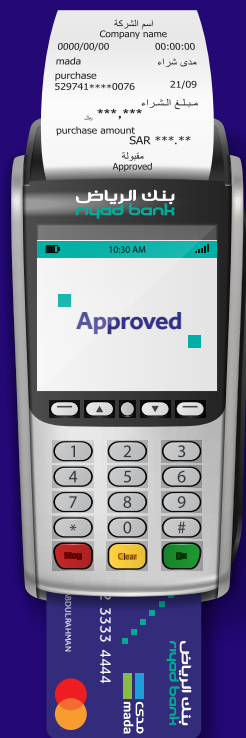


Changes in  
Payout Model



Merchant  
for POS Product

## What is the change?

The PoS Merchant payout process in the Bank is being enhanced to improve upon the time taken for the PoS transaction amounts to be deposited into the Merchant account.

Through this change, all transactions performed by the PoS merchants during the Bank defined cut-off periods will be considered for merchant payments irrespective of whether the transaction was reconciled by the merchant at the terminal.

## What is the cut-off period?

The cut-off period for MADA – GCCNet transactions is 04:00 AM (Day 1) – 04:00 AM (Day 2). The cut-off period for Credit Cards is 12:00 AM (Day 1) – 11:59 PM (Day 1). Therefore, all transactions performed between the above periods will be considered by the Bank for clearing (from the Cardholders' Banks) and payment subsequently.

## Why is the PoS Merchant model being changed?

The model is being changed to serve the PoS Merchants better:

- Expedite the settlement process by reducing the time taken for the funds credited into the account to be realized – transaction amounts will be available for utilisation in the account the very next day\* in the new model as opposed to 2-4 days currently
- Reduce the risk of fraudulent transactions being settled wrongfully, which can result in losses to the merchant
- Reduce the workload on the merchant/ cashiers by removing the need for reconciling the transactions in the terminals to receive payments – even if the Cashier forgets to reconcile the terminal, the payment will still be made

\*The assumption is that the transactions are cleared by the Scheme/ Cardholder Bank.

## What is the current model and how does it work after the change?

Description	Current Model	Enhanced Model
Cut-off time	12 AM – 11:59 PM	Mada & GCCNet: 04:00 AM – 04:00 AM Credit Cards (Visa, MasterCard, ChinaUnionPay): 12:00 AM – 11:59 PM
Reconciled transaction	Considered for payment	Considered for payment
Unreconciled transaction	Not considered for payment	Considered for payment
Date & Time of payment#	T+1, 2 AM T being the transaction date	T+2, 2 AM T being the transaction date
Funds availability#	T+2, 8 AM (for MADA) T+4, 8 AM (for Visa, MasterCard, China UnionPay)	T+2, 2 AM (for MADA, Visa, MasterCard, ChinaUnionPay)
Cleared transaction	Considered for payment	Considered for payment
Transaction not Cleared	Considered for payment	Not considered for payment
Holds on Payment?	Yes (MADA - 1 day   Credit Cards – 3 days)	No, funds available for immediate use
Exposure to risk from settlement of fraudulent transactions	Yes	No

#The assumption is that the transaction is cleared by the Scheme/ Cardholder Bank.

## Logic for receiving Payment

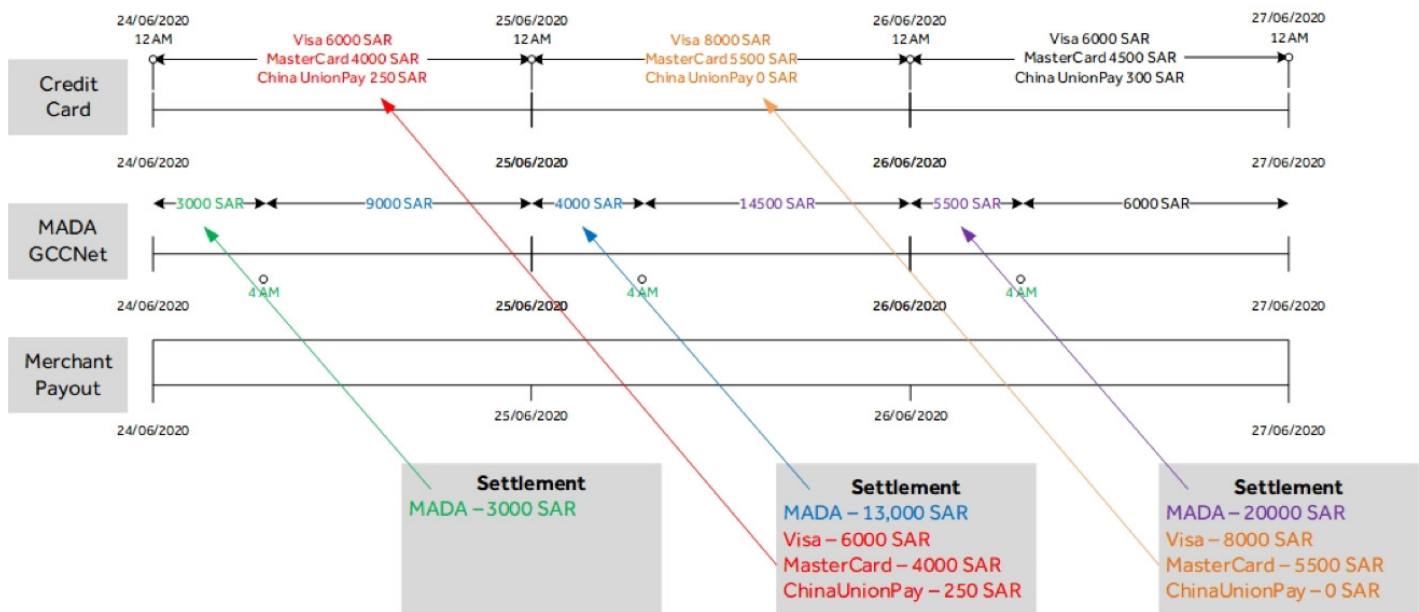
'T' is the transaction date, then the Payment on T+2 at 00:00 Hrs contains:

1. All MADA transactions processed by the merchant between 'T' 04:00 AM to 'T+1' 04:00 AM, irrespective of the reconciliation status of the transaction at the terminal
2. All International transactions processed by the merchant between 'T' 12:00 AM (00:00 Hrs) to 11:59 PM (23:59 Hrs), irrespective of the reconciliation status of the transaction at the terminal

### Assumptions:

All Transactions performed by the merchant are included in the settlement file and cleared by the Schemes, as applicable

The below illustration depicts the above payment logic for a clearer understanding.



### Assumptions:

- No transactions before 24-06-2020
- All transactions performed by the Merchant are settled or cleared by MADA and the International schemes (Visa, MasterCard, China UnionPay) respectively
- The settlement for transactions happening on 26-06-2020 are not shown in the above illustration (except for those MADA transactions processed until 4 AM on 26-06-2020)

## Can you show this with a few examples?

### Example 1:

Date and Time of Transaction status	June 4, 2020 – 3:58 AM
Scheme	MADA
Reconciliation Status	Yes
Cleared by the Scheme/ Issuer Bank?	Yes

Detail	Current Model	Enhanced Model
Payment Status	Yes	Yes
Payment - Date & Time	June 5, 2020 - 2 AM	Jun 5, 2020 - 2 AM
Funds availability – Date	Jun 6, 2020 - 8 AM	Jun 5, 2020 - 2 AM

Time saved – 1.25 days

## Can you show this with a few examples?

### Example 2:

Date and Time of Transaction status	June 4, 2020 -4:02 AM
Scheme	MADA
Reconciliation Status	Yes
Cleared by the Scheme/ Issuer Bank?	Yes

Detail	Current Model	Enhanced Model
Payment Status	Yes	Yes
Payment - Date & Time	June 5, 2020 - 2 AM	Jun 6 2020 - 2 AM
Funds availability – Date	Jun 6, 2020 - 8 AM	Jun 6, 2020 - 2 AM

Time saved – 0.25 days

### Example 3:

Date and Time of Transaction status	June 4, 2020 - 7 AM
Scheme	Visa/ MasterCard
Reconciliation Status	Yes
Cleared by the Scheme/ Issuer Bank?	Yes

Detail	Current Model	Enhanced Model
Payment Status	Yes	Yes
Payment - Date & Time	June 5, 2020 - 2 AM	Jun 6 2020 - 2 AM
Funds availability – Date	Jun 8, 2020 - 8 AM	Jun 6, 2020 - 2 AM

Time saved – 2.25 days

### Example 4:

Date and Time of Transaction status	June 4, 2020 - 7 AM
Scheme	MADA
Reconciliation Status	No
Cleared by the Scheme/ Issuer Bank?	N/A

Detail	Current Model	Enhanced Model
Payment Status	No	Yes
Payment - Date & Time	Will not be paid until transaction is reconciled	Jun 6 2020 - 2 AM
Funds availability – Date	Will not be paid until transaction is reconciled	Jun 6, 2020 - 2 AM

Time saved – N/A

## Can you show this with a few examples?

### Example 5:

Date and Time of Transaction status	June 4, 2020 - 7 AM
Scheme	Visa/ MasterCard
Reconciliation Status	Yes
Cleared by the Scheme/ Issuer Bank?	No

Detail	Current Model	Enhanced Model
Payment Status	Yes	No
Payment - Date & Time	June 5, 2020 - 2 AM	Will be paid only after the transaction is cleared by the scheme
Funds availability – Date	Jun 8, 2020 - 8 AM	Will be paid only after the transaction is cleared by the scheme

Time saved – N/A

## Will I be impacted by the change?

All customers of Riyad Bank who have availed POS acquiring services will benefit from the change.

## How can I reconcile the transactions in the Enhanced model?

You can reach out through the existing channels (E-mails, Riyad Bank PoS Operations team, Riyad Online Corporate, B2B) to receive the Merchant Account Statement, which contains the detailed list of transactions credited into the Current account.

Furthermore, we are enhancing the Riyad Online Corporate portal with a new Merchant Account statement (expected to be available by Sep 2020) to help in reconciliation based on the posting date (date on which money is credited into the current account) – transaction wise and against the credit entries into the current account.

## Do I Need to do the reconciliation process on the terminals?

We recommend that you keep doing the reconciliation on your terminal to help with your validation on shift totals but it will no longer impact the payment process.

## I want to understand this better - whom do I contact?

Please connect with your Relationship Manager or the Branch should you need any additional information.

You can email us at:

- For the Western region: [Implementation-Westernimpw@riyadbank.com](mailto:Implementation-Westernimpw@riyadbank.com)
- For the Eastern region: [Implementation-Easternimpe@riyadbank.com](mailto:Implementation-Easternimpe@riyadbank.com)
- For the Central region: [Implementation-Centralimpc@riyadbank.com](mailto:Implementation-Centralimpc@riyadbank.com)

You can call us at: **920001816**



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