# MERCHANT ONBOARDING POLICY



Getting start with

World's leading

## Merchant Management Platform

## Document History

| Document History | | | |
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# MERCHANT ONBOARDING POLICY

## MERCHANT ONBOARDING, SOURCING STEPS & PROCEDURES

Merchant Sourcing shall be conducted by the following methods:

1.      By Toucan's own Sales and Business Development Teams.

2.      Toucan partner aggregators and/or front-end platforms integrated with Toucan switch, Payment Gateway, Toucan Checkout or Toucan settlement and payment platforms.

3.      Direct Sales Agencies (DSA) and/or sales partners or agents appointed by Toucan Business Development or Toucan partner aggregator teams.

4.      Self-boarding by Merchants by filling Registration Forms on Toucan digital channels and websites.

All Merchant Sourcing shall be initiated by filling the Merchant Primary Information Form ("**Application Form**") which is available on the Toucan website. Once the Application Form is duly filed either through assistance from any of the Sourcing Channels as mentioned above or directly by the Merchant, the Application Form shall undergo the pre-screening process and then pass through the Merchant On-boarding process as outlined below.

Our Merchant On-Boarding Process is simple, secure and robust and further ensures that a thorough assessment, evaluation and judgment of our prospective partner merchants is conducted before they are on-boarded.

The purpose of the evaluations and assessments of the prospective partner merchants are for mitigating any probable bias and discard any "**Objectionable Merchants**" that are either (or have in the past) carrying out business operations that do not 100% comply and adhere to the enforced laws of the land or conduct businesses that have a high degree of risk that could possibly lead to cheating or defrauding people and invariably lead to initiation of legal disputes.

The assessment and evaluation processes followed by Toucan has been diligently drafted and is in compliance with the Guidelines and Rules framed by the Reserve Bank of India, prevailing industry best practices and our own perspective to provide the Merchants and the Customers a safe, trusted, reliable and a secure platform to allow the exchange of payments across the globe. These assessments, evaluations and processes shall be updated from time to time as per the regulatory guidelines formulated and enforced.

In a nutshell, our Merchant on boarding Process follows the following basic principles:

a.    Prescreening

b.    Identity Verification – KYC

c.    Merchant History check

d.    Business and Operational Model analysis

e.    Web content Analysis

f.    Credit Risk Underwriting

g.    Contact Point Verification

## PROHIBITED MERCHANTS

As a form of policy followed by Toucan, the following types of Merchants that fall under the category of Prohibited / Unqualified / Unacceptable Business Categories are prohibited from partnering with Toucan

1)    All sexually oriented or pornographic merchants:
   a)    Adult telephone conversations or Internet
   b)    Massage parlours
   c)    Misc. entertainment not elsewhere classified)
   d)    Topless bars/clubs
   e)    Adult bookstores
   f)    Modelling agencies
   g)    Escort Services

2)    Any illegal products/services or any service providing peripheral support to illegal activities.

3)    Any merchant offering a negative renewal option following a free or low-cost purchase.

4)    Audio/Video text;

5)    Cash advances other than financial institutions.

6)    Cash Gifting Ponzi scheme similar to chain letters where consumers are encouraged to "gift" a payment to another party and then solicit others to gift funds to them.

7)    Chain letters.

8)    Check cashing.

9)    Collection agencies or firms involved in recovering/collecting past due receivables.

10)    Credit card protection includes identity theft protection.

11)    Credit repair or protection or restoration.

12)     Currency exchange.

13)     Dating services adult or internet.

14)     Debt Consolidation.

15)     Drug paraphernalia Prescription Drugs.

16)     Extended warranty companies.

17)     Flea markets are defined as firms/individuals operating from a booth, whether indoor or outdoor, on a part-time basis, with no lease or telephone availability.

18)     Free gift, prize, sweepstakes or contest as an inducement to purchase a product/services such as Get rich quick schemes, Illegal Gambling including Internet gambling and Lotteries.

19)     Medical Marijuana.

20)     Merchants offer rebates or special incentives.

21)     Money transfer services.

22)     Mortgage or loan reduction /modification/protection/guarantee services.

23)     Non-face to face sale of tobacco products.

24)     Non-face to face prescription drug sales non-institutional)

25)     Non-faced sale of firearms.

26)     Pseudo-pharmaceuticals antiaging pills, sex nutrients, etc.

27)     Sports forecasting or odds making.

28)     Third Party Payment Processors Aggregators.

29)     Tech Support Business.

30)     Web Hosting.

31)     Virtual Currencies including Bit coins, lit coins, BBQ coins and doge coins;
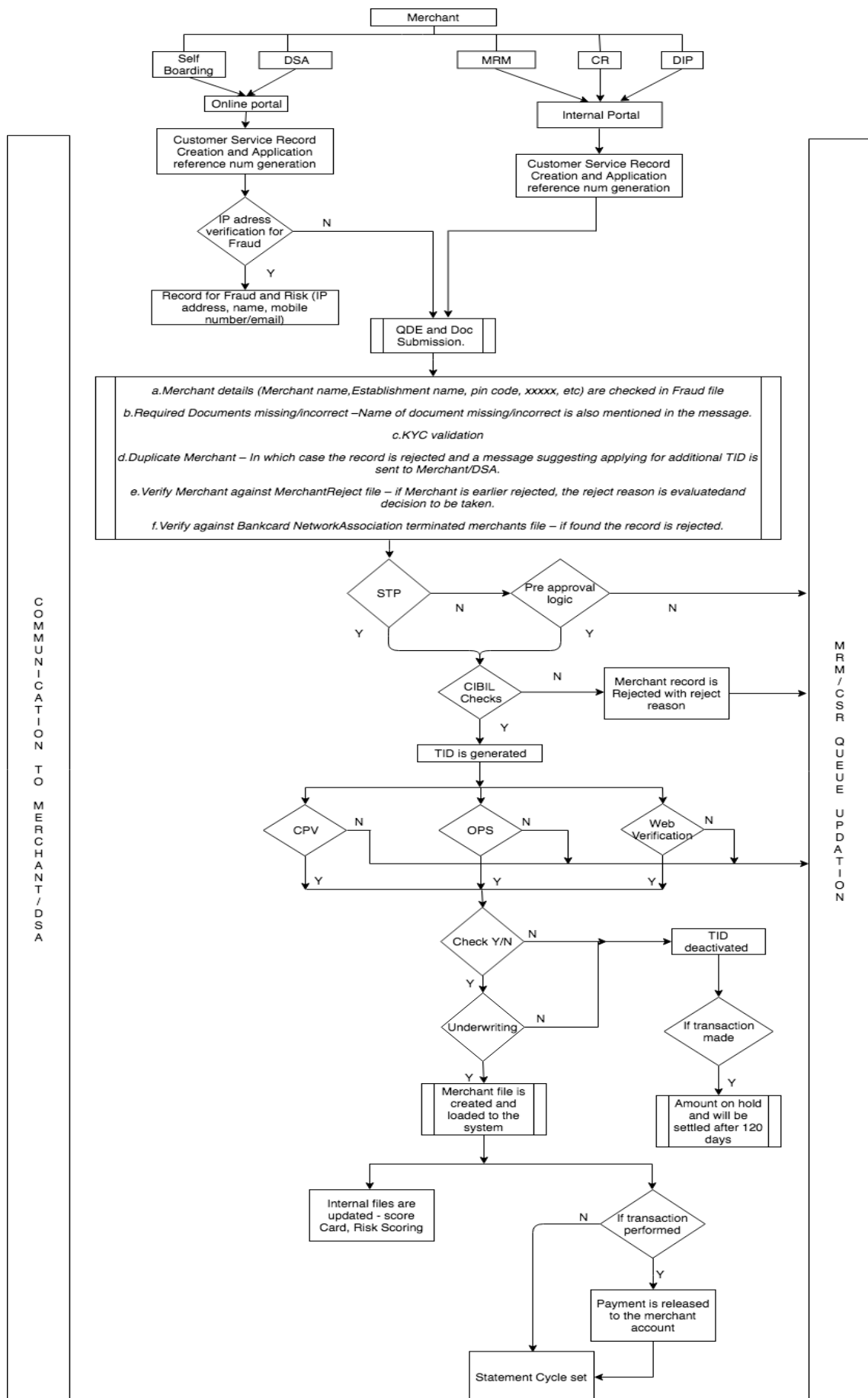
The detailed Merchant Onboarding flow is as under:

# MERCHANT REGISTRATION

## Step 1

Prospective Merchants are requested to create an account on our Sign-up Page to receive a temporary and restricted access to our Application Form. Once the prospective Merchant has verified the credentials as requested in the email sent by Toucan, , he/she may proceed to the next step.

## Step 2

**Sign up Form**

The Merchant Registration Form is the second step in the Merchant On-Boarding Process. This form collects the basic information regarding the Prospective Merchants Business, constitution, contact details and all other details to enable Toucan to perform an exhaustive search on the background of the Merchant. . The Merchant shall also be required to upload the required documents to meet the KYC Process. The Prospective Merchants shall be assured that all information collected by Toucan is stored on secure servers and is kept under the strictest confidentiality terms.

The following are the Details obtained in the Sign-up form

**Merchant Profile**

I.     **Personal Details**
   - a.     Business Name
   - b.     Email Id
   - c.     First Name
   - d.     Last Name
   - e.     Company Name

II.    **Contact Details**
   - a.     Mobile
   - b.     Telephone Number
   - c.     Address
   - d.     City
   - e.     State
   - f.     Country
   - g.     Postal Code PIN

III.   **Bank Details**
   - a.     Bank Name
   - b.     IFSC Code
   - c.     Account Holder Name
   - d.     Currency
   - e.     Branch Name
   - f.     PAN Card
   - g.     Account Number

IV. **Business Details**
   a. Organization Type -Sole Proprietor/ Partnership/Pvt Ltd / LLP / Ltd
   b. Website URL
   c. Company Name
   d. Trading / Business Name
   e. Multi-Currency Payments Required – Y/N
   f. Business Model (Brief particulars of the Business Model and Business Plans)
   g. Operations Address
   h. Operations Address State
   i. Operations Address City
   j. Operations Address PIN
   k. Date of Establishment
   l. CIN (Mandatory for Companies)
   m. GST Details
   n. PAN Number
   o. Name on the PAN
   p. Expected Number of Transactions
   q. Expected Amount of Transactions

V. **Upload Documents**
   As per the nature of Organization Type the following documents are to be obtained from the Prospective Merchant
   a. Memorandum of Association
   b. Articles of Association
   c. Board Resolution
   d. List of Directors
   e. Certificate of Incorporation
   f. PAN of the Company
   g. Partnership Deed
   h. Details of Managing Partners
   i. GST Registration Certificate
   j. Trade License
   k. Current Address Proof of the Business Entity
   l. Certificate of Commencement of Business (in case of Public Ltd companies)
   m. Cancelled Cheque (The Account to which the Settlement funds to be credited)
   n. KYC of Directors / Partners / Proprietor
   o. Financial Statements of last two years
   p. Tax Returns
   q. Certificate from MCX in case of Merchants dealing in bullions or Gold Schemes
   r. IATA certificate from Merchants who offer airline and hotels booking facility out of India
   s. Certificate of registration from AMFI in case of Mutual Fund distributor Merchants, SEBI Broker in case of Portfolio Management, NSE and BSE registrations on need basis.
   t. Certificate of income tax rebate in case on charitable societies
   u. IRDA certification for insurance companies
   v. Indian Association of Tour Operators
   w. Registration with Drugs Controller General of India Stem cell banking companies

    x.        Deemed University certificate issued under UGC Act, 1956
    y.        Food Industry – FDA certifications
    z.        Banks/NBFCs, Prepaid payment Instruments, Paper/Gift Vouchers – RBI License
    aa.     Internet Service providers – License from Dept. of Telecommunications
    bb.     SMS/Email marketing/Telemarketing – TRAI license
    cc.     Other Documents – meant for authenticating the type of Business carried out

## Step 3

On completion of the formalities as mentioned above, Toucan shall also take up the process of completing the EKYC formalities, based on the information/details provided by the prospective Merchant.

## Document Verification

Apart from carrying out EKYC formalities, Toucan shall also undertake the verification of the Documents submitted by the prospective Merchants.

- In the event, that Toucan requires additional information, or the information/details provided in the documents submitted by the prospective merchant is misrepresented or suffers from any discrepancy, then Toucan shall intimate the prospective Merchant regarding such discrepancy and request for the correction of such information before onboarding the prospective Merchant.

- At this stage, the Merchant shall be permitted to change/amend the data/information entered into the Application Form by the prospective Merchant.

- Based on the verification of the abovementioned data/information provided by the Merchant, the Application Form will be approved for further processing or rejected for re-submission.

## Merchant Scoring Parameters

Toucan has identified a list of Merchant Parameters that provide the prospective Merchant with a Merchant Score. This Merchant Score enables the smooth enrollment of the prospective Merchant.

- Some of the parameters that have been identified by Toucan for assigning a Merchant Score as follows:
  - Merchant Category Code.
  - Annual Turnover.
  - City and Locations.
  - Corporate or Chain Merchants.
  - Merchant Ticket size.
  - Merchant Footprint- Merchant footprint is a term coined to understand the total business of the prospective Merchant on cards presented at the time of Merchant On-boarding Process.
  - Brand Names

## Merchant Score

- The Merchant enrolment process will check if the information provided by the prospective Merchant will enable such a Merchant to attain a minimum score. As the prospective merchant clears the verification stages, the scores accorded to such a prospective Merchant at the respective stages will determine the merchant to be onboarded / or rejected.

## Merchant Contact Point Verification (CPV)

The contact point details provided by the Merchant shall be verified by the CPV Team and remarks (positive/negative CPV) with respect to such Merchant Contact Point, shall be provided by the CPV Team to the Merchant.

The Application Form provides the CPV Team with an option to generate a print-out of the contact point details provided by the Merchant which shall then be used by the CPV Team for reporting purposes when they visit the Merchant's place of contact for verification of the contact point details.

The following are the important points which are mandatory to be covered during the CPV process.
1. Establishment Name
2. Doing Business as (Trading Name)
3. Date of Visit   -- Is it first Visit or Revisit
4. Time of Visit
5. In case of Revisit – Reason for Revisit
6. Contact Person
7. Designation
8. Person Met
9. Address
10. Telephone Number
11. Mobile Number
12. City
13. PIN Code
14. Business Type
15. No of Years in Business
16. Business Hours
17. Number of Employees
18. Number of Employees seen at the time of Visit
19. Nature of Goods Sold / Business
20. Trade License Issued by Local authorities displayed – Yes / No
21. Validity of the Trade License
22. Type of Locality – Posh / Commercial / Residential / Slum / Business Centre/Remote/Sensitive
23. Appearance of the Establishment – Shabby / Unfurnished / Semi furnished / Good / Excellent
24. Stock Level – Good / Average / Low
25. Approximate Value of Stock
26. Activity observed – Good / Average / Low
27. Premises – Leased / Rented / Owned
28. Business Entity – Public Limited / Private Limited / Partnership / Proprietor
29. Whether Accepting Cards currently – Yes / No
30. If yes – Name of the Acquiring Bank

31.     MID / TID with the Acquiring Bank
32.     Numbers of EDC's currently installed
33.     Number of Years in Relationship with the existing Acquiring Bank
34.     Part of Chain / Group – Yes / No
35.     If Yes
36.     Name and Address of the Parent Company / sister company
37.     Average Ticket size
38.     Knowledge of Staff on Card Acceptance – Poor / Average / Good
39.     Neighbor check done – Yes / NO
40.     Name of the Neighbor
41.     Market Feedback
42.     Any other Remarks or any specific observations wants to highlight

Recommendations of the Verifier – Recommended / Not Recommended / Referred

Verifier Name

Verifier Signature                                                    Date


## RISK PROFILING OF MERCHANT

All Merchants who are traced under any suspected activities can be categorized based on risk severities, their business performance and behaviors.  The Merchant Risk Profile shall be a dynamic list and shall be updated on daily risk analysis in the system.

Network Operators like Visa and Mastercard periodically report fraud transactions in their Incoming Files, along with the details of the Merchants that were involved in these fraud transactions.  As an added form of safety, the details of these Merchants shall be stored at Toucan level for conducting due diligence of the Merchant prior to its enrollment/onboarding.

Additionally, Toucan shall also keep a record and further carry out regular verification and audit of the Merchant's performance. At the time of Onboarding a Merchant, an exhaustive and rigorous search shall be carried out to verify if the prospective Merchant has been reported earlier for any fraudulent activities, and if so, Toucan shall reject the Merchant's Application Form and also from partnering with Toucan.

Even after the Merchant Onboarding is completed and the Merchant transactions are underway, Toucan shall continue to monitor the performance of the Merchant on the basis of the acquired transactions, Incoming Chargebacks, Retrieval Requests received against the Merchants.

The risk profile rule engine is parameterized, and all the parameters are dynamically updated by analyzing the day-to-day performance.  Merchants identified during this process would be identified as Negative Merchants and accordingly the merchant risk profile would be updated.

## APPLICATION STATUS

When the prospective Merchant submits his Application Form into the system, a Unique Reference Number is allotted to the prospective Merchant, by which the prospective Merchant shall be able to track the status of his/her Application Form and determine at what stage does the process stand – pending for KYC / Document Verification / Contact Point Verification / Underwriting etc.

The Application process of the prospective Merchant shall be tracked till the activation of the allocated terminal.  At each verification stage, there may be a requirement of seeking clarifications from the prospective Merchant on the documents submitted/ or for submission of revised/ updated documents for further processing.  An Audit trail shall also be maintained during the entire verification process.

## DEVIATIONS

Due to the dynamic and erratic nature of business, there may be a requirement to deviate from the established process.  Each deviation from the established process shall require necessary authorization from the Senior Manager at Toucan who shall only authorize such a deviation after duly assessing the recommendations of the Sales Team Head.

Some of the Deviations that may be allowed shall pertain to the Score Card, Contact Point Verification, or late submission of the Documents etc.

Any such requests need to be lodged against the Application and duly provide the reasons and the final approval needs to be provided by the Department Head duly noting the comments on such requests while approving.

The Risk Management team shall pay special attention to these Applicants and ensure that the projected business goals are being met by the said Merchant / Group and are well within the agreed parameters which enabled the Merchant to avail the special request.

A quarterly/ half yearly review of the performance of such Merchants needs to be in place and the report needs to be submitted to the Board.