

## **Fair-pricing Agreements In Retailing (FAIR)**

Handbook of best practice (NECC/0008/06)

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## Contents

Contents .....	2
1. Introduction .....	3
2. Objectives .....	3
3. Applicability .....	3
4. Guidelines for FAIR.....	3
4.1 Timetable .....	3
4.2 The euro campaign mark .....	4
4.3 Key roles involved in FAIR.....	7
4.4 The key requirements of the FAIR initiative .....	8
5. Conclusion .....	10

## 1. Introduction

The NECC seeks to facilitate a concerted effort with various non-governmental sectors of society in ensuring a smooth transition from the Maltese lira to the euro both for the businesses as well as for the consumer.

The Fair-pricing Agreements In Retailing initiative (FAIR), seeks to ensure fairness and transparency in the pricing of goods and services during the changeover and to assist consumers to become confident and familiar with pricing in the new currency. Through subscription to FAIR, organisations are tangibly showing their commitment and support to such principles, while at the same time ensuring an adequate level of preparedness in time for €-day. Organisations that participate in such an initiative are in turn guaranteed nationwide publicity as part of NECC's related promotional campaign. Furthermore, those organisations that participate in FAIR before the mandatory dual display date, can expect NECC to promote them, recognising their commitment to early euro preparations and eagerness to represent the interests of their customers.

The implementation and supervision of this initiative shall be managed by the Euro Observatory (EO). The EO shall liaise with the NECC Information Unit in terms of publicity and compliance. The initiative will be managed through the following two instruments:

- (i) Memorandum of Understanding between the Euro Observatory and (name of participating organisation) establishing the FAIR initiative;
- (ii) Instrument of Delegation between the NECC and the Euro Observatory, appointed to administer and supervise the FAIR initiative.

## 2. Objectives

The purpose of this Handbook is to:

- document the concepts behind the initiative;
- list the benefits for the organisations participating;
- define the practical aspects that need to be carried out by the organisations in order to obtain and keep the accreditation;
- define the role of the Euro Observatory as the regulator of the initiative

## 3. Applicability

The Handbook serves as a guideline on the functioning of FAIR to:

- The Euro Observatory, that shall coordinate FAIR on behalf of the NECC;
- all organisations who transact with consumers and who opt to participate in FAIR by subscribing to the provision and requirements of the Memorandum of Understanding signed between the Euro Observatory and the individual organisations themselves.
- This initiative excludes governmental departments since specific arrangements will be applicable as from 1<sup>st</sup> January 2007.

## 4. Guidelines for FAIR

### 4.1 Timetable

FAIR will become operative as from 1<sup>st</sup> January 2007. Applications will be received as from 1<sup>st</sup> October 2006 up until the closing date for applications on 30<sup>th</sup> September 2007. Application forms and the associated memorandum of understanding will be made available on the NECC website.

On application to the initiative, an organisation will be requested to document their dual display implementation schedule. This allows an organisation to adopt a phased-in implementation of the requirements during the voluntary period of dual display, such that full compliance with the dual display guidelines is achieved by the commencement of the mandatory period of dual display.

## **4.2 The euro campaign mark**

### **4.2.1 Background**

The euro campaign mark (FAIR logo) constitutes one of the key elements of FAIR. It is a visible indicator of commitment by an organisation that it is voluntarily adhering to best practices established for the euro changeover period. The euro campaign mark is particularly effective for those practices that are not obligatory at law.

The euro campaign mark may serve as a means of enhancing corporate reputation of the organisation as it indicates commitment by the organisation to better serve the interests of the consumer in a time of transition in currency usage and pricing.

Care should therefore be exercised in its use by participating organisations. Whilst clearly displaying the euro campaign mark, subscribers need to keep in view their commitment as signatories to the Initiative and as subsequent holders of the campaign mark.

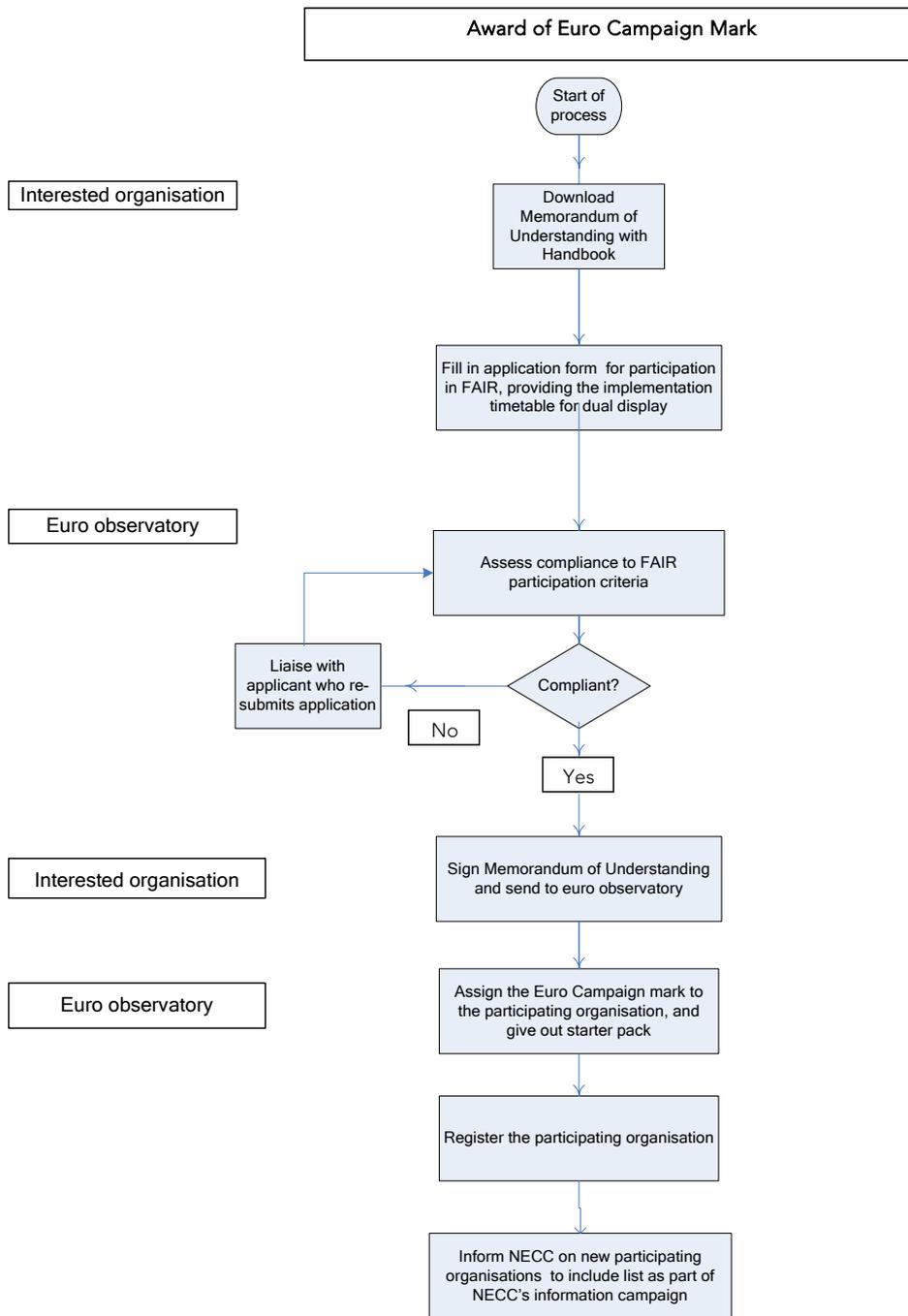
Serious and/or constant defaulting of requirements and provision established in the FAIR regulations can result in the withdrawal of the euro campaign mark.

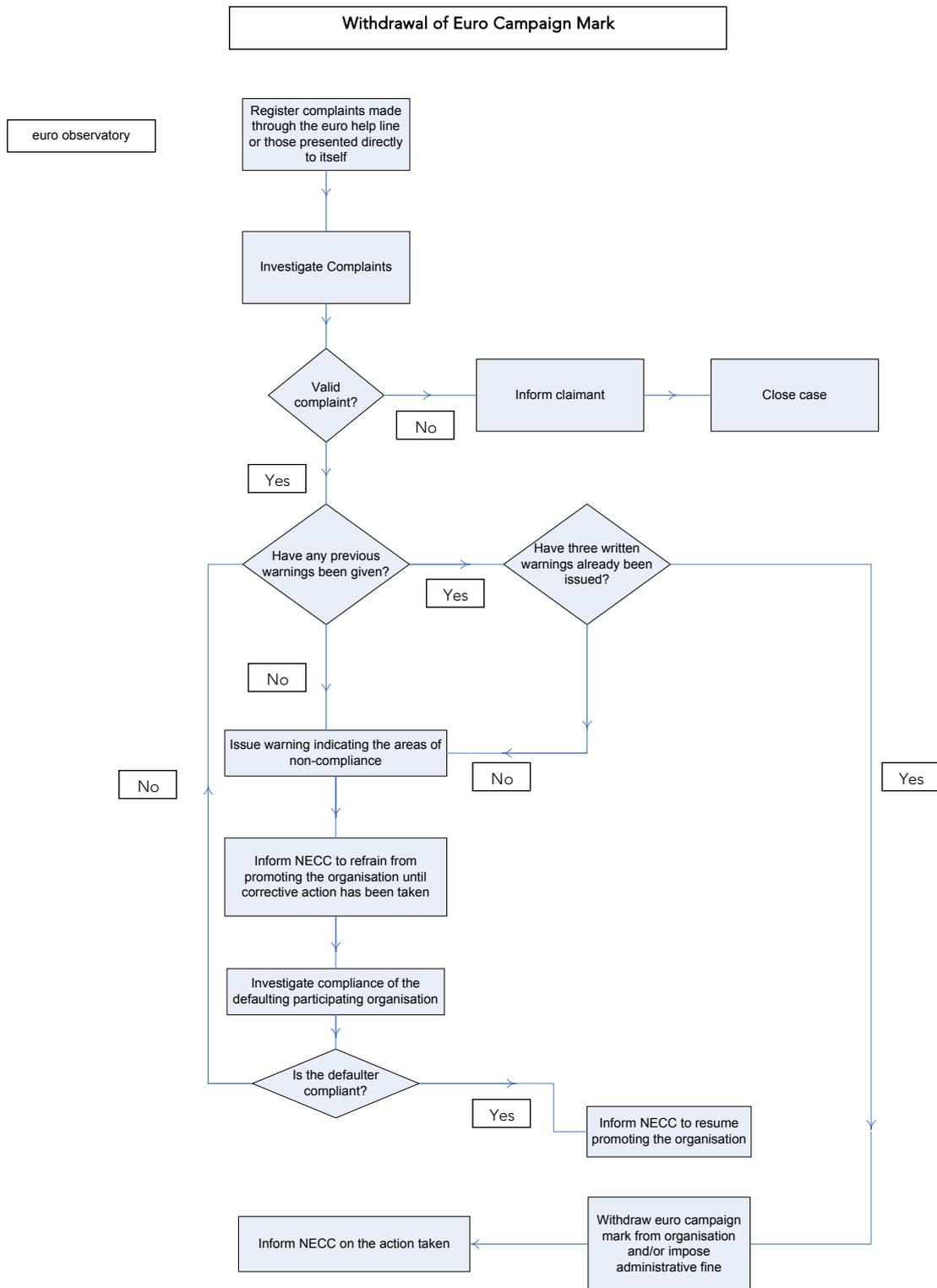
### **4.2.2 The key processes**

The euro campaign mark will be awarded following this procedure:

- i) The applicant submits the application form that will be reviewed by the Euro Observatory. The Euro Observatory will be available to provide assistance during the application process;
- ii) The euro campaign mark will be awarded by the Euro Observatory, on behalf of the NECC, to the organisations wishing to participate in the initiative, that satisfy the requirements as defined in the memorandum of understanding between the Euro Observatory and each participating organisation;
- iii) Additionally, in case of serious defaulting by the participating organisation the Euro Observatory can withdraw the euro campaign mark

The processes of award and withdrawal of the euro campaign mark are defined below:





As indicated by the two process diagrams above, the euro campaign mark is underpinned by the establishment of points of contact by the NECC (through the helpline *linja ewro 154*) as well as by the Euro Observatory as a means to involve the consumer in the smooth and effective running of the initiative.

### 4.3 Key roles involved in FAIR

The processes shown above also outline the roles that need to be conducted by each of the three key players to implement the FAIR initiative. These are listed in further detail hereunder:

#### a) *The National Euro Changeover Committee (NECC)*

The following tasks and responsibilities are to be provided for by the NECC:

- i) Launch of the euro campaign mark and issue related material for distribution to subscribing organisations;
- ii) Establish national euro helpline;
- iii) Sign an Instrument of Delegation between NECC and the Euro Observatory that establishes the parameters of monitoring and supervision of subscription to FAIR;
- iv) Conduct promotional campaigns on the initiative and promote participating organisations on a regular basis;
- v) Monitor calls made via euro helpline or through [www.euro.gov.mt](http://www.euro.gov.mt) and forward any complaints and issues on subscribers to the Euro Observatory;
- vi) Conduct meetings with the Euro Observatory, to monitor progress of the initiative;
- vii) Review the Memorandum of Understanding between the Euro Observatory and the organisations that voluntarily accept to subscribe to FAIR, in collaboration with the Euro Observatory should this be deemed appropriate.

#### b) *Role of the Euro Observatory*

The following tasks and responsibilities are to be provided for by the Euro Observatory:

- i) Sign the Instrument of Delegation between NECC and the Euro Observatory that establishes the parameters of monitoring and supervision of subscription to FAIR;
- ii) Launch and promote FAIR;
- iii) Establish and maintain:
  - Register for organisations subscribing to FAIR,
  - Register for subscribers who have been withdrawn from FAIR due to constant defaulting;
- iv) Enrol organisations subscribing to FAIR:
  - Sign memorandum of understanding between the Euro Observatory and the organisations that voluntarily accept to subscribe to FAIR,
  - Register the subscribers,
  - Assign the euro campaign mark;
- v) Conduct meetings with NECC to monitor progress of FAIR;
- vi) Monitor calls/complaints received and investigate accordingly;
- vii) Issue written warnings to those participating organisations that are not adhering to the commitments of the Memorandum of Understanding;
- viii) Where the organisation is still in default after three warnings, the EO shall withdraw the euro campaign mark.

#### c) *Participating organisation*

The following tasks and responsibilities are to be provided for by the participating organisation:

- i) Sign memorandum of understanding between the Euro Observatory and the organisations that voluntarily accept to participate in FAIR;
- ii) Implement the provisions of the Memorandum of Understanding;
- iii) Display euro campaign mark and observe the requirements and provisions of the Memorandum of Understanding;
- iv) Take remedial action upon receipt of complaint or written warning from the Euro Observatory;
- v) Inform the Euro Observatory of the remedial action taken;
- vi) Cooperate with the Euro Observatory in case of withdrawal of the euro campaign mark.

## 4.4 The key requirements of the FAIR initiative

The award and the retention of the euro campaign mark as part of an organisation's consent to participate in FAIR entails a number of key requirements related to communications, price indication, training and payment in euro and early preparations.

### 4.4.1 Communications

Organisations play a special role in establishing and maintaining consumer confidence during the changeover to the euro and in informing the consumer on the new currency. FAIR seeks to ensure:

- transparency in pricing of goods and/or services;
- easy, personalised and accessible ways to enable the consumer to understand the different denominations of notes and coins;
- means of enabling the consumer to think of prices in the new currency.

Hence organisations are encouraged to take active and pragmatic participation in the promotional campaign undertaken by the NECC. However, the two most important methods of facilitating the information campaign are through dual display at retail outlets and through direct communication of the consumer with the organisation's staff.

As a way to improve the visibility of organisations participating in FAIR, these shall also be granted:

- free staff training, that will improve the consumer trust in the euro changeover process in general and specifically in that organisation;
- the option of having a link to their website directly on the NECC website;
- the opportunity to use the euro campaign mark in their adverts/promotional material;
- inclusion in various NECC promotional activities where relevant

### 4.4.2 Dual display

Dual display of a price or other monetary amount, being the simultaneous display of an amount in the national currency unit and the euro, is aimed at facilitating a smooth changeover from Maltese lira to the euro on €-day.

This will enable the familiarisation of the consumer to the new currency and improve consumer protection through comparable pricing while assuring the preparedness of organisations in dealing with the new currency.

Further information is available in the Second Updated Master Plan for the Euro Changeover in Malta<sup>1</sup> and the Dual Display Guidelines<sup>2</sup>.

By undertaking dual display, an organisation is automatically obliged to comply with provisions of the Dual Display Guidelines and the Price Indication Regulations<sup>3</sup>.

### 4.4.3 Fair pricing

An organisation participating in this best practice initiative commits to apply a fair pricing strategy for the period of dual display i.e. not to increase prices for the simple reason that a currency changeover is taking place.

<sup>1</sup> Article 3.3.6 (page 20), Articles 5.2.2 and 5.2.3 (pages 35-36).

<sup>2</sup> Guideline: NECC/0005/06, Dual Display Guidelines

<sup>3</sup> LN283/2002 Consumer Affairs Act (Price Indication) Regulations

#### 4.4.4 Training in euro

Consumer-facing staff must be knowledgeable on the euro. It is in retail outlets that the consumers will encounter difficulties as they spend in euro and adjust to new price levels in euro.

The organisations must therefore ensure that their staff are fully comfortable with the euro and through their confidence ensure that shopping for consumers remains a pleasant activity.

Early familiarisation with dual display is an effective way of training consumer facing staff. Apart from enabling them to learn how to negotiate in the euro, the staff also need to know:

- the practical aspects of the euro that will impact upon their own lives, so that they may easily convey messages on the euro changeover to the consumer with confidence;
- cash handling and till training; including familiarisation with euro banknotes and coins from other Member States;
- how to deal with a mix of Maltese lira and euro in one payment during the period of dual circulation;
- calculating conversions between the two currencies as required.

A participating organisation in this initiative will be expected to allow their staff to attend the planned training by NECC (which is given free of charge). This is anticipated to take a maximum period of six hours (per person).

The Euro Observatory will be assisted by a team of euro assistants who will be responsible for face to face support and training guidance to organisations participating in this initiative, as well as assisting consumers at a local level. Euro assistants shall regularly visit the participating organisation to assist in the ongoing information and training requirements which are needed.

Each participating organisation will be supplied with a business starter kit consisting of a training DVD, a dual display calculator, a dual display price gun (where required), conversion charts and display material, thereby reducing the cost of implementation to the participating organisation. The starter kit will be made available to each participating organisation approximately four weeks after receiving approval for the subscription to FAIR.

#### 4.4.5 Preparedness in information systems, point of sales, cash registers, payment systems, payment card systems

As highlighted in the euro changeover checklist for business organisations, early preparation of information systems is necessary to ensure a smooth transition during changeover. This is especially critical in retail outlets where the consumer is likely to encounter his/her first experiences of the euro changeover.

Fiscal cash registers that are euro-compliant i.e. that can be configured to dual display without software modification and which are/will be implementing dual display shall do so in adherence to the dual display guidelines. Where software modification may be required, it is up to the owner to decide to go ahead with the software modification or to adopt an alternative implementation (e.g. provision of conversion tables with receipts).

Suppliers need to be contacted at an early stage in order to schedule and plan the necessary changes to systems and equipment. Banks will also need to be contacted with respect to plans for modifications to card payment systems.

It is extremely important that any system modifications meet the strict criteria laid down in the legal framework for the adoption of the euro and that any related guidelines issued by NECC are carefully considered.

## 5. Conclusion

This initiative is an opportunity where the organisation is voluntarily ensuring an adequate level of preparation, settling its own mind at an early stage (prior to the introduction of mandatory dual display) that it will be able to meet the challenges of the adoption of the euro, the obligatory requirements that will be adopted in any case and to profit from the benefits, such as free training and a business starter kit, which this initiative will offer.

The consumer will be able to start understanding the logics behind the euro changeover and this shall improve the trust level in the changeover process in general and specifically in the organisations participating in it. Therefore, due to the positive image that will be associated with participating organisations, these again stand to benefit from a potential increase in their activities resulting from the increase of consumer confidence.

While the NECC and the Euro Observatory play an important role in administering and promoting this initiative, it is the participating organisations that can make it a success by committing themselves to its basic requirements for the benefit of all.