Merchant Manual

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1. Short summary

1.1. Definitions used in the Merchant Manual

For the purposes of this Merchant Manual, the capitalized terms, shall have the meaning as set out in the Terms and conditions for the provision of Payment Services, except where defined otherwise hereunder:

Card Settled: Cards defined in the Contract as eligible for settlement. KBC Merchant Services will settle transactions initiated with these cards in accordance with the contractual terms.

Card Accepted: All cards – beyond those covered under settlement terms – which are accepted via KBC Merchant Services Payment Payment Terminals, including those issued under third-party agreements (e.g. close loop, Meal Voucher, etc.).

PIN: Personal Identification Number.

PIN PAD: Device used for the secure entry and encrypted transmission of the cardholder's PIN code. It is either integrated into or connected to the Payment Payment Terminal.

Payment Payment Terminal: Electronic equipment, whether built into or separate from the cash desk, possibly software only, which is used at the place of the card transaction to process cashless transactions. In the course of its use, it may partially authenticate the card and the cardholder, electronically grant or deny the authorization from KBC Merchant Services to carry out the transaction. Unless expressly provided otherwise, Payment Terminal means the Payment Terminal and the PIN Pad together.

TID: Payment Payment Terminal ID

Shop: Physical location of a Merchant's Place of Business.

PAN: The Primary Account Number, also referred to as the 'Card Number", appears on the customer's physical card (FPAN). In the case of tokenized cards, a different Digital PAN (DPAN) is used for security purposes.

CVC2 / CVV2: A three-digit security code printed on the card, used to verify the card in card-not-present transactions, such as online purchases.

Chargeback: A formal claim initiated by the cardholder or the issuing bank, contesting a previously completed transaction. Depending on the outcome of the dispute, the transaction amount may be reversed, either partially or in full.

Lost chargeback: A chargeback is considered lost if the cardholder and the issuing bank prevail in the dispute and the transaction amount is debited from the merchant's account.

Good Faith Letter: if a transaction could not be settled due to a Merchant-side error, KBC Merchant Services may request the Customer via the Issuer bank to authorize the settlement retroactively. This is subject to cardholder's consent.

Machine-readable statement: A data file used or automatic reconciliation by the Merchant, typically provided in XML or similar structured format.

Open Balance: The Virtual Merchant Account (VMA) or Open Balance represents the remaining payout balance of a merchant unit (Shop or Company), after the daily settlement is completed in the KBC Merchant Services settlement system.

Rate card or list: A document, listing the applicable fees charged by KBC Merchant Services, typically provided as an annex to the merchant contract.

Slip: A paper-receipt containing card transaction data, provided in-line with Card Scheme regulations. Typically, two slips are generated: one for the merchant (Merchant Ticket) and one for the Cardholder (Client Ticket), unless otherwise requested by the cardholder or mandated by the Card Scheme**.**

Service company: A third-party provider designated by KBC Merchant Services to perform Payment Terminal maintenance.

Remote Customer Support Specialist: A designated person who provides assistance for technical or operational issues through phone, chat or remote access tools. This person is employed by or acts on behalf of KBC Merchant Services or an authorized service provider.

Technician: A local support agent, employed by KBC Merchant Services or an authorized service provider, who visits the merchant's location when on-site technical assistance is needed.

Cut-off: The designated end-of-day time for transaction processing from a settlement perspective. Transactions successfully authorized before the cut-off time are included in the current day's clearing and settlement cycle. Authorizations completed after the cut-off will be processed and settled on the next banking day.

1.2. Introduction

This Merchant Manual (Hereinafter referred to as the "Manual") is published by K&H Pénzforgalmi Szolgáltató Kft., (foreign name of the company: K&H Payment Services Ltd., hereinafter referred as the "K&H Payment Service"), with its registered office at 1095 Budapest, Lechner Ödön fasor 9, Hungary, EU VAT number: HU17780120. Company registration 01 09 338123, acting through its Belgian branch under the commercial name KBC Merchant Services (hereinafter referred to as "KBC Merchant Services").

The Merchant is responsible for ensuring that its employees are familiar with and comply with this Manual. Any

action taken by an employee is an action performed by deemed to be taken by the Merchant. If such action is not in accordance with the Manual, it will be treated as the Merchant's responsibility Therefore, we strongly recommend that you review the content of this Manual with your staff and ensure full compliance with the procedures described herein.

2. Payment Services at Shop

Basic information

The Merchant is required to clearly display the availability of card acceptance at the shop, using the stickers and other materials provided by KBC Merchant Services. These items are included in the Starting set is Payment Terminal starter package.
Cards may only be used to pay for actual goods or services sold at the Merchant's premises. It is strictly prohibited to accept cards:

- On behalf of other person or business
- To settle any unrelated debt
- Or for transactions not specified in the contract

The Merchant is also required to comply with the BC Group Sustainability Policy Framework, as referenced in the T&C I/7 ii. Any violation of these provisions may lead to immediate termination of the Contract, as detailed in the T&C IV.36. 2/c article.

KBC Merchant Services or authorized representatives of the Card Schemes may perform test transactions (e.g. mystery shopping) at the Merchant's premises, to assess the actual conditions of card acceptance.

2.1. Payment Terminal maintenance

2.1.1 Payment Terminal installation

The appropriate Payment Terminal type (portable/desk) and installation method (plug and play/technician) were selected by the Merchant during Contract signing. If KBC Merchant Services accepts the Contract, an order will be placed for Payment Terminal delivery to the shop address specified in the "In-shop Terminals" Contract module. The shop's designated contact person will receive an activation email from the Service Company, containing the activation code and the transaction password. These credentials are confidential and must be stored securely. They must not be shared with anyone other than the designated staff. After that, the Service Company will contact the shop to schedule the Payment Terminal installation. During this call, they will verify the contact person's identity, the availability of technical support at the shop and confirm the date and time of the visit.

Each Payment Terminal package includes:

- the Payment Terminal (inactive)
- accessories
- TID information
- for portable Payment Terminals, the SIM card
- and external PIN PAD (if applicable)

Regardless of the delivery method, the Merchant is responsible for inspecting the package at the time of receipt. If any damage or missing items are detected, the Merchant must notify KBC Merchant Services within two business days of delivery.

Please use the technical support line (+32) 2 303 32 32 phone and, select 1 for technical support. For easier -self-installation, a step-by-step guide is included in the package. During setup, please follow the on-screen instructions, enter the TID and input the activation code provided by the Service Company via email.

Note: If the installation is performed by a technician, self-installation is not required. However, the Payment Terminal activation always remains the Merchant's responsibility. For the self-installation step-by-step description please link here: https://merchantservices.kbc.be/en/documents (Terminal related section)

If the delivery or installation by Technician fails due to a reason attributable to the Merchant (e.g. shop is closed, contact person unavailable, technical contact not present), then the cost of repeated installation attempts will be charged to the Merchant.

2.1.2. Daily maintenance

Please ensure all Payment Terminal parameter and software updates initiated by the host are supported, by following the instructions below:

- Do not power off the Payment Terminal, even when the shop is closed.
- Wait until all downloads and installations are fully completed.
- Do not interrupt the update process.

In many cases, updates are introduced for the benefit of the Merchant or are part of an amendment agreed between the Merchant and KBC Merchant Services, while some updates may include system patches.
If the Merchant permanently refuses or disables a remote update, the cost of any resulting on-site technical intervention – and potential non-compliance penalties – will be charged to the Merchant.
KBC Merchant Services reserves the right to terminate the Contract. In critical updates are refused and proper operation of the Payment Terminal cannot be guaranteed.

The most recent versions of the Payment Terminal user manuals, Payment Terminal-specific instructions and software-specific guides are always available on the KBC Merchant Services website. Please make sure to always refer to the latest available version.
https://merchantservices.kbc.be/en/documents (Terminal related section)

2.2. Transaction Management at Payment Terminals

2.1.3. Payment Terminal failure

In the event of a technical issue, please call the support line (+32) 2 303 32 32 and select option 1 for technical assistance.
Please identify yourself, describe the problem and respond to the Remote Customer Support Agent's questions. The Remote Customer Support agent will attempt to fix the Payment Terminal remotely. Your cooperation during this process is appreciated.

If the issue cannot be resolved remotely, you may request a Payment Terminal replacement. You can choose one of the following options:

(1) Courier delivery – The faulty Payment Terminal will be collected, and the replacement Payment Terminal delivered, using the "Plug and Play" method (default option)
(2) On-site Technician visit – A Technician will swap and reinstall the Payment Terminal at your location. Please inform the Remote Customer Support Agent if you prefer this option.

Important: If you opt for courier delivery, please ensure that the faulty Payment Terminal is handed over to the courier who delivered the replacement device. The Payment Terminal should be returned without accessories, unless the Remote Support Agent instructs you otherwise based on the technical analysis. If you request an on-site technician, an additional installation fee will apply.

If the Payment Terminal failure is caused by the Merchant (e.g. physical damage, improper handling, lack of access), the cost of repair or replacement will also be charged to the Merchant.

2.2. Transaction Management at Payment Terminals

This section provides an overview of how card transactions are processed through the Payment Terminal.

2.2.1. Accepted Brands

The Payment Terminals support the following card brands:

- Bancontact
- Mastercard, including all sub-brands owned by Mastercard, such as g.
    - Maestro
    - Debit MasterCard
- VISA, including all sub-brands owned by VISA, such as .
    - VISA Electron
    - vPay
    - Visa Debit

For bankcards issued in the EEA, it will be possible to identify both visually and electronically whether the card is a business or a consumer, prepaid, debit or credit card. In the case of tokenized cards, the issuer must also display these features on the card image. On the other hand, our Payment Terminals could define the card type and POS can decide whether a card is acceptable or not.
In case of multi-branded cards, the selection from the options is Cardholder's choice if both card applications are accepted by the Payment Terminal.

2.2.2. Default Transaction Types

The following transaction types are available by default for all Merchants:

- Purchase (Sale) transaction – When the cardholder pays for goods or services.
- Reversal (Cancellation) - Used to cancel a previously authorized transaction, as long as it was performed before the daily cut-off time. This option is available only for purchase transactions.

Important:
If a reversal is refused by the host (e.g. in case of Bancontact transactions after cut-off), please process refund instead, if your Payment Terminal supports this function.

Printed receipts (slips) for both the Merchant and the Cardholder can be re-printed by default using the Payment Terminal's menu options. Transaction totals and history can also be checked within the Payment Terminal (or in Merchant Zone).

2.2.3 Optional Transaction Features

In addition to the default transactions, the following optional features may also be available:

- Refund (Return or Payback) - when the Cardholder requests to reverse a previous transaction, either partially or in full, even several days or weeks after the original transaction.
  Note: The same card used for the original purchase must be presented. Original credit (refund without a linked sale) is not permitted.
- Tip management – Primarily used in the hospitality sector (e.g. restaurants.) An additional amount (tip) may be added to the base amount of the bill, up to a maximum of 25%, with an absolute limit of € 1 000

per transaction. The tip is listed separately on the printed slip but appears together with the base amount during settlement.

- Reference Field (Variable Symbol) – The Reference field or Variable Symbol allows the entry of up to 30 characters of free text for transaction identification. This information will appear in the machine-readable statements and transaction data and can help reconciliation in your back-office systems via Merchant Zone.

2.2.4. PCI Requirements

During transactions, you must comply with the requirements of the Payment Card Industry Data Security Standard (PCI-DSS). Please follow the key rules below:

Do not collect, store or write down any cardholder or payment data unless explicitly authorized in this Manual. If storage or processing is permitted, always follow the requirements strictly as outlines in this Manual or its official amendments.

2.3. Card-Present Transaction Flow

The way a transaction is processed may vary slightly depending on the type or model of the Payment Terminal. For the most accurate and up-to-date description, please refer to the product-specific guides available here: https://merchantservices.kbc.be/en/documents (Terminal related section)

2.3.1. Card Usage

Payment Terminals typically support four methods of card input:

- Contactless
- Chip (EMV)
- Magnetic stripe
- Manual entry via keypad

Preferred Usage Order

- Contactless (Tap) - This should be the default method and is required for tokenized cards. Merchants should not touch the card and the device. Let the customer tap their card or device themselves.
- Chip (Insert) - if contactless is not available or fails, insert the card into the chip reader. The Payment Terminal will guide the process.
- Magnetic Stripe (Swipe) - If the above two methods are unavailable, you may swipe the magnetic stripe, if allowed.
- Manual Entry – Entering card data manually is only permitted if your Payment Terminal is specifically configured to allow it.

Cardholder Verification Method (CVM)

Authentication during a transaction may be triggered via the following CVM methods:

- No authentication – For low-value contactless payments under the CVM limit.
- Device-based authentication – For example, when using mobile phones, smartwatches, etc., where tokenized cards are stored in a secure environment.
- Two-step verification – In some cases, the customer receives a message after the first tap and must confirm the transaction with a second tap.
- PIN-based authentication – The cardholder must enter their PIN via the Payment Terminal's PIN PAD.

In all the above cases, authentication is performed automatically. If successful, the transaction proceeds without further action.

Signature-Based Authentication

In very rare cases, typically involving proprietary cards with magnetic stripe only, the authentication must be performed by the Merchant based on the cardholder's signature. In such cases:

- The slip will include a designated signature field.
- The customer must sign the slip.
- The Merchant must compare the signature on the slip with the one on the signature panel of the card.
- If the signatures do not match, the transaction must be stopped or reversed.

2.3.2. Sale (Purchase) Transaction

1. Select the "Payment" function from the Payment Terminal menu.
2. Optionally, enter a reference (up to 30 characters, can include letters, numbers or special characters).
3. Enter the amount of the goods/services (excluding tip) ensuring it is between the minimum and maximum allowed values.
4. Optionally, you may add a tip.
5. Present the total amount (base + tip) to the Cardholder.
6. The Cardholder should tap their card or device (with a tokenized card) on the contactless reader.

Authentication and Authorization Flow

The authentication process depends on the CVM requirements:

- If authentication is not required (e.g. the amount is below the CVM limit), the transaction proceeds without further steps after authorization.
- If authentication is required, it must be completed before the transaction continues.
    - PIN-based: The cardholder enters their PIN on the Payment Terminal.
    - Device-based: The cardholder verifies the transaction on their device (e.g. with biometrics or passcode).
    - Two-step verification: The customer may need to confirm the transaction with a second tap or biometric confirmation.
- If signature-based authentication is used (only for magnetic stripe cards in rare cases):
    - The slip will include a signature line.
    - The customer must sign it.
    - The merchant must compare the signature on the slip with the one on the card.
    - If the signatures do not match, the transaction must be declined or reversed.
- Once the authorization was successful the transaction is finalized and
    - The Payment Terminal screen displays an 'Approved' message.
    - A receipt (slip) is printed by default
        - One copy for the Cardholder
        - One copy for the Merchant (e.g. for signature base authentication).

If the transaction is declined:

- The reason code and description will appear on the POS screen.
- The same information is printed on the receipt.
- Always check the reason code before attempting any further action.

Special Cases

- If the contactless method fails, you may retry using the chip reader.
- If a card is declined in contactless mode, retry the transaction with chip and PIN. A new authorization will be triggered, and the reason code displayed/printed.
- Magnetic stripe usage is not permitted for EEA-issued cards. However, some cards issued outside the EEA or proprietary cards may lack a chip and rely solely on magstripe. In such cases:
    - Magnetic stripe use is allowed.

    - Authentication must be performed via PIN or signature, as applicable.
    - If signature is used, the Merchant's copy of the receipt is always printed.
- If a copy is requested, it can be reprinted.

2.3.3. Refund (Return)

A refund transaction allows the merchant to return funds to the cardholder, either partially or in full, based on a previous sale.

Steps to initiate a refund:

- Select the "Refund" function from the menu.
- Optionally, enter a Reference (up to 30 characters – letters, numbers or special characters).
- Enter the amount to be refunded (can be full or partial).
- Enter your transaction password.
- Present the amount to the Cardholder.
- The cardholder must use the same card as used in the original sale.
- The card or device should be tapped on the contactless reader of the Payment Terminal.
- Upon successful authorization:
    - The Payment Terminal displays an "Approved" message on the Payment Terminal screen.
    - A receipt (slip) is printed automatically.
- If the transaction is declined:
    - The reason code and description appear on the screen and are printed on the receipt.
    - Check the reason code before proceeding.

Special Notes:

- if the contactless mode fails, you may retry the refund using the chip reader.
- Magnetic stripe usage is not permitted for cards issued inside the EEA. However, proprietary cards or non-EEA cards without chip may still allow magnetic stripe usage.

2.3.4. Cancellation (Reversal)

A cancellation (or reversal) is used to void a previous sale transaction before settlement.

- Select the "Cancellation" function from the Payment Terminal menu.
- Select the original purchase transaction to be canceled.
- Enter the authorization code.
- Enter the original amount (only the full amount should be entered).
- Enter your transaction password.
- The cancellation must be performed with the same card used for the original transaction.
- A receipt is printed by default.

Important:
If cancellation is not allowed, use a refund transaction instead. This applies in cases such as Bancontact or when the original transaction was before the previous system cut-off.

2.4. Face-to-Face POS Acceptance

This section applies to merchants who signed the 'In-shop, face-to-face acquiring services' Contract Module.

- If the contract specifies "debit only", then only debit consumer cards (including those issued outside Belgium) are accepted on KBC Merchant Services' Payment Terminals. This restriction must be clearly displayed near the cash register or payment Payment Terminals.
- If the contract allows "All Cards", then commercial, credit and pre-paid cards, even those issued outside Belgium) are also accepted and settled.
- **Manual entry of card data is not allowed.**
- The following transaction types are available:

    - Sale (Purchase / Payment)
    - Cancellation (Reversal)
    - Refund (Return) – only upon request via Merchant Zone / Contract Form
- For tip-enabled Payment Terminals, merchants may add a tip of to 25% with a maximum € 1.000) per transaction.

Refund via Phone or Merchant Zone
Refund is not available at Payment Terminal during the Friends and Family Pilot phase. You can initiate refund via phone (call +32 2 303 32 32) or later via Merchant Zone.
If a manual refund is requested via phone or via Merchant Zone, the merchant must tell or send the original transaction details exactly as shown on the receipt or in the Merchant Zone Transaction menu.

- Shop ID/Payment Terminal ID
- Date and time
- Truncated PAN
- Authorization code
- Original amount and
- Requested refund amount (must be less or equal original transaction amount).

For approval, KBC Merchant Services may request confirmation and additional documents via the merchant's registered e-mail address.

Important:
In case of face-to-face (f2f) transactions, merchants must never ask for, write down or store any payment card data used by the customer.

3. Value Added Payment Terminal Services

3.1. Accepted but not Settled Cards (e.g. closed-loop cards, meal vouchers, etc.)

In addition to settled cards, you may accept other cards without settlement via KBC Merchant Services.
To do so:

- You must contract directly with the issuer of the additional card brand (only after you already have the acquiring contract with KBC Merchant Services)
- After obtaining the Payment Terminal ID (TID) from KBC Merchant Services, ask the issuer to configure the Payment Terminal for that brand.
- Transactions are sent to the Issuer's host for authorization.
- The issuer is responsible for the settlement.

Important:

- KBC Merchant Services accepts these cards at the Payment Terminal based on third-party setup information.
- Transactions are forwarded to the issuer-defined location.
- KBC Merchant Services is not responsible for contract terms, conditions, settlements, or complaints for these cards.
- If issues arise, please contact the issuer's support team.

The currently supported "accepted but not settled" card brands are:

- Pluxee
- Edenred
- Monizze

4, Settlement

4.1. Transaction Processing

All electronic transactions performed at the Payment Terminal are automatically submitted to KBC Merchant Services for settlement.
The daily settlement process follows these steps:

- Online transactions are automatically submitted
- Centrally initiated transactions (e.g. manual transaction entries requested by the Merchant, chargebacks, corrections) are submitted by the end-of-day process
- All the eligible transactions before the cut-off are collected and processed in the end-of-day batch.

The central processing includes:

- Submission to the relevant card scheme(s)
- Calculations of fees and commissions payable by the Merchant
- Execution of the financial settlement (payout to the Merchant)
- Discrepancy checks (if necessary)

Note:
The end-of-day process runs every calendar day. Payout Is executed only on business days, as defined in the Terms & Conditions.

If the value of debit transactions (e.g. chargebacks or refunds) exceeds the total amount due to the merchant, the open balance amount will be deducted from the next payout.

For e.g.:

- If the merchant has a positive balance, it Is paid out.
- The debit items exceed the credit turnover, the resulting balance will be carried forward and deducted from the next payout(s). If not possible, KBC Merchant Services may initiate settlement.

Payout Frequency
KBC Merchant Services performs payouts daily, as defined in n Section I./11 of the Terms & Conditions. In practice, card turnover generated today will be paid out the next working day.
For example:

- Transactions processed on Friday, Saturday and Sunday are paid together on Monday, if Monday is a business day.
- If Monday is a bank holiday, then the payout (covering all four days) will be made on Tuesday.

Payouts are made to the merchant's bank account, which is defined in the contract. Bank account must have been at KBC or CBC, Belgium in EUR currency.

4.2. Settlement model

In the net settlement model, all applicable commissions and commission adjustments are deducted before the merchant receives the payout.

- KBC Merchant Service calculates all transactions and commissions daily.

- Other items such as chargebacks, refunds or corrections are also applied on a daily basis.
- Only the net amount (Gross transactions – commissions – debit items + commission credits +/– VAT) is transferred to the merchant's account.
- VAT is calculated on the daily summarized commission total.
- Fees are invoiced separately (see section 5.7.) and basically not deducted from the payout.

4.3. Commission Calculation

KBC Merchant Services applies commission fees to transactions processed via its Payment Terminals, based on the contractually agreed pricing structure. Commission is always subject to VAT, which is invoices separately.

The commission applies to the following transaction types:

- Sale (purchase)
- Refund

If a transaction is reversed, the related commission is also reversed accordingly.

4.3.1. Basic calculation

Commissions are charged based on transactions initiated by the Merchant or KBC Merchant Services on the Merchant's behalf. These commissions are settled between KBC Merchant Services and the Merchant, and VAT is always applied.

Commission may be calculated in the following ways:

- Fixed amount per transaction (e.g. € x per a transaction)
- Percentage- based (e.g. y% of the transaction amount)
- Mixed-model: A combination of the two, fixed amount + percentage (€ x + y%).

If a 'surplus' is defined in the contract, all applicable commission elements (fixed and percentage) are added together.

For example, if the base commission is € 0.12 (fix) for debit domestic consumer card and 1.20% surplus applies to debit domestic commercial cards, then the total commission will be € 0.12 + 1.20% of the transaction amount. Note: Tiering does not apply; the fixed part remains € 0.12).

Percentage-based commissions are calculated on the full gross amount of the transaction (e.g. base amount + tip) and are rounded to 2 decimal places. Fixed commissions are also calculated and displayed with two decimal precisions in euros.

4.3.2. Reversal, Rejection, Chargeback

In case of reversed or rejected transactions, KBC Merchant Service will reverse the originally calculated commission.

For example, if the original transaction was € 100, the applied commission was € 1, and the net original credited amount was € 99, then a reversal will result in a debit of € 99 and a reversal of the € 1 commission.

If the reversal is partial, the commission is adjusted proportionally, based on the reversed amount.

Example:

If only € 10 was reversed, the corresponding commission refund will be € 10 / € 100 * €1.00 = € 0.10, therefore € 0.10 is credited back and € 9.90 debited.

In the case of a lost chargeback, the full transaction amount will be debited (€ 100 in this example).

If any transaction related fees apply (as defined in the Terms & Conditions, Merchant Manual or Rate Card or list or other official document), they will be on top of the commission (e.g. a lost chargeback fee, manual transaction processing fees, etc.).

4.3.3. Tiering

If tiered pricing is defined in the contract, discounts apply in a stepped manner based on the number of sale (purchase) transactions performed during the month. Only sale transactions are eligible; other types (e.g. refunds, reversals) are excluded.

For example, if the first tier covers 0-500 transaction with a commission of € 0.12 and any volume over 500 transactions is charged at a reduced rate of € 0.08, then:

- A merchant with 800 transactions between 01-30th June will pay
  - (0-500) x € 0.12 = € 60
  - (501-800) x € 0.08 = €24
  - Total = €84

Important:

- Reversals, rejections, chargebacks and refunds are excluded from the tiering calculation.
- If a transaction from a lower tier is later reversed or charged back, the next eligible sale transaction is charged using the same (lower) tier's rate (e.g. 0.08 € in the above case).
- Refunds are not part of the tiering at all, a different commission model applies to refund transactions.

For detailed values, please refer to the:

MIF table: https://merchantservices.kbc.be/en/documents (Contract related)

4.4. Fees

4.4.1. Payment Terminal-Related Fees

4.4.1.1. Recurring fees

Recurring Payment Terminal fees are charged on a regular basis, typically monthly. VAT is always applied. All recurring fees are invoiced and collected after charged after monthly invoice generation.

A recurring fee is charged for the first full month of service, while the last invoice is issued for the final full calendar month in which the contract termination becomes effective.

Example:

if the contract is signed on 15th of January, and the Payment Terminal is installed on 20th of January, the first invoice will be issued on 1st of March for February.

If the contract is terminated on 15th of June in the next year, with the termination effective on 31st of July, the last invoice will be issued on 1st of August for the month of July.

If the contract is terminated immediate effect on 15th of June in the next year, the last invoice will be issued on 1st of July for the full month of July.

4.4.1.1.1. Payment Terminal Maintenance Fee

The POS Payment Terminal maintenance fee is charged if the merchant selected the purchase option in the contract, referred to as the "In-shop Payment Terminals" module.

The monthly fee depends on the Payment Terminal type and applies regardless of whether the Payment Terminal is new or a replacement unit and covers the full lifecycle of the contract.

It includes:

- Software maintenance and remote updates
- Remote diagnostics and troubleshooting
- Support by technical call center
- Payment Terminal swap (via courier)
- Payment Terminal repairs (if the damage is not the merchant's fault)

4.4.1.1.2. Payment Terminal Rental Fee

Payment Terminal rental fee is charged if the merchant selected the rental option in the contract. The monthly fee amount depends on the Payment Terminal type, includes the maintenance fee (see section 4.4.1.1.) and always part of the contract.

4.4.1.1.3. Minimum Fee of Payment Terminal Maintenance and Payment Terminal Rental Fees

A minimum fee applies if the merchant terminates the contract before the minimum contract term (12 months) ends, as defined in the agreement (see T&C IV. 36.2).

If early termination occurs:

- The remaining period up to the end of the minimum contract term will still be invoiced in full.
- Any promotional discounts granted at the beginning of contract (e.g. free months, reduced rates) will be revoked and charged retroactively.
- The monthly recurring fees (rental fee or maintenance fee) will be charged for each remaining month, even if the Payment Terminal is returned earlier.
- No pro-rata or partial refunds apply for unused service periods within the minimum term.
- The total due at termination includes both
    - The full fees for the remaining period
    - The reversed discounts granted earlier.

Example:

- The contract includes a maintenance fee of € 12.00 / month with 6-month free period.
- The merchant terminates the contract in the 9th month.
- The remaining 3 months' maintenance fees (for months 10-12): 3 x € 12.00 = € 36.00
- The originally free 6 months now also charged retroactively: 6 x € 12.00 = € 72 .00
- Total amount charged at termination: € 36.00 + € 72.00= € 108.00

This policy ensures fair cost recovery for the provided services and waived fees during the initial period.

4.4.1.2. One-time Fees

One-time fees are typically charged on a monthly invoice basis, after the relevant service or event has occurred (ex post). VAT is always applied.

4.4.1.2.1. Installation by Technician

If the Merchant has selected the "Installation by a technician" option within the "In-shop terminals" module, a one-time installation fee will be charged for each Payment Terminal installed by a technician. This fee also applies in the following cases:

- If a Payment Terminal becomes faulty and is replaced by the technician
- If the contract is terminated, and the Payment Terminal is uninstalled and returned to KBC Merchant Services by the technician.

4.4.2.1.2. Installation by Technician – Additional Payment Terminal

If more than one Payment Terminal is installed at the same shop location at the same time, a reduced installation fee will apply for each additional Payment Terminal (beyond the first one).

The reduced fee also applies if:

- The contract is terminated; and
- The second and additional Payment Terminals are collected and returned by the technician to KBC Merchant Services.

4.4.1.2.3. Payment Terminal Purchase

If the Merchant has selected the "Purchase" option in the "In-shop Payment Terminals" module of the Contract, an invoice will be issued immediately based on the unit fee and the number of Payment Terminals purchased. VAT is always applied. The Payment Terminal purchase is independent from any monthly Payment Terminal-related fees.

4.4.2. Transaction-Related Fees

Transaction related fees are always one-time charges. If a specific fee is defined, it will be applied on top of the standard commission.

If no specific amount is mentioned in this Manual, the applicable fee is determined according to the Rate Card or list of Fees attached to the Contract. VAT is always applied.

4.4.2.1. Lost Chargeback Fee

If a chargeback is initiated by the customer (issuer) and the case is lost due to the merchant's fault, KBC Merchant Services has the right to apply a Lost Chargeback Fee. This fee is transaction-based and applies to each failed chargeback case.

4.4.2.2. Good-Faith Claim Fee

If a Merchant does not receive the funds for goods or services delivered - due to Merchant error – but the goods or services were already received or consumed by the customer, the Merchant may request a Good Faith Letter procedure from KBC Merchant Services.

KBC Merchant Service will initiate the claim process if the following conditions are met:

- The claim is officially submitted.
- All relevant documentation and evidence of the transaction(s) must be provided during validation.
- The claimed amount must exceed € 100 (per transaction).
- Good Faith Claim Fee must be paid in advance to KBC Merchant Services.

KBC Merchant Services will only initiate the process after the Customer has accepted the Good-Faith Letter.

If the requested amount in not recovered, no settlement will occur between the customer and the merchant.

The Good Faith Claim Fee is non-refundable, regardless of the outcome.

4.4.2.3. Manual transaction processing fee

If a Merchant is unable to complete a transaction on the Payment Terminal (e.g. purchase, reversal or refund), they may submit a request to KBC Merchant Services via the Merchant Zone/Contact Us menu. The transaction can be processed manually in KBC's backend systems as a correction, provided that all relevant supporting documentation is submitted.

KBC Merchant Services will only process such transaction on the Payment Terminal if the request and documentation meet the required standards set by the Card Scheme and relevant rules.

KBC Merchant Services reserves the right to perform transaction corrections even without a specific request from the Merchant. However, the Manual Transaction Fee will only apply if the correction is required due to the Merchant's request or fault.

4.4.3. Contractual Penalties

KBC Merchant Services reserves the right to charge the following penalties, as defined in the Terms & Conditions or this Merchant Manual:

- Damaged or lost rental Payment Terminal – If the merchant rents the Payment Terminal and it is either not returned upon contract termination or it is damaged or destroyed due to the merchant's fault.
- Non-compliance fee: Penalty charges from Card Schemes due to the merchant's non-compliance may be passed on to the merchant.

VAT is not applied to these penalties.

In case of a purchased Payment Terminal, the Merchant must cover the cost of a replacement device if it is lost or damaged.

4.5. Commission and Fee Corrections

In addition to regular transaction corrections (see section 4.1) KBC Merchant Services may apply commission or fee corrections for discrepancies. If a correction is made, written notification or documentation may be provided, or the change will be reflected in the next statement or invoice. The correction may result in a debit or credit from the merchant's perspective, depending on the adjustment required.

All commission-related corrections are reflected in the statement and, where applicable, on the pro-forma invoice (if the original commission and the correction fall in different invoice periods). From a payout perspective, the corrected amount is handled like a normal commission with the appropriate adjustment.

If a fee correction is made within the same invoice period, it will not appear separately on the invoice. However, if the original fee was already invoiced, the correction will be listed in a subsequent invoice.

Rate card or list: https://merchantservices.kbc.be/en/documents (Contract related section)

4.6. Statements

KBC Merchant Services provides official statements regarding transactions and commissions. These statements are issued to the merchant exclusively in electronic format via Merchant Zone.

4.6.1. Types of Statements

Merchant can choose between two types of PDF statements:

- Detailed (transaction-based): Each transaction and the corresponding commission are listed individually.
- Summarized (aggregated): Transactions and commissions are presented as daily or periodic totals.

By default, the daily detailed PDF statement is enabled to support reconciliation between Payment Terminal transactions and payouts. If the Merchant wishes to switch to another statement format, a contract modification must be requested.

Additionally, Merchants may request machine-readable XML statements generated daily. These can also be delivered via Merchant Zone.

All statements are generated per shop by default.

4.6.2. Frequency

Statements are generated in alignment with payout frequency and only on business days. If a business day is missed due to a weekend or holiday, the next available statement includes all data from the missed period.

Examples:

- Daily frequency: Statements are generated Monday through Friday. On Monday, a statement is created for Friday to Sunday transactions. If Monday is not a business day, the next statement will include data from Friday through Monday.
- Weekly frequency: Generated on Mondays (or the first business day of the week), covering the previous week's (or plus the Bank holidays') transactions. If Monday is not a business day, the next statement will include data from last Monday through last Bank Holiday.
- Monthly frequency: Generated on the 1st business day of the following month. . If it is not a business day, the next statement will include data from last month's first business day through last Bank Holiday.

4.6.3. Reflecting the Statement in the Merchant's Open Amount

A statement is generated even if the total debit amount equals or exceeds the total credit amount. In such cases, the resulting amount in the statement will be zero or negative, meaning no payout (actual transfer) is made, or even a direct debit (e.g. SDD) may be initiated.

If the merchant enters a positive balance due to transactions on subsequent days, the statement will reflect the updated position. However, any outstanding negative balance (debit) from the previous days will be deducted before payout.

Example:

If on Tuesday the Merchant has a -€ 100 balance of the Merchant (due to refund transaction), a statement is generated showing -€ 100, but no financial transfer is made. If on Wednesday the Merchant generates a +€ 300 positive turnover, the statement will reflect a € 300 payout, but only € 200 will be paid out, as € 100 will be deducted for the prior debit.

4.6.3. Content of Statements

4.6.3.1. Detailed PDF

The detailed PDF statement consists of a transaction-based section and a summary section.

Transaction -based Section

The transaction-based section includes a breakdown per brand, card type, issuer region, TID, and processing date.

There are the following columns:

- transaction date – The original date of the transaction at the Payment Terminal.

- authorization number – A 5–6-character code generated for the transaction during the authorization process.
- card number – truncated PAN, showing only the first 6 and last 4 digits, and stars (*) in the middle
- transaction amount – the total gross amount of the transaction
- interchange fee – amount paid to the issuer via Card Scheme
- acquirer fee - optional – only shown in case of MIF++ pricing, otherwise it is marked as 0
- scheme fee – optional, only shown in case of MIF++ pricing, otherwise it is marked 0
- total commission- the total commission charged to the merchant excluding VAT
- payment amount transaction amount MINUS the total commission excluding VAT
- comment – optional, text or ID for transaction identification.

Note:

- Currency of the transactions are in the header of the statement
- All amounts are shown without the '+' sign.
- Commission amounts are displayed without the '-' sign.
- If the transaction is debited, then the '-' sign is used.
- Transaction-based VAT is not shown in this section.

Summary section

At the end of the PDF, a summary by payout is provided, grouped by :

- payment date
    - payment ID
        - shop ID
            - Payment Terminal ID
                - transaction date

There are summarized transaction amount, total commission, and payment amount in separate columns. Payment amount is the gross amount minus the total commission. There is the daily total VAT amount in separate row(s). The overall summarized payout amount is gross transaction amount minus the total commission minus the VAT.

Finally, there is a summarization by card groups (brand, card types, as it is seen in the detailed part with commission and interchange fee information.

4.6.3.2. Aggregated PDF

The Aggregated PDF provides a summarized overview of:

- Turnover,
- Total commission,
- Any applicable corrections, and
- The VAT amount

The summary covers the entire reporting period (e.g. a monthly), without breaking down by payment date, or Payment Terminal ID.

Example:

A monthly Aggregated PDF will display the total transaction value and commission processed within that month, without any daily breakdown.

Additional summary rows include:

- Turnover, commissions, interchange fee grouped by
    - Brand,

- Card types,
- Issuer region

Note:

- Scheme fee and Acquirer fee are displayed only if MIF++ pricing is applied, otherwise, they are listed as 0.
- This format does not include transaction-level details, only totals for the period.

4.6.3.3. XML Statement

The XML statement contains detailed transaction-level information in a machine-readable format (XML structure), suitable for automated processing.

It includes:

- Company and shop data,
- Transaction-level data (similar to detailed PDF),
- Card type
- Issuer region
- Debit/Credit indicator for transaction and commission
- summarized VAT

If a Reference field (also known as Variably Symbol) was entered during the transaction, it will also appear in the XML output.

Note:

This statement is typically used for automated back-office integration or custom reconciliation processes.

Although it is a machine-readable format, the XML file can also be opened in tools like Excel for review.

For detailed descriptions and samples please click here:

https://merchantservices.kbc.be/en/documents (Service related section)

4.7. Invoice

All invoices are issued in electronic PDF format only and are delivered via KBC Merchant Zone.

The Invoice is the official accounting document for the Merchant and includes all fees and commissions charged by KBC Merchant Services. Invoice reflects the contractual financial obligations during the invoicing period.

4.7.1. Monthly Invoices

Monthly invoices are generated using the data from the current month and are issued on the first business day of the following month. These invoices contain:

- commissions
- recurring fees
- one-time fees
- ad-hoc fees (these are predefined in the fee section but technically might be issued as ad-hoc items).

KBC Merchant Service issues two monthly invoices:

- Pro-forma invoice for commissions and daily VAT
  - These amounts are already deducted from the payouts on a daily basis.
  - The invoice is issued for accounting purposes only and no further payment is required.
- Invoice for all other fees
  - All recurring fees, one-time fees and ad-hoc fees are shown grouped by fee type.
  - Totals include the Total amount, Total VAT amount and the Total payable amount (Total amount

+ VAT amount).

4.7.2. Ad-hoc invoices

Ad-hoc invoices are generated immediately after the corresponding fee-generating event occurs. These invoices are not tied to the monthly billing cycle and cover specific, one-time items such as Payment Terminal purchases or contractual penalties.

4.7.2.1. Payment Terminal purchase

If the merchant selected the “Purchase” option in the “In-shop Payment Terminals” module of the Contract, an invoice is generated immediately after the purchase.

- If multiple Payment Terminals were purchased at once the full amount is included in a single invoice
- VAT is applied, and the invoice displays the Total amount, VAT and the Payable amount.

4.7.2.2. Contractual penalties

In case of contractual breaches, such as

- non-compliance fee,
- lost or damaged Payment Terminal fees

a separate invoice is issued immediately. VAT is not applied (0) to these penalty fees.

4.7.2.3. Credit notes

If the Merchant disputes an invoiced amount, they should contact KBC Merchant Services via Merchant Zone / Contac us.
Following the investigation, if a correction is required, a credit note will be issued in one of the following forms:

- partial credit note – a portion of the original amount is refunded
- full credit note and reissuance – the original invoice is cancelled and a new invoice is issued with the correct amount.

4.7.3. Fulfillment

Different types of invoices are settled through different payment methods:

- Payment Terminal purchase invoices and contractual penalty invoices must be settled by the Merchant via SEPA payment (Transfer),
- Regular monthly invoices are automatically collected by KBC Merchant Services via SEPA Direct Debit (SDD).

4.7.3.1. Transfer

When the invoice is to be settled manually by the Merchant, the payment details, due date, and amount to be paid are clearly indicated on the invoice.

4.7.3.2. SEPA Direct Debit (SDD)

Regular monthly invoices are collected via B2B (Business-to-Business) SEPA Direct Debit (SDD). Once both Parties have signed the SDD module of the Merchant Contract, KBC Merchant Services has the right to initiate monthly SDD collections for the invoiced amount.

- The SDD will be collected through the Bank acting as creditor bank based on the instructions from KBC Merchant Services.
- Invoices are issued on the first business day of each month and made available in the Merchant Zone. A notification mail is also sent to Merchant's registered address.
- The Merchants' Account will be debited on the fifth [5] Business Day following the invoice date. The Merchant must ensure that sufficient funds are available on their bank account to cover the invoice amount.

If no payment is received within 8 calendar days of this email notification, the Merchant Contract may be terminated, and in the case of rental Payment Terminals, equipment will be collected.

5. KBC Merchant Zone

5.1. Registration at KBC Merchant Zone

KBC Merchant Zone (hereinafter referred to as MZ) is a secure online application that uses two-factor authentication for Merchants. The application can be accessed via PC or mobile devices (iOS and Android).

Once KBC Merchant Services accepts the Merchant's contract, a welcome e-mail is sent to the Main User defined in the Merchant Contract. This Main User is always the legal representative of the Merchant company. The email contains a link to the step-by-step guide for completing the registration process.

All responsibilities related to the use of MZ lie with the Merchant and the Main User, particularly regarding:

- providing the right e-mail address and phone number for administrator password delivery,
- managing downloaded documents, statements, and invoices appropriately,
- monitoring the activity via the 'Contact us' module.

The main daily services available in the application include:

- viewing company, shop, and Payment Terminal-related information
- checking near real-time transaction statuses at Payment Terminals,
- downloading the transaction reports in various formats,
- downloading the Merchant's copy of the slip from MZ database in PDF format
- viewing and downloading statements (default PDF and machine-readable format)
- viewing and downloading invoices (monthly or ad-hoc)
- initiating requests, claims, contract modifications, etc. via the "Contact us" module

For further information, the KBC Merchant Zone User Guide is available in the Help menu of the after registration.

To access the application, please visit: www.merchantservices.kbc.be/en/info/merchantzone

5.2. Statement

Statements are available via the MZ. Users can download them multiple times without any risk of data loss or

damage.

If the Contract is terminated, all statements should be downloaded within 30 days from the termination date.

5.3. Invoice

Invoices are also presented via the MZ and can be download multiple times without any risk of deletion or data loss. If a correction is issued, both a credit note and the corrected invoice will be available.

If the Contract is terminated, all invoices should be downloaded within 30 days from the termination date.

5.4. Contact Us

Important: during Friends & Family Pilot phase Merchant Zone / Contact Us menu would not be available for a while. Till the implementation you can use phone call for the next topics. You can call KBC Merchant Service via +32 2 303 32 32 and tell all the required information as describe below. In case of any additional information required, KBC Merchant Service contact you via Merchant's official mail address.

You can send authenticated requests to KBC Merchant Services via the Contact Us module in the M Z. For quick answer please use the pre-defined categories during the request, however you would send general questions as well. KBC Merchant Service contact you via Merchant's official mail about your question. Please send confirmation, answer, attachment with your reply mail if it is necessary.

Contract changes

Via the phone call or Contact Us module in the MZ you may submit various contract-related requests, including:

- Company/shop/Payment Terminal data modification
- New shop or Payment Terminal request, termination request
- Changes to services, parameters
- Changes to statements, or account settings
- Updates to Contact details for shops or contact persons

To proceed, you must first select the appropriate category and sub-category in the MZ, then write your request and upload any required documents. KBC Merchant Services will review your request and, if necessary, send you a contract modification document for signature.

5.4.2. Claims,

5.4.2.1. Transaction related claims

You may submit a claim related to a specific transaction, such as:

- Manual refund request
- Good Faith Letter process initiation
- Transaction correction request

To do so, you must:

- Define your claim's subject or select the appropriate category, and sub-category in MZ
- Provide the original transaction details (Shop ID, Payment Terminal ID, date and time, truncated PAN, authorization code, original amount)
- Clearly indicate whether the transaction should be credited or debited to the merchant
- State the new transaction amount (and write the exact request)
    - you would like to credit or debit the merchant
    - what is the new amount (e.g. in case of manual refund it must be equal to or less than the

original amount).

KBC Merchant Services may request additional data or documentation. For Good Faith claims, the applicable fee must be paid in advance.

5.4.2.2. Settlement-related Claims

If you disagree with the calculated commissions, fees or payout amounts, you may submit a settlement-related claim.

In such case, you should:

- Define your claim's subject or select the appropriate category, and sub-category
- Specify the exact date(s) of the affected transactions
- Clearly describe the issue