</p>
<p>16. I have negotiated terms and conditions for several payment products/services in the past. What will happen to these negotiated terms and conditions if I sign the documentation that has been provided to me by LOMBARD?</p>	<p>It is our desire to respect the terms and conditions negotiated with you in the past. Where provisions of the terms and conditions deviate from the provisions applicable prior to 13 January 2018 in our contractual relationship, we will respect such provisions from 13 January 2018 without variation to such terms and conditions unless they must be changed as a result of mandatory provision of law.</p>

<p>FEES AND CHARGES</p>	
<p>17. I requested a payment order with the charges to be for the payee, BEN, but you processed the order with SHA charges. Why?</p>	<p>PSD2 requires that charges on a payment transaction that does not involve a currency conversion, or in a non EU currency and beneficiary is in an EEA country, are shared between the payer and the payee as SHA, not BEN/OUR. If you submit a payment with instructions that do not comply with this rule we are required to process the payment as SHA.</p>
<p>18. Are charges for all payment transactions in the scope of PSD2 now to be set to SHA, or are there some to which BEN/OUR still applies?</p>	<p>If the transaction involves a currency conversion and LOMBARD does not hold an account in that currency, the charges can still be set to OUR, but otherwise OUR should not be applied for payment transactions in the scope of PSD2. The BEN option should not be applied for payment transactions in the scope of PSD2.</p>

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<p>19. I am making a payment in euros to my counterparty in the UK where the euros will be converted to sterling by my counterparty's bank. Can I set the charges to BEN or is SHA required?</p>	<p>If you select charges to BEN, at LOMBARD we will not accommodate BEN as an option for charges and we will automatically repair such charge options to SHA.</p>
<p>20. I understand that the charges are to be set to SHA, but I do not want to pay the charges for the payment order, and in fact have agreements with the beneficiaries that they are to bear the costs of all payment transactions. Is there a solution to this?</p>	<p>FAQ17 refers. The payee pays the charges levied by his payment service provider, and the payer pays the charges levied by his payment services provider. This is a requirement of the law.</p>

<p>THE PROCESSING OF PAYMENT TRANSACTIONS</p>	
<p>21. I have submitted a payment order but now find I need to cancel the payment. Am I allowed to revoke the instruction?</p>	<p>Once a payment order has been received by LOMBARD, you may not revoke the order unless we have an agreement in place that revocation can take place at a point in time after receipt.</p>
<p>22. What fees and charges will be deducted from the amount of the payment I am making?</p>	<p>The full amount of payment will be transferred to the bank of the beneficiary.</p>
<p>23. We understand that you will not deduct charges from the amount of our payment order. How can we be sure that the intermediaries through which you are routing our order will not deduct charges?</p>	<p>As your bank, PSD2 requires us and our intermediaries to transfer the full amount of the payment transaction and refrain from deducting charges from the amount transferred. We will of course be as helpful as we can should intermediaries deduct charges.</p>
<p>24. By what time should I submit my payment order to be sure that it will be processed the same (business) day?</p>	<p>You should submit your payment instruction to the bank before the cut-off time. The relevant cut-off time depends on the type of transaction, the currency, and the electronic banking channel used. While the cut-off time is required to be near the end of the business day, it could be several hours before the bank closes for other business for the day depending on the nature of the transaction.</p>
<p>25. I sent you my payment order after the cut-off time for today, and I see that tomorrow is a national holiday. When will my payment order be executed?</p>	<p>Your payment order will be deemed to have been received on the next following business day. This would be the day after the national holiday if that is a business day.</p>
<p>26. The cut-off times are meant to be near the end of the business day. What does this mean?</p>	<p>'Near the end of a business day' is a relative term that could mean 13:00 or 14:30, depending on the nature of the transaction and the extent of the processing required.</p> <p>At LOMBARD, cut-off times for various payment orders and channels vary according to the currency of a payment, channel used, whether debits are made from the same currency account and whether payment orders are to be processed using as 'urgent' or 'non-urgent'.</p>
<p>27. How long will it take to execute my payment?</p>	<p>In respect of payment transactions governed by PSD2, from the point in time of receipt of a payment order, we will execute your order on the day if a business day and before the cut-off time. Paper initiated transfers will be executed one day following receipt. LOMBARD, in many instances, exceeds some of the times for national payment transactions. For non-euro payments that involve more than one currency conversion or where the cross-border transfer of funds is not in euro, an extra day is permitted for execution.</p>

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<p>28. My payment order requires a currency conversion. Will this take longer?</p>	<p>FAQ17 refers. Where a currency conversion is required for a transaction not referred to in FAQ17, the time allowed for execution could be longer but not more than two business days after the time the order has been received by us at LOMBARD.</p>
<p>29. What are the consequences of an unauthorised payment transaction?</p>	<p>If we have an agreement in place that you may give consent after execution, and you wish to authorise such a transaction, then we can accept consent after the execution.</p>
<p>30. As a parent company, we and our subsidiaries execute many payments within the group. Are these within the scope of PSD2?</p>	<p>As long as the transactions take place among group companies, without an intermediary, the transactions are out of the scope of PSD2.</p>

<p>VALUE DATING</p>	
<p>31. We have submitted a payment order. When will our account be debited?</p>	<p>According to PSD2, the debit value date of your account is not to be any earlier than the time when the amount of the transaction is debited from your account. At LOMBARD, we may choose a debit value date that is later than the date we debit your account, but not earlier.</p>
<p>32. You have received a payment for our account. When will our account be credited?</p>	<p>According to PSD2, the credit value date of your account shall be no later than the business day on which the amount of the payment transaction is credited to the payee's payment service provider's account.</p>

<p>DIRECT DEBIT</p>	
<p>33. According to PSD2, what information must be included in a direct debit mandate?</p>	<p>PSD2 does not regulate the contents of a direct debit mandate nor the format for such a mandate. This depends on requirements of local law and the provisions of the agreement between you and LOMBARD or the regulations of the SEPA Direct Debit Scheme.</p>
<p>34. When is the point in time of receipt with respect to a direct debit payment order?</p>	<p>For the execution of direct debits, a payment service provider of the payee shall be required to transmit the payment order within the time limits agreed between the payee and his payment service provider, enabling settlement on the agreed due date. This means that the point of time of receipt of the payment order by the PSP of the payer may vary and will be subject to agreed upon timelines between the payee and his payment services provider.</p>
<p>35. Does PSD2 affect my right to obtain a refund of my direct debit transaction?</p>	<p>Rights of refund under a Direct Debit transaction are governed by the SEPA Direct Debit scheme.</p>
<p>36. I have agreed to a direct debit, but now need to revoke the payment order. When is the latest I can do this?</p>	<p>At LOMBARD, you have until the end of the business day before the day that you agreed the funds would be debited from your account to revoke your consent.</p>
<p>37. What happens if the payer's bank does not get authorisation from the payer to execute the direct debit before the transaction?</p>	<p>The party making the payment can authorise the payment after execution. If this does not happen, the transaction is considered to be unauthorised.</p>