

Merchant Acquiring Business: FAQs

Q 1 .What is Merchant Acquiring Business (MAB)?

- MAB is primarily referred to as the mechanism of providing necessary infrastructure and facilitating payment for goods and services purchased through medium of a card.

Q2 – Who is the regulator for MAB in India?

- Reserve Bank of India.

Q3. Who are various stakeholders in MAB ?

- **Issuer:** The Bank that issues cards.
- **Cardholder:** Customer / Non customer using card for making payment.
- **Merchant:** Entity which accepts payments through cards.
- **Acquirer:** The Bank that provides necessary infrastructure to the merchant to accept payment, maintains relationship and facilitate acceptance payments thru cards.
- **Intermediary Agency:** Visa or MasterCard who facilitate interbank settlements.

Q4. What are the important terms used in MAB?

- **Merchant Discount Rate (MDR):** The commission charged by the acquirer (SBI) to the Merchant (Trader/Service Provider). It is also termed as Merchant Service Fee (MSF).
- **Interchange:** The incentive paid by the Acquirer Bank to the Card Issuer Bank for promoting payment through cards.
- **Scheme Fee:** The service fee paid to intermediary agencies i.e. MasterCard or Visa for facilitating interbank payments.
- **On -Us Transaction:** Where issuer and acquirer is same (e.g. SBI Debit Card on SBI POS terminal)
- **Off-Us Transaction:** Where issuer and acquirer are different (e.g. Other bank's debit/credit card on our POS terminals.)

Q 5 – How MAB is beneficial to Cardholder and Merchant ?

Cardholder

- ▶ Need not carry cash, which is risky.
- ▶ Maintains higher balances in the account resulting in higher interest on deposits.
- ▶ Saves time and money in visiting bank branch / ATM to withdraw money and spend the same at merchant outlet, who has to again deposit the same in Bank.
- ▶ The time saved results in lower cost and higher productivity as time saved can be gainfully utilised.

B. Merchant

- ▶ Cash handling is avoided.
- ▶ The customers have tendency to higher purchases/impulsive buying while using the card than cash, thus more sales and higher profits.
- ▶ The customer stickiness to merchant increases due to the facility.
- ▶ The facility can also have provision for customer loyalty points which are widely used to attract the customer to the outlet repeatedly.
- ▶ Additional revenue stream from value added services such as Cash @ POS, Mobile Top up, Remittances etc.(yet to be introduced)

Q 6 – How many types of POS terminals are issued by SBI?

- Three types.
 - PSTN,
 - Desktop GPRS and
 - Portable GPRS.

Q 7 – What are the pre-requisites for signing the Merchant?

- KYC Compliance. Merchant needs to provide necessary documents regarding the proof of business, address proof, photo identity proof of the proprietor/partner/key promoters etc.

- Availability of Connectivity PSTN with STD at Merchant Location (Cost to be borne by the Merchant). If land line is not available, GPRS either desktop or portable as per the customers' choice.
- Opening/identification of account for settlement of transactions with SBI.
- Acceptance of Merchant Service Fee (MSF)/ Merchant Discount Rate (MDR) by the Merchant offered by Bank.
- Finalization of settlement period (T+1,T+2, T+3)
- Merchants' consent for execution of Merchant Establishment Agreement between Bank and Merchant. POS terminal shall be installed only after the execution of ME agreement.

Q 8 – Where and how a merchant can apply for installation of POS terminal at his shop/establishment?

- Merchant can contact the branch of State Bank of India.
- The application form is readily available on our web-site sbi.co.in, which may be downloaded, filled and submitted to the branch alongwith KYC documents to save time.

Q 9 -: Whether merchant has to pay for POS terminal?

- No, merchant is not required to pay anything towards cost of terminal. POS terminal is installed at absolutely free of cost. The cost for procurement of terminal and also the maintenance of terminal is borne by the Bank.

Q 10- Whether merchants are required to pay any other charges than MDR.

- Yes, some nominal charges as under:

Type of Terminal	Monthly Rental (Rs.)	Monthly Call charges
PSTN	Nil	Actual**
Desktop GPRS	Nominal Charges	Actual
Portable GPRS	Nominal Charges	Actual

Q 11– What are the Do's and Don'ts for merchants?

Do's

- ▶ Merchants must accept all cards when properly presented as payments for transactions.
- ▶ Bring to the notice of the bank any fraudulent activities.
- ▶ In case of any problems with the machine, call the helpline number-18004254627 or other Circle-wise numbers given above.
- ▶ Verify the card holder's signature with the one below the strip of the card
- ▶ Perform settlement on POS terminal at-least once in a day; settlement may be done by merchant as many times as he wish. If not done amount shall not be credited in customer's settlement account.

Don'ts

- ▶ Merchant must not disclose details of the card or cardholders to any third party.
- ▶ Impose any extra charge or surcharge (unless expressly allowed by local law).
- ▶ Indulge in any fraudulent activity.

Q 12– Why a Merchant should opt for SBI POS machine?

- No installation charges.
- Cost of POS terminals borne by Bank.
- Lower minimum current account balance vis-à-vis other players .
- No hidden costs.
- SBI network is present across all geographies.
- Many Value added services like Cash@POS, Merchant Loyalty point and tiered pricing, bill payments, mobile top-up, securitisation of receivables are proposed.
- Customised MIS at weekly/fortnightly/monthly intervals are made available
- Merchants will have access to other products of SBI.
- Large card base. Over 155 million cards have been issued by SBI to its customers. SBI charges very low MDR on the use of these cards on its terminals, which saves cost for the merchant. .

Q 11 Which value added services are being offered on SBI POS Terminals?

- Cash @ POS

Q 12 – Which value added services are proposed to be provided through POS Terminals?

- Merchant loyalty points and tiered pricing could be adopted
- Bill payments
- Mobile Top up
- Securitisation of receivables