

Be prepared

Recommendations for merchants in physical commerce

Denmark's payment infrastructure is secure and efficient, but situations may arise in which some payment solutions do not work as usual. As a merchant in physical commerce, you should prepare for this.

Most payments in physical commerce are digital. Citizens' payments therefore depend on a robust digital payment infrastructure. The financial sector has a strong focus on security as well as a number of measures and contingency procedures to handle incidents without citizens and merchants noticing.

However, situations may still arise in which it is not possible to pay as usual for a shorter or longer period. As a merchant in physical commerce, you should prepare for this in order to reduce inconvenience for both yourself and your customers.

Prepare for situations where payments cannot be made as usual

Danmarks Nationalbank recommends that merchants operating in physical commerce – such as retail, restau-

rants, transport and other infrastructure – prepare for situations where one or more payment solutions do not work as usual for a shorter or longer period.

Therefore, as a merchant, you should plan in advance how to handle such situations, and decide whether you need to continue sales with one or more alternative payment methods.

Consider accepting payments by payment cards, cash and account transfers. If there are problems with one means of payment, you will then be able to switch to another.

If you normally accept card payments, you should also prepare to accept offline card payments. This helps you continue to accept payments if there are problems with payment card systems or the internet connection is lost.

Ensure that the staff at each store or point of sale know what to do when there are problems receiving payments. This includes providing clear, accessible information and training before the situation arises.

Prepare for situations where payments cannot be made as usual



Consider accepting payments by payment cards and account transfers in addition to cash.



Accept offline card payments if you normally receive card payments.



Have specific plans and instructions for the shop and staff.

Consider accepting payments by payment cards and account transfers in addition to cash

In Denmark, payment cards, cash and payment solutions based on account transfers (for example MobilePay) are the most widespread payment solutions in physical commerce. The three solutions rely on different payment systems and can, in many situations, function independently of each other.

While merchants in physical commerce are generally legally obliged to accept cash, offering two digital payment solutions helps ensure that you can still receive digital payments if one option fails. For example, payment solutions based on account transfers, such as MobilePay and mobile banking, can serve as a backup for cash and card payments.

The market for digital payments is developing rapidly, and new payment solutions are being introduced continuously. Keeping up to date on which payment solutions are available on the market is therefore advisable.

Accept offline card payments if you normally receive card payments

Offline card payments make it possible to receive card payments even when there are disruptions in the card payment infrastructure or internet connectivity is lost.

Danmarks Nationalbank recommends that merchants who normally accept payment cards prepare to accept offline payments. This requires having the technical solution available before the need arises. It may also require a separate agreement with your card acquirer and terminal provider.

Contact your payment providers to learn what you need to do to enable offline payments.

Two types of offline card payments

There are two types of offline card payments that you as a business can choose from: local authorisation and deferred authorisation.

Local authorisation is a solution that many businesses already have. It can be completed with all Dankort cards, including Visa/Dankort and Mastercard-Dankort, as well as most Mastercard payment cards issued by Danish banks.¹ This solution requires the customer to use their physical payment card and enter the PIN code. Therefore, mobile-based card payments via wallets, such as Apple Pay and Google Pay, are not supported by local authorisation.

Deferred authorisation is a relatively new solution that can be used with all types of payment cards – both physical cards issued to Danes and foreigners and mobile wallet solutions such as Apple Pay and Google Pay. This allows customers to pay as usual, for example using wallet solutions with deferred authorisation. For most merchants, this will be a robust solution, as many customers already pay via mobile wallets, and such payments are likely to become even more common. Deferred authorisation is being implemented in pharmacies and nationwide grocery chains. The solution is also available to others and can be implemented at several merchants.

Most card acquirers and terminal providers offer offline card payments with local authorisation as standard. However, to accept card payments with deferred authorisation, you will typically need an extra agreement with your card acquirer and terminal provider, and the solution must be implemented on your payment terminal.

Some merchants may benefit from additional measures

If you are a merchant with high turnover and many daily payments, you may want to consider additional measures to reduce the number of situations in which payments cannot be made online. This is because it is most secure to accept payments online when the payment terminal is connected to the card network, as this reduces the risk of misuse. For example, you can use several card acquirers or have alternatives to your fixed POS system and payment terminal.

Have specific plans and instructions for the shop and staff

Danmarks Nationalbank recommends that merchants in physical commerce have specific plans for what the staff should do if it is not possible to accept digital payments as usual. In some situations, it may not be possible to contact your payment providers – such as your acquirer – or the store's head office if communication lines are disrupted.

Plans should include precise instructions for staff: what do they need to know, what should they do, and when?

For example, it can be crucial that staff know how to activate offline card payments on the card terminal. Make sure that staff can guide customers on how to pay and which payment cards they can use. In addition, test at regular intervals that the plans work as intended.

¹ Many Visa cards can also be used for local authorisation, but Visa only allows this in certain situations and in selected retail sectors, such as supermarkets, pharmacies and petrol stations. This differs from Dankort cards (including co-badged Visa/Dankort and Mastercard/Dankort) and Mastercard, which in principle may be used for local authorisation without being limited to specific businesses or situations.