



MERCHANT SERVICE TERMS – PAYU ACQUIRED PAYMENT SERVICES

1. INTRODUCTION

- 1.1 By using or subscribing to PayU Acquired Payment Service (“**the Service**”), you agree that you have read, understood and are bound by:
- 1.1.1 these ‘Merchant Service Terms – PayU Acquired Payment Service (“**Service Terms**”);
 - 1.1.2 the ‘Merchant Service Terms – General’ (“**General Terms**”);
 - 1.1.3 if available and selected by you:
 - 1.1.3.1 the ‘Merchant Service Terms – the PayU Pocket Terms’ (“**Pocket Terms**”);
 - 1.1.3.2 the ‘Merchant Service Terms – the PayU Call2Pay Terms’;
 - 1.1.3.3 the ‘Merchant Service Terms – the Fraud Management Terms’;
 - 1.1.3.4 the ‘Merchant Service Terms – the PayU USSD Service Terms’;
 - 1.1.4 the provisions of the hardcopy or electronic enrolment form relevant to PayU Easy Enrolment Form (“**Enrolment Form**”); and
 - 1.1.5 any notices which may be published under “**Notices**” on the Website from time to time.
- 1.2 Your use of the Service indicates your acceptance without modification of these Service Terms, as read with the General Terms, the Pocket Terms (if applicable) and the Enrolment Form which will together constitute a legal agreement (“**the Agreement**”) between you and PayU.
- 1.3 Unless the context clearly indicates the contrary, any term defined in the General Terms when used herein, shall bear the same meaning as defined in the General Terms. In this regard note that, because the Service enables you to receive payments made to you online, you are a ‘Merchant’ for purposes of this Agreement. To the extent that there is any inconsistency between any provision of the General Terms and these Service Terms, then these Service Terms shall override the General Terms to the extent of the inconsistency.
- 1.4 **Note:** that the Service entails the acquiring and settling of transaction amounts in Naira only, so if you wish to have amounts acquired and/or settled in other currencies, you should not subscribe to this Service.

2. DURATION

This Agreement shall commence with effect from the date of activation of the Service by PayU which date shall not be earlier than the requested commencement date set out in

your Enrolment Form and shall endure until either of us terminates it in accordance with the General Terms.

3. THE SERVICE

3.1 General

3.1.1 The Service enables you, as the seller of products and/or services, to receive payments from third parties, including but not limited to PayU users and PayU Pocket users ("**Payers**"), in respect of your transactions with them, in Naira, for the payment methods selected by you in the Enrolment Form or are made available to you by PayU, being:

- (a) Visa and MasterCard card not present enabled credit or debit transaction processing services; and/or
- (b) MasterPass transaction processing services of (a) Visa and MasterCard credit, debit cards that are enabled for card not present processing and (b) Visa and MasterCard card credit or debit cards that are enabled for Authenticated Mobile Transactions (AMT) processing; and/or
- (c) PayU Pocket ("**Pocket**") transactions and the services if made available and supported via the Pocket;
- (d) such other alternative payment methods as may be available as part of the Services from time to time and selected by you in your Enrolment Form (each hereinafter referred to as an "**Alternative Payment Method**" or "**APM**"),

but in all instances without having to have your own merchant acquiring account with a bank or other financial institution.

3.1.2 Payers will make their payments to you, but such funds will be paid into PayU's own bank account, where the funds will be held for you until paid out to you in accordance with clause 3.4.

3.1.3 Regarding the PayU Pocket which, if available in Nigeria, shall be made available to you, PayU will receive the payments made by Payers via the Pocket into its own bank account. You acknowledge and agree that you are required to integrate and activate the Pocket on your website. If you would like to know if the PayU Pocket is available for use in Nigeria, please contact sales@payu.com.ng.

3.1.4 Regarding any other APM which may be available and may have been selected by you in your Enrolment Form, similar to the PayU Pocket, although PayU is able to receive the payments made via such APM into its acquiring account by virtue of its systems being pre-integrated with the systems of the APM Provider, you acknowledge and agree that to integrate and activate such APM on your website you need to have first entered into a contractual relationship of your own with such APM Provider. Any failures or problems you experience with the APM itself should be taken up directly with the APM Provider in terms of your agreement with it.

3.2 Processing your transactions and receiving the Proceeds

3.2.1 By registering for the Service you appoint PayU to process payments and to accept the proceeds of payment instructions from your Payers ("**Proceeds**") on your behalf in accordance with your instructions, subject to the terms and restrictions of this Agreement.

3.2.2 Proceeds will be received into the bank account PayU has with a Nigerian bank. PayU will at all times hold such Proceeds on your behalf, separate from our own

funds, and will not use your Proceeds for our own expenses or voluntarily make same available to our creditors. **Note that:** (a) in the same way that Proceeds from your transactions are received into PayU's bank account on your behalf, any credit card chargebacks associated with those transactions are similarly deducted from PayU's bank account and thus paid by PayU on your behalf; (b) the Service is a payment processing service, not a banking service and PayU is a Payment Solution Service Provider (PSSP) is not acting as a bank, trustee, fiduciary or escrow in respect of your funds; (c) Interest accruing on any Proceeds (including any accruing on any Withheld Portion) held by PayU shall accrue to PayU, and you shall have no claim in relation to such interest amounts and (d) you understand that your account balance represents an unsecured debt owed by PayU to you.

3.2.3 PayU will process your transactions via 3D Secure but it is something that will be determined by PayU and/or its acquiring bank in its sole discretion. If you subscribe for any additional PayU Services which do not support 3D Secure and as such, such transactions are not passed through 3D Secure, this may result in an increased risk to you. You understand and agree that you will be solely responsible for all chargebacks and other losses that may arise as a result of you processing such transactions.

3.2.4 PayU may restrict your transactions to Nigerian issued cards, but whether or not the restriction will be enabled for you at all, or if enabled, whether it will apply to all or only some of your transactions, is subject to PayU's discretion.

3.3 **Amounts due by you which will be deducted from Proceeds**

3.3.1 **Service Fees:** You will be liable for Service Fees as set out in clause 4 below, which you agree will be deducted and withheld from the funds paid out to you from time to time.

3.3.2 **Chargebacks:** Chargebacks related to your transactions are deducted from PayU's bank account, and it remains your responsibility to contest any such chargebacks. Although PayU will notify you of any such chargebacks, should you wish to contest any such chargeback, it will be your responsibility to collate the required information, including any such documentation as may be required in terms of the Pocket Terms (if applicable) and to provide with same timeously to PayU to enable PayU to submit same to the bank on your behalf.

3.3.3 **Refunds:** PayU will endeavour to take reasonable steps to process requested refunds to your Payers to the extent that the payment methods used allows for the refund to be processed, and may, from time to time, request certain documentation from you in order to do so, including documentation to prove the existence of a sale to your customer, the delivery of a product pursuant to a sale, the cancellation of a sale by your customer and/or a request for a refund by your customer. You are obliged to provide such documentation timeously to PayU in order to facilitate PayU's processing of refunds to your Payers. In the event that PayU is, by reason of your failure to deliver any document so requested or due to any applicable law, regulation, banking practice or other reasonable grounds, unable to process a refund to your customer, you will be responsible for refunding your customer directly.

3.4 **Settlement of net Proceeds to you**

3.4.1 Subject to clause 3.4.3 below, Proceeds will be paid out to you net of any Service Fees, Tax, fines, penalties, refunds/reversals and chargebacks, upon the expiry of

such periods of time as may be specified in your Enrolment Form (“**Settlement Periods**”).

- 3.4.2 Payment will be made electronically into your bank account as stipulated in your Enrolment Form. PayU will not be held responsible for incorrect banking details being provided by you which may lead to funds held by PayU on your behalf being transferred to the incorrect party. It is your responsibility to ensure the accuracy of the provided banking details.
- 3.4.3 **Withholding:** PayU reserves the right, forthwith on written notice to you (which for purposes of clarity, includes notice via email), in the event of (a) specific transactions PayU deems suspicious; (b) transactions that carry high reversal or chargeback rates; or (c) transactions if they otherwise pose an increased risk of loss to PayU to withhold, a certain percentage of Proceeds (“**Withheld Portion**”), we receive on your behalf for specific period as set out in our written notice to you (“**Holding Period**”). During the Holding Period applicable to any specific Proceeds received by PayU, you will not be entitled to, and PayU will not be obliged to, pay you the Withheld Portion of such Proceeds.
- 3.4.4 **To the extent that the funds held by PayU on your behalf at any specific time are insufficient to accommodate all chargebacks, fines, penalties, taxes, reversals and/or Service Fees related to your transactions, you acknowledge that you remain liable to PayU for such amounts.**
- 3.5 **You acknowledge the nature of the Service and accordingly agree that the operation of the Service is known to you and you accept that it is suitable for the purpose it is intended to be used.**

4. SERVICE FEES

- 4.1 The Service Fees payable by you for the Service are based on when and how you use the Service, as follows:
- 4.1.1 Successful Transaction Fee: a fee on each transaction successfully processed;
- 4.1.2 Denied Transaction Fee: a fee on each transaction successfully processed to acquirer but declined by acquirer;
- 4.1.3 Variable Transaction Fee: a variable fee expressed as a percentage of the value of each transaction successfully processed;
- 4.1.4 Chargeback Fee: a fixed fee on each reversal/chargeback (including those processed on Pocket transactions, if applicable);
- 4.1.5 Refund Fee: a fixed fee on each refund (including those processed on Pocket transactions, if applicable);
- 4.1.6 Pay-out Fee: a fixed fee per pay-out of funds to you (including for amounts due to you from Pocket transactions, if applicable);
- 4.1.7 Pocket Fee (if applicable): a variable fee expressed as a percentage of the value of each successful transaction processed by us. If the Pocket is available, please refer to our Pocket Terms for further details;

- 4.1.8 additional fees based on any particular APM selected for use by the persons making online payments to you (if applicable).
- 4.2 Unless otherwise agreed with you in writing, the specific Service Fees applicable to you are as set out in your Enrolment Form or otherwise as set out on the Website.
- 4.3 Service Fees are due upon the processing of each relevant transaction, chargeback, refund or pay-out, as the case may be and are deducted from any funds we hold for you under this Agreement. **You remain liable for the Service Fees levied on each transaction successfully processed irrespective of whether such transaction is thereafter denied, reversed, charged back or refunded.** In the event that the funds held by PayU on your behalf are insufficient for the deduction of any applicable Service Fees, you remain liable for such Service Fees.
- 4.4 You acknowledge and agree that should your account reflect high levels of chargebacks and/or reversals, or otherwise pose an increased risk of losses for PayU, in the alternative or in addition to increasing the relevant Withheld Portion (as described in clause 3.4.3 above), we reserve the right to amend or vary the Service Fees and charges from time to time on 30 days prior written notice to you. When we notify you of any adjustments to the Service Fees which affect the Service, you are entitled to terminate the Service on written notice to us prior to the date in which the adjustments come into effect. If you do not terminate the Service after the adjustments come into effect, the adjustments apply to you from the date they come into effect.

5. REPORTING

- 5.1 PayU will account to you in writing in respect of each Settlement Period as to the Proceeds collected, chargebacks/reversals and/or refunds processed, Service Fees levied, and fines and penalties incurred, during such Settlement Period, notifying you of the net Proceeds payable to you, alternatively, the amount of funds due by you to PayU, as the case may be.
- 5.2 Any amount indicated as being due by you in any such aforesaid account must be paid within 10 (ten) working days from the date of such account, failing which, **you hereby authorise PayU to deduct such amount from your bank account. To this end, you agree to the debit order authorisation as accommodated within the Enrolment Form.**

6. DEPOSITS & BALANCES

- 6.1 You acknowledge that PayU does not hold a deposit-taking license (a banking license) and cannot hold funds on your behalf which are not the proceeds of payments due to you from the sale of goods or services where the payment instructions were processed by PayU on your behalf.
- 6.2 You acknowledge that if PayU holds funds on your behalf which are not the proceeds of payments due to you from the sale of goods or services processed by PayU, that PayU will endeavour to return such funds to the payment maker within a period of 48 hours after those funds were deposited into our bank account.

7. IMPOSED TRANSACTION LIMITS & DELAYS

- 7.1 PayU reserves the right to -

- 7.1.1 impose an upper limit on the amount of a single transaction which will be accepted through the Service;
- 7.1.2 impose a transaction review for certain potentially high-risk transactions and impose limits on the amount of payments you can process through the Service without our prior written approval;
- 7.1.3 impose certain limits with regards to the flow of funds in the system including, but not limited to, funds received and funds withdrawn. Details of these limits will be available on the Website from time to time; and
- 7.1.4 freeze or suspend your access to the Service for an indefinite period if there is suspicion of any illegal activity taking place or for any other reason whatsoever.

8. NO SURCHARGES

Visa and MasterCard regulations stipulate that merchants may not charge any fees/surcharges to a person solely by reason of that person making payment via credit card (often called a "**surcharge**"). You thus agree that in using the Service you will not impose any fee or surcharge for the acceptance of funds through any means including, but not limited to, the acceptance of credit cards. It is recorded for the sake of clarity that handling fees charged by you for the sale of your goods or services are not prohibited, provided that the handling fees applicable to certain payment methods are no higher than those applicable to other payment methods.

9. PROHIBITED CONDUCT AND HIGH RISK TRANSACTIONS

- 9.1 You may not use the Service to –
 - 9.1.1 accept payments for goods or services where payment is not yet due and for which no invoice exists which can be presented to PayU upon request;
 - 9.1.2 accept payment for illegal products or services, including but not limited to materials that infringe the intellectual property rights of third parties;
 - 9.1.3 receive payment or conduct activities in a manner that PayU, Visa, MasterCard, or PayU's bank acquirers and/or payment processors reasonably believe to be an abuse of the bank's reversal process, credit card system or a violation of credit card association rules; or
 - 9.1.4 to conduct any money laundering or any activity that constitutes a crime or contravenes any law, rule or regulation.
- 9.2 You may not, without PayU's prior written approval and any third party approvals (as the case may be), in respect of the following high-risk activities, to use the Service to -
 - 9.2.1 sell securities, business opportunities, franchises, multi-level marketing, or for the pre-order of goods;
 - 9.2.2 receive payments for any sexually oriented or obscene materials or services;
 - 9.2.3 receive payments for wagers, gambling debts or gambling winnings, regardless of the location or type of gambling activity;

- 9.2.4 receive payments for airtime, phone cards or PIN, VoIP, SMS credits, WiFi access or subscription or any telecommunication products;
 - 9.2.5 offer, or conduct any form of direct marketing activities (such as, but not limited to inbound and/or outbound telemarketing activities) and travel-related services;
 - 9.2.6 receive payments for any prescription and proprietary drugs and non-prescription (over-the-counter) medicines;
 - 9.2.7 receive payments for the wholesale distribution of prescription drugs, proprietary drugs, vitamins, druggists' sundries and toiletries, antiseptics, bandages, pharmaceuticals, and biological or related products;
 - 9.2.8 receive payments in exchange for personal property left with you, as a merchant, as security (in other words, any services associated with a pawn shop);
 - 9.2.9 receive payments for high-value jewellery, precious stones, gems, gold, platinum, silver or minerals; and/or
 - 9.2.10 receive payments for tobacco or liquor.
- 9.3 In respect of the use of the Services to conduct any high-risk transactions listed in clause 9.2 above, you understand and agree that PayU, may, acting reasonably and upon prior written notice to you, decline or withdraw its approval to you to use the Service if (i) PayU believes that the use of the Service for such high-risk transactions exposes, or has exposed, PayU to increased risk,(ii) requested by any bank, or (iii)any card payment processors request PayU to withdraw such approval.
- 9.4 You agree that the damages that PayU may sustain as a result of the prohibited conduct outlined above may be substantial (especially since those payments are being made into PayU's own acquiring account), and may include (without limitation) fines, penalties and other related expenses from our payment processors and service providers and/or your bank or the issuer of your cards. Consequently, in the event that you engage in such conduct, PayU may recover any losses suffered by PayU as a result of such prohibited conduct (including but not limited to associated legal and administrative costs). In addition, you agree that PayU is entitled to deduct any fines or penalties which PayU had to pay, together with such additional liquidated damages as PayU may suffer arising out of such prohibited conduct, directly from any funds held by PayU on your behalf or, if such funds are insufficient, to debit the bank accounts that you have registered with PayU in respect of any of the Services, in the amount of such penalties and/or liquidated damages.
- 9.5 **If you use the Service in a manner that violates the Agreement, including but not limited by an act described in the categories described above, your Merchant Account will be subject to limitation or immediate termination, as stated in clause 18 of the General Terms.**

10. DISCLAIMER & LIMITATION OF LIABILITY

- 10.1 **No Warranties:** Without derogating from the disclaimer provisions set out in the General Terms, but subject to your legal rights, the Service **is provided to you without any warranty and not subject to any condition, except as may be expressly provided otherwise in the Agreement.** More specifically, although we shall use reasonable care and diligence to ensure that the Service is available on a 24 hour per day basis and that requests for electronic debits and credits involving cards

and bank accounts are processed in a timely manner, we make no representations or warranties regarding the time it will take to complete processing a transaction. This is because the Service is largely dependent upon many factors beyond our control, including (but not limited to) delays in the banking system or in card networks.

- 10.2 **PayU does not warrant that the Service, in particular the monthly subscriptions, debit orders, ongoing monthly billing services, reports on successful and failed transactions, and/or log files, shall be error free, accurate and/or complete.** Without limiting the generality of the foregoing, PayU's disclaimer of liability includes its liability for any loss or damages incurred by you, your own customer and any bank arising from any transaction executed, or online banking facilities used through the use of the Service.
- 10.3 The Service, apart from being subject to these Service Terms as read with the General Terms, shall always be subject to the terms and regulations imposed by PayU's payment processors, service providers and your bank and the issuers of your cards whose facilities are utilised in order to accept or effect payment by means of the Service. Therefore **all fines, penalties or other charges, of whatever nature, imposed by the payment processors and/or service providers (including APM Providers if any) and/or banks and/or issuers of cards on PayU in respect of or arising from your use of the Service or your conduct of your Merchant Account will be debited to your account** and you hereby authorise PayU to pay such fines, penalties or charges from any credit balance held by PayU on your behalf or, if there is no such credit balance, to recover the monies directly from you by debiting the bank accounts that you have registered in respect of the Services to the value of the fines, penalties or charges. **You further indemnify PayU against any claim that may be made by the payment processors, service providers, APM Providers, your bank or the issuer of your cards in respect of or arising from your use of the Service or your conduct of your Merchant Account against PayU for any reason whatsoever.**

11. YOUR WARRANTIES

In addition to any warranties and/or representations contained elsewhere in the Agreement, you hereby warrant that –

- 11.1 you are not a payment service provider;
- 11.2 you agree to use the Services solely for the purposes of receiving legitimate and lawful payments in accordance with the terms and conditions of the Agreement and all applicable laws, regulations and ordinances ("**Applicable Laws**");
- 11.3 you will not use any of the Services for any unlawful activity and it is your responsibility to ensure that you comply with the Card Payment Processing Rules where applicable to you;

- 11.4 you have never had a contract with Visa or MasterCard which was terminated at the direction of Visa, MasterCard, any regulatory authority or court of law; and
- 11.5 if your Visa turnover pursuant to this Agreement exceeds USD100,000 for Visa (or its equivalent in Naira) per annum or USD 1,000,000 for MasterCard (or its equivalent in Naira) (or as otherwise communicated to you in writing from time to time), you must take all reasonable steps to establish a direct relationship with an acquiring bank, in which case we can still provide you with transaction switching services (known as our 'Business and Enterprise' services).

12. CONSEQUENCES OF SUSPENSION & TERMINATION

- 12.1 To the extent that your access to the Service is **suspended** by PayU in accordance with the provisions of the Agreement, you acknowledge that you will forfeit your access to and/or use of the Service, including having funds paid out to you. Such suspension will not detract from any liability you have incurred prior to suspension. Also, note that chargebacks and reversals relating to transactions occurring prior to suspension will still be processed during suspension and you will thus be liable for those reversed/charged-back amounts as well as the Service Fees in respect thereof and any related fines or penalties which may be imposed in accordance with this Agreement.
- 12.2 Upon **termination** of the Service for any reason whatsoever, and without detracting from the provisions of the General Terms -
- 12.2.1 all funds held by PayU on your behalf (net of any and all Service Fees, Withheld Portions, as well as fines, penalties, other liabilities and charges incurred pursuant to clause 9 or clause 10.3 above) will be automatically paid out to you forthwith; and
- 12.2.2 at the end of any relevant Holding Period, the Withheld Portions (or the remaining balance thereof) will be paid out to you, provided that, should PayU reasonably anticipate a high level of chargebacks or reversals, or fraud or other illegal activity, PayU reserves the right to withhold any or all funds held on your behalf, for so long as is reasonably necessary for PayU to investigate and ascertain the extent of damages suffered due to your breach (if applicable), or whether any suspected illegal activity was indeed taking place via your Merchant Account and the extent of any harm caused thereby, at which point the amounts so withheld may be applied towards the damage/harm so suffered by PayU.
- 12.3 As with suspension, note that any chargebacks and reversals taking place after termination in relation to transactions occurring prior to termination will still be processed by PayU and you will thus still be liable to PayU for those reversed/charged-back amounts, the Service Fees in respect thereof, and any related fines or penalties which may be imposed in accordance with this Agreement. In this regard it is recorded that Payers are able to chargeback credit card transactions up to 6 (six) months after that transaction having taken place.