

MERCHANT SERVICE AGREEMENT

THIS AGREEMENT is made this...day of ... 20...

BETWEEN UNION BANK PLC having its business office at Stallion Plaza, 36 Marina Lagos Island, Lagos (hereinafter referred to as "UNION Bank" which shall unless the context otherwise admits include its Successors-In-Title and Assigns)

AND..... Having its/his business address at.....(Hereinafter referred to as "The Merchant" which shall unless the context otherwise admits include its/his Successors- In-Title and Assigns or heirs as may be applicable).

WHEREAS:

1. UNION Bank is a provider of electronic based payment systems, acquirer of payment card transactions that may be used in connection on with payment services.
2. The Merchant desires to accept cards and such other payment system as UNION Bank may acquire as a payment method for the value of goods sold or services provided by the merchant to its customers or purchasers.

NOW IT IS HEREBY AGREED AS FOLLOWS:

The above parties to this Agreement shall hereinafter be referred to as ("the party "or" "the parties.")

1. **DEFINITIONS** In this Agreement unless expressly indicated otherwise, the following words and expressions have the meanings specified below: -

"Acquirer" means UNION Bank Plc.

"Card" means a payment card used as means of payment for goods and services and which transactions is acquired by UNION Bank.

"Card not present" means a transaction on where the card is not present at the me of the transactions on, like telephone orders etc.

"Cardholder" means any legal entity or natural person to whom a card issued and/or who is authorized to use it

"Card Issuer" means any entity legally entitled to issue cards

"Card Transaction" means any commercial transactions on for which a card processing equipment are used and which transactions on is acquired by UNION Bank

"Debit Card" means a plastic payment card that provides the holder electronic access to their bank account(s) at a financial institution.

"Deposit Bank" means the bank where the Merchant has settlement account domiciled

"PTSP" means a licensed organization on by CBN to deploy both online and offline POS terminals, maintain and support the terminals at merchant locations around the country

"Merchant Identification on Number" means a number provided by UNION Bank to identity the merchant in a transaction.

"Merchant Operating Manual" means a detailed description on and instructions to the merchant relating to the operating procedures and processing of valid card payment transactions.

"Parties" means UNION Bank, the Payment Terminal Service Provider (PTSP) and the Merchant.

"Penalty" means a fine levied by UNION Bank for the contravention of their regulations and/or operational risk parameters by the merchant.

"PIN" means a cardholder's personal identifications on security number/code allowing him/her to carry out a transaction.

"Pin-Driven Card" means a card which is operated by the cardholder by entering the Pin into the Point of Sale Terminal or Pin pad or otherwise

"POS Terminal" means the equipment or device used for accepting payment cards as a means of payment or otherwise used for processing card transactions.

"Processor" means licensed service provider used by the Issuer to authorize and process card transactions.

"Settlement means the part of the clearing process where the acquirer credits the merchant account with the amount of a card purchase and the acquirer debits the issuer for the transactions thus settling the transactions.

"Transaction" means any act between a cardholder and a merchant that results in activity on the cardholder's account such as a purchase, refund, or reversal and settlement and shall have the same meaning as card transaction.

Issuing Banks means Cardholders' Banks'. Authorities are switching or processing companies such as NIBSS, Interswitch or Unified Payments

2. PURPOSE

During the entire period of this Agreement: -

(i) The merchant shall at the request of cardholders or card beneficiaries sell goods/services to the same beneficiaries that are present in person during the completion of the transactions by accepting and applying the card payment rules and procedures, subject to all the terms and conditions imposed by this Agreement. The merchant is not authorized to sell goods/services to cardholders that are not present in person during the completion of the transactions without prior consent of UNION Bank.

3. RESPONSIBILITIES OF UNION BANK In this Agreement UNION Bank through its appointed PTSPs shall:

- A. Assign the Merchant Registration/Identification number to the Merchants.
- B. Enable the Merchant with equipment necessary for card transactions against the explicit Merchant's confirmation of receipt for each equipment

C. Supply the Merchant, Merchant Operating Instructions/manuals, POS terminals and such other items that may be required against the explicit Merchant's confirmation of receipt for each such items.

D. Organize and host Merchant's staff training to handle and operate system equipment and transactions in appropriate manner.

E. Supply the Merchant with' relevant Point of Sale Promotional Materials indicating that the Merchant accepts approved cards in payment for goods and/or services.

F. Make payments to the Merchant when due and payable under this Agreement subject to all the terms and conditions provided by this Agreement

. G. Pay the value of the transactions on made through the POS less the relevant charges according to the conditions of this Agreement to the Merchant within such a period as may be agreed between the parties.

4.RESPONSIBILITIES OF MERCHANT In this Agreement the merchant shall

- Accept all cards in use in the country irrespective of the issuing bank. ·
- Keep all POS printed receipts for a minimum of 120days.
- Apply to the Bank in writing to accept cards issued abroad
- Provide an indemnity in favor of the Bank in the event of fraud or chargebacks
- Pay the appropriate Merchant Service Charge (MSC) as agreed with the UNION Bank. The MSC will be deducted from payment due to the merchant during settlement
- Subject to the terms and condition in this Agreement, maintain the System Equipment and apply all available measures so that they are kept in good operational.
- Be responsible for safe keeping and proper handling of the terminal. The merchant will be responsible for replacement of stolen terminals and repair or replacement of terminals that are mishandled by the users
- Promptly inform UNION Bank of any detected issues on the terminal through agreed communication channel.
- Promptly inform UNION Bank of any relocation
- Ensure that the payer's identity is validated against the name on card for transactions of N10m and above.
- Fully indemnify UNION Bank in the event that it is not able to produce the following information in the event of an occurrence of fraud on the terminal under its custody:
 - Type of good(s) purchased · Invoice or receipt for the items purchased

- Inventory record(s) to show movement of goods from the store
- Name, Address and Phone of Customer
- Ensure that payer's identity is validated against the name on the card for transactions of N10m and above,

5. DISPUTED TRANSACTIONS Notwithstanding any other provision to the contrary, UNION Bank shall have the right to:

- i. Send the settled transaction received from the Merchant to the issuing banks/authorities concerned for the purpose of checking and in any case of objection and/or opposition on the executed transaction by the issuing Bank or the authorities concerned for any reason.
- ii Suspend, withhold, or refuse payment indefinitely to the Merchant in the event that UNION Bank suspects fraud in respect of any transaction.

6. REVERSAL OF FAILED POS TRANSACTIONS AND CHARGEBACK RESOLUTION

For all failed POS transaction or declined transaction for which cardholders were debited:

- I. Merchants are required to advise their customers (cardholders) to report such failed POS transactions to their Bank for refund of declined transaction they are debited for reversal. Merchants should not refund cardholders for failed POS transaction.
- ii. UNION Bank will not be held liable for claims, liabilities damages, losses, consequences, costs and expenses of whatever nature that may be incurred from unlawful par ng with goods and or service for declined or failed POS transaction.

7. EQUIPMENT

All equipment and stationeries supplied to the Merchant by UNION Bank or its appointed PTSPs in the implementation on of the provisions of this agreement shall be in the possession of the Merchant and the merchant shall have no right to use it unless for the purposes of processing their sales transaction provided it is used only for its account and UNION Bank or its appointed PTSP shall have the right to recover it at any me, and the Merchant shall:

- (i) Preserve the equipment and machines, take care of them, and ensure that only trained and authorized employees of the Merchant will use the equipment in accordance with the direction provided by UNION Bank.

(ii) Inform UNION Bank /PTSP immediately if any failure occurs to the equipment and machines.

(iii) Guarantee all damages to the equipment and machines as a result of usage in a manner contrary to and/or for purposes not stated in this Agreement

(iv) Not use or lend the system equipment received from UNION Bank/ PTSP for the sale of goods/services of third parties.

8. NOMINATED BANK ACCOUNT The Merchant shall advise the details of the Merchant's account with the Bank and shall not make any change to the Bank account without the written consent of UNION Bank.

9. FRAUDULENT TRANSACTIONS

Fraudulent transactions shall include but not be limited to:

(i) Any purchase and/or transactions arising from the use of a card by a person other than the authorized cardholder

(ii) The use of a card that is not authorized in terms of the rules governing the issue and use of cards.

MERCHANT CATEGORY	SERVICE CHARGE	FEE CAP	BORNE BY
GENERAL MERCHANTS	0.50%	N1,000	MERCHANT
FUEL STATIONS	0.50%	N1,000	ACQUIRER

Note that the merchant service charge includes a 7.5% VAT bringing it to a total of 0.54% capped at N1,075.

10. COMMISSION / FEE/ CHARGES

The merchant shall pay the current applicable industry Merchant Service Charges shown below or any other fee as the Bank may stipulate based on money market changes or industry regulations.

11. DAILY LIMITS

Merchants' limits based on volume of business / type of commercial activities shall not be more than below:

Merchants Category	Capped Volume limit (per terminal daily)
General Merchant	N3bn
Fuel Stations	N5bn

12. SETTLEMENT AND REVERSAL OF TRANSACTIONS

Notwithstanding any provisions to the contrary, UNION Bank shall have the right to:

- i. Pass into the merchant's account the daily net (debit or credit) due settlement as advised by the switching company.
- ii. Debit the merchant's account while advising via email the merchant with the details of the day's settlement where the daily net settlement is a debit position.
- iii. Debit the merchant's account for any wrongly settled amount which was not due to it.
- iv. Debit the merchant's account where a dispute claim is initiated by a cardholder against the merchant and a response is not received within a stipulated time with valid proof of service rendered.

13. ARBITRATION

A. Any dispute, controversy or claim between UNION Bank and the merchant arising out of or in connection with this agreement or breach, terminal on or invalidity thereof shall be settled by arbitration as stipulated hereunder.

B. The dispute shall be referred to two arbitrators and each party shall choose its own arbitrator, and the two arbitrators shall choose a third arbitrator to act as Chairman if necessary. The arbitrators' award shall be either unanimous or by majority.

C. The proceedings of the arbitrators shall be governed by the provisions of the Arbitration and reconciliation on Act (Cap A18 Laws of the Federal on of Nigeria, 2004).

14. NOTICES Unless otherwise provided herein or agreed to by the parties any notice requests or other communication mentioned herein shall be in written (by telex, cable, facsimile) and sent to the address of the party as contained in this Agreement or such other address as any party may advise the other in written.

15. INDEMNITY

The merchant shall indemnify the Bank for any damages, liability or loss suffered or incurred as a result of the negligence, recklessness, misconduct of the Merchant, its staff or agents or for any failure on the part of any of the Merchant to perform any of its assigned roles or obligations as contained in this Agreement.

16. AGREEMENT

A. The term of this Agreement shall be for an unlimited period and shall not be transferred and/or assigned to any other person and shall remain in effect between both parties until it is terminated in accordance with the provisions of this Agreement. The Agreement is valid and applicable to all outlets owned by the merchant.

B. For the purposes of this Agreement, both parties have taken the address stated hereinafter beside their names as their chosen domicile where all the letters and the verification on shall be duly served.

C. Both parties acknowledge that this Agreement has been signed by the authorized person(s) who is/are fully empowered to sign it and both parties shall have no right to challenge the validity of this Agreement and that no such procedure shall affect the validity of the transactions already done.

D. The inapplicability of any clause/clauses of this Agreement for any reason shall not be considered as an abandonment or waiver of this term or any right thereof and shall not affect the validity of the remaining terms.

E. This Agreement shall remain valid regardless of any amendment or change in the name, Memorandum and Articles of Association on or consist of membership of partnership of the Merchant including reform and the Merchant shall be bound to UNION Bank immediately upon the occurrence of any change or amendment.

F. The terms of any form, forms, manual or written instructions or directive by UNION Bank including but not limited to merchant application on form, any operating guide, card security

features documentation on, etc. in respect of the transaction contemplated by this agreement shall be considered an integral part of this Agreement, and in case of any inconsistency with the provisions of this agreement the provision that achieves the best interest of UNION Bank shall be applicable at the absolute directive on of UNION Bank.

G. This Agreement constitute the agreement between the Parties hereto and the Parties acknowledge that they have not entered into this Agreement in reliance wholly or partly on any statement or representation on made to any of them by the other except as contained or referred to herein.

H. No forbearance or indulgence by any party in enforcing any term or condition of this Agreement shall prejudice the party's rights or powers under this Agreement and no waiver of any breach shall operate as a waiver of any subsequent or continuing breach.

I. This agreement may be amended or changed at the absolute discretion on of UNION Bank provided that such amendment shall only be binding on the Merchant effective on 30 (thirty)days from the date that UNION Bank gives the Merchant written of such amendment (such date inclusive).

J. Nothing contained in this Agreement shall operate to constitute a partnership or similar legal association between UNION Bank and the Merchant.

17.TERMINATION

Both parties shall have the right to terminate this Agreement by giving the other party thirty days prior written Notwithstanding any provision to the contrary, **UNION Bank** may terminate 'this agreement at its absolute directive on and without prior to the Merchant if:

- (i)The Merchant is in breach or defaults in the performance of any of the merchant's obligations
- (ii)The Merchant ceases to carry on its business or if an order is made for the winding up of the business
- (iii) Any exec on or distress levied upon or against any of the channels or property of the Merchant is not discharged within 7 days
- (iv)The merchant shall stop payment or shall cease or threaten to cease to carry on its business or any sustainable al part thereof.

(v) Sufficient fraudulent transactions occur on the POS Terminal in the opinion of UNION Bank.

(vii) Without prejudice to any other remedy available to Union Bank and notwithstanding any provision to the contrary, the merchant shall pay to Union Bank, the cost of the POS terminal and its installations on in the event of damage or loss. as may be determined by UNION Bank if the merchant terminates this Agreement within six months of the date of installation on of any equipment.

IN WITNESS WHEREOF the parties have executed these present the day and year first above mentioned in the manner herein contained.

SIGNATURE:

NAME:

POSITION:

In the presence of:

IN WITNESS WHEREOF the parties have executed these present the day and year first above mentioned in the manner herein contained.

Signed for and on behalf of Merchant

SIGNATURE:

NAME:

POSITION:

In the presence of:

NAME OF WITNESS:

SIGNATURE:

POSITION:

Signed for and on behalf of UNION BANK Plc

SIGNATURE:

NAME:

POSITION:

In the presence of:

NAME OF WITNESS:

SIGNATURE:

POSITION: