



MERCHANT SERVICE TERMS – RED FRAUD MANAGEMENT

1 INTRODUCTION

- 1.1 By using or subscribing to PayU's Red Fraud Management Service ("**the RED Service**"), you agree that you have read, understand and are bound by –
- 1.1.1 the Merchant Service Terms - Red Fraud Management as set out herein ("**Service Terms**");
 - 1.1.2 the Merchant Service Terms - General ("**General Terms**"), as amended by agreement between you and PayU;
 - 1.1.3 the provisions of the relevant hardcopy or electronic application form relevant to the RED Service ("**Application Form**"); and
 - 1.1.4 any notices which may be published under "**Notices**" on the Website from time to time, subject to the terms and conditions of the Agreement.
- 1.2 Your use of the RED Service indicates your acceptance of these Service Terms, as amended, as read with the General Terms and the Application Form, which will together constitute a legal agreement ("**the Agreement**") between you and PayU.
- 1.3 For the purposes of this RED Service, there is an existing contractual relationship in place between PayU and Retail Decisions South Africa (Pty) Ltd ("**ReD**") pursuant to which Red has authorised PayU to act an authorised reseller of the RED Services and to sub licence its Software associated with the provision of the RED Services to endusers (such as yourself) in the Republic of South Africa ("**Master Services Agreement**").
- 1.4 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 RED Service enables you to run to a fraud check on 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.

2 DURATION

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

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

3 SOFTWARE LICENCE

For the purposes of providing the RED Service, PayU grants you a limited, nonexclusive, non-transferable licence to use the associated Red Software for internal business purposes in accordance with the terms and conditions of the Agreement.

4 THE RED SERVICE

4.1 The RED Service involves the running of a fraud check on a transaction during payment processing or thereafter. The RED Service will use certain fraud risk indicators (or "**Rules**") to identify possible fraud, yielding a basic response to you to either 'approve' or 'deny' and sometimes to 'challenge' the transaction (the so-called "**Result**"). The specific Rules used to conduct such fraud check, the type of Results you will get, the extent to which you will receive information and reports related thereto, whether PayU will conduct further investigations for you in respect of 'challenged' transactions or whether you will be able to do so yourself, will depend on the specific Service package you select in your Application Form. More specifically we provide the following packages:

4.1.1 **Basic Package:** On the 'Basic' package, PayU's standard Rules are used to conduct the fraud check and the Result is limited to 'approve' or 'deny'. Access to ReD portal is not included.

4.1.2 **Basic Custom Package:** On the 'Basic (Custom)' package, Merchant is able to customize the Rules to be used in conducting the fraud checks. Results are limited to 'approve' or 'deny'. Access to the ReD portal is included in order to view transaction details.

4.1.3 **Classic Package:** On the 'Classic' package, PayU's standard Rules will be used to conduct the fraud check. The Result will be either 'approve', 'deny' or 'challenge', and in the event of a 'challenge' Result, PayU will then conduct further investigation and analysis required in relation to that transaction and report back to the Merchant system to accept or deny the transaction on behalf of the Merchant. Access to the ReD portal is not included.

4.1.4 **Classic Custom Package:** On the 'Classic (Custom)' package, Merchant is able to customize the Rules to be used in conducting the fraud checks. The Result will be either 'approve', 'deny' or 'challenge'; and in the event of a 'challenge' Result, the Merchant will have access to the ReD Portal (via its own login and password) in order to conduct further investigation on the challenged transaction to either accept or deny the transaction.

4.1.5 **Pro Package:** On the 'Pro' package, Merchant is able to customize the Rules to be used in conducting the fraud checks. The Result will be either 'approve', 'deny' or 'challenge', and in the event of a 'challenge' Result, PayU will then conduct further investigation and analysis required in relation to that transaction and report back to Merchant's system. Access to the ReD portal is included in order to view transaction details.

4.1.6 **Bespoke Package:** A 'Bespoke Customer' package can be put together for enterprise-class Merchants where risk assessment includes management configuration, extensive data analysis and the formulation of complex/Reseller End User specific risk management strategies designed to achieve specific reseller/End User metrics.

Set-up fee includes:

- Technical integration support
- Merchant field mapping to fraud engine fields
- Risk assessment of up to 18 months Merchant historic transaction and chargeback data to develop bespoke merchant fraud rule set
- Bespoke rules set up for all Merchant sales channels and payment forms
- Set up of ReD case manager portal
- Testing support and certification of merchant integration

The fraud management service includes:

- Use of neural scoring
- Use of IP geolocation
- Use of case manager
- Use of fraud rule manager
- Weekly fraud risk reviews for first 2 months, moving to monthly fraud risk reviews for next 3 months, thereafter quarterly fraud risk reviews
- Merchant accesses to ReD Risk Analyst daily and/or as required to make rule changes

4.2 You acknowledge and agree that PayU may monitor and record communications to PayU regarding the use of the RED Service for the purposes of customer quality and assurance.

5 SERVICE FEES

5.1 The RED Service Fees applicable to the RED Service will depend on the exact Service Package you have selected in your Application Form and could include a fixed monthly fee, together with transaction-based fees. The RED Service Fees are as specified in the Application Form.

5.2 **Payment:** The manner in which your Service Fees are paid, depends on whether you have subscribed to our 'PayUEasy Service or not.

5.2.1 **If you are not subscribed to our PayUEasy Service:**

5.2.1.1 To the extent that you elect to be invoiced rather than utilise the debit order mechanism, PayU will invoice you in advance in respect of the relevant Service Fee/s so payable and you shall be obliged to pay such Service Fees on the payment date specified in the invoice. Payment shall be made within 30 days from the date of invoice into the account specified on the invoice.

6 DISCLAIMER & LIMITATION OF LIABILITY

6.1 **You acknowledge that: (i) any transaction executed through use of the RED Service creates legal rights and obligations only between you and the Payer and PayU shall never be a party to such transaction; (ii) irrespective of the use of the RED Service, PayU assumes no responsibility or liability for any fraud which may be committed save where PayU has been negligent or in breach of its obligations hereunder, or where same results or arises from PayU's willful misconduct or unlawful acts.**

6.2 **Without limiting the generality of the foregoing and the limitations of liability set out in the General Terms, PayU's disclaimer of liability includes its liability for any loss or damages incurred by you or third parties arising from any transaction executed, or credit card payment made which was checked by the RED Service, save where due to PayU's negligence, willful misconduct, fraudulent or unlawful acts, or breach of its obligations under this Agreement.**

7 INTELLECTUAL PROPERTY RIGHTS

7.1 You undertake to use the RED Service and associated Software is solely for your own purposes and you shall not, directly or indirectly, lease, timeshare, rent, sell or otherwise provide any third party with the benefit of any aspect of the RED Service except as specifically permitted herein. You may not create derivative or collective works of the Software. You acknowledge and agree that the RED Service and all intellectual property rights in and to the Software used to provide the RED Service are and will remain the sole and exclusive property of PayU or its licensors. On termination of this Agreement, you

shall cease using the RED Service and provide written certification that you have destroyed all copies of the documentation you may have or control.

8 **CONFIDENTIALITY**

- 8.1 You acknowledge that you may obtain Software and other information relating to the RED Service which is confidential and proprietary to PayU or its licensors ("**Proprietary Information**"). Such Proprietary Information may include, but is not limited to, trade secrets, know how, inventions, techniques, processes, programs, schematics, software source documents, and data. You will at all times, including following termination of these Service Terms, keep all such Proprietary Information in confidence and will not disclose or use such Proprietary Information other than as expressly authorized under this Agreement, nor will you disclose the Proprietary Information to third parties without our prior written consent. You further agree to immediately return to PayU or destroy and confirm in writing that you have destroyed all Proprietary Information (including copies thereof) in your possession, custody or control upon termination of this Agreement at any time and for any reason. The obligations of confidentiality in this clause will not apply to the extent that information (i) has entered the public domain through no fault of your own; (ii) prior to disclosure was already rightfully in your possession; (iii) subsequent to disclosure is obtained by you on a non-confidential basis from a third party who has the right to disclose such information; (iv) is subsequently or independently developed by employees, consultants or agents of yours without reference to the Proprietary Information disclosed hereunder; or (v) is required to be disclosed by law or any regulatory authority with jurisdiction or pursuant to a court order, so long as (if this is reasonable in the circumstances) you give PayU adequate notice and the ability to challenge or limit such disclosure at PayU's cost.
- 8.2 You will not make any announcement, provide any press release, use PayU or Red's trademarks or otherwise disclose any information to the press or other media concerning the RED Service, Software or this Agreement without the prior written approval of PayU and its licensors, which approval may not be unreasonably withheld except for any release necessitated by the rules of any stock exchange or any other regulatory authority with jurisdiction.

9 **INDEMNITY**

- 9.1 PayU indemnifies you and your respective directors, officers, employees and agents from and against any claims of third parties and any actual costs or loss incurred (save to the extent incurred unreasonably) to the extent arising out or related to (i) PayU's gross negligence, wilful misconduct or fraud; or (ii) an allegation that the RED Service or Software provided by PayU or its licensors infringes any intellectual property right of a third party; or (iii) any failure to comply with the Consumer Protection Act, 68 of 2008 (if applicable); provided, however, that PayU will have no obligation for any claim to the extent it is based

on any (a) modifications by persons or entities other than PayU or its authorised service providers; (b) combinations, on a software/technical basis, with other services, products, processes or materials not supplied by PayU or its licensors; (c) continued use after PayU has made available a non-infringing replacement for the RED Service or the Software as applicable; or (e) software provided by a party other than PayU or its licensors.

9.2 **THE FOREGOING STATES THE ENTIRE LIABILITY OF PAYU, WHETHER FOR DAMAGES OR OTHERWISE, FOR CLAIMS OF INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT WITH RESPECT TO THE RED SERVICE OR SOFTWARE PROVIDED BY PAYU OR ITS LICENSORS HEREUNDER.**

10 **CARDHOLDER DATA**

10.1 **Cardholder data:** To extent allowed by law, you hereby acknowledge and agree as follows:

10.1.1 PayU does not guarantee the security of the RED Service or any Cardholder Data, and will not be responsible in the event of any infiltration of their or your security systems, provided that PayU are not in breach of its obligations provided that it has taken all reasonable security and data protection steps as stated in the Merchant General Terms in order prevent any such infiltration We are responsible for the security of cardholder data or any other information stored on your servers or any other third party's servers (other than their subcontractors' servers).

10.1.2 PayU is never party to any transaction between you and a cardholder and PayU assumes no liability whatsoever with respect to amounts due and owing for any such transaction.

10.1.3 You shall not, in any instance, share any cardholder data with Red.

11 **YOUR OBLIGATIONS**

11.1 **Your systems:** You shall maintain properly functioning systems and circuits to use the current release or prior release of the Software, it being understood that a properly functioning interface is requisite for the integrity of the RED Service. You shall also upgrade your systems to a new release within one (1) year of such release's publication.

11.2 **Compliance with Laws:** You shall comply with all applicable data protection laws, consumer and other applicable laws and regulations with respect to your (i) provision, use and disclosure of cardholder data and confidential information; (ii) dealings with the Cardholders providing Cardholder Data; and (iii) use of the RED Services.

11.3 You are not entitled to assign your rights or obligations under this Agreement to any third party.

12 **THIRD PARTY BENEFICIARIES**

12.1 Except to the extent expressly stated to the contrary by this Agreement, this Agreement does not confer any benefits or rights on any other parties. For the avoidance of doubt:

12.1.1 the provisions of clauses 7, 8, 9, 11 and 12 are also, subject to the further provisions of this clause, expressed for the benefit of Red; and

12.1.2 Red shall be entitled to accept the benefits of this Agreement and the rights granted to them in this Agreement at any time and without notifying or informing PayU of such acceptance.

13 **TERMINATION**

In addition to the termination rights of the Parties set out in the General Terms, the RED Service and your licence to use the associated Software may be automatically terminated should the Master Services Agreement be terminate for any reason.