

7. Merchant Relationship

- 7.1 Role of merchants is very important in executing any transaction and in the growth of safe and secured electronic banking, particularly in Credit / Debit Cards. Therefore, Banks/DFIs are advised to develop sound risk evaluation procedures for enlisting /registration of merchants keeping in view the franchise rules of their respective franchiser. The enlistment/registration process may inter-alia include proper identification, verification and good credit history, clean track record in VISA NMAS (National Merchant Alert Service) and / or Master Card MATCH (Member Alert to Control High Risk Merchants) etc.
- 7.2 Banks/DFIs providing “Acquiring Services” need to educate their merchants about the use of Point of Sale (POS) Machine, Genuineness of Credit Cards, Signature Verification, their rights and responsibilities under the agreement. Acquirer Banks/DFIs are required to facilitate merchants by providing prompt payments and timely maintenance/service of POS machines.
- 7.3 Acquirer Banks/DFIs should maintain track record of merchant’s performance and categorize them, based on risks, involvement in frauds & disputed transactions etc. and develop a data base of negative list of merchants involved in fraudulent activities. The merchants involved in Credit Card related frauds should be de-listed and their particulars should be shared with other Banks/DFIs through PBA. Banks/DFIs may also take legal action against such merchants under the relevant laws.