



MAC-USA Advantage White Paper

The Background:

When merchants receive a chargeback, funds are generally pulled immediately from the merchant's account or batch. In some cases, merchants receive the chargeback or retrieval letter without enough time to reply, or after spending valuable time finding the requested documentation and writing detailed responses to the open chargeback case, still cannot win the chargeback dispute.

In cases of card issuer-initiated disputes (such as EMV Liability Shift), very rarely do merchants even have a chance of winning the chargeback dispute even if they reply. Due to unlikely success of merchant's ability to win these chargeback disputes, MAC-USA Advantage was created.

The Reimbursement Process:

When a merchant receives a chargeback letter for the warranty inclusions, they simply upload a copy of the chargeback letter to the MAC-USA portal for reimbursement.

Reimbursement Warranty Inclusions:

Chargeback reasons included for up to \$100k annually of reimbursement are as follows:

- Fraud
- EMV Liability-Shift
- Fallback (when chip was unsuccessful, and swipe was complete)
- Transaction is \$250 or under on the Advantage 250 program
- Transaction is \$1000 or under on the Advantage 1000 program
- Currently only for Card-Present, Swipe or Chip Card transactions
- Please see warranty terms and conditions for further details

Other Requirements for Reimbursements:

- Must be a level 4 merchant
- Must be a Chargeback letter for submission as Retrieval letters are not resolved cases.
- Chargeback letters with claim must be submitted through the MAC-USA portal within 60 days of the chargeback letter date.
- Merchant must have been enrolled in MAC-USA Advantage prior to the date of the transaction in dispute and in a current active status in the MAC-USA Advantage program.
- Transaction amount must be at or under the enrolled program value of \$250 or \$1000. Transaction values that exceed the amount of the enrolled program (Advantage 250 or Advantage 1000) will have no warranty coverage.
- Please see warranty terms and conditions for further details



Merchant Data Security:

Merchant Data Security (MDS) warranty is an essential part of the MAC-USA Advantage. Every level 3 and 4 merchant is eligible for the annual \$100k MDS protection. MDS was designed to protect merchants where most merchants are vulnerable to attacks and unaware, or without any sort of protection or reimbursement in current policies such as general liability coverage most merchants carry.

Not only does MDS cover PCI breach protection, but in the event a merchant were to be breached and Personal Identifiable Information (PII) was taken, merchants can be held responsible to regulatory action. These incidents are well known in the medical field with regulators such as HIPAA and growing through other regulators enforcing strict handling of individuals PII such as EUGDPR, GDPR, LGPD, and others.

Another major concern for most merchants is cyber extortion / ransomware. Merchant POS systems, computer systems, desktops, servers, etc... are all connected to the internet. This leaves them vulnerable to a potential cyber-attack. In today's market, a lot of carriers have dropped coverage all together, and others have more than doubled the premium cost (ranging an average of \$30k-\$50k/year) and deductibles (ranging an average of \$25k-\$50k) making it difficult for merchants to cover themselves. The MDS program gives merchants direct breach coverage up to \$100k annually for cyber extortion / ransomware with no deductible. This variable alone is reason enough for all merchants to have the MDS program.

Coverage Inclusions:

- Card brand assessments, fines, fees, penalties
- Forensics costs (PFI)
- Notification costs
- Cost to reissue cards to customers
- Credit monitoring
- QSA services as required by Card Brand(s)
- Regulatory assessments, fines, fees, penalties (including HIPAA)
- Post-breach chargebacks (including fees)
- Protection for Personal Identifiable Information (PII)
- Legal defense costs to defend regulatory action
- Legal consultation for notifications
- Crisis Management and Public Relations
- Data restoration
- Cyber Extortion & Ransomware costs
- Equipment/Software Updates
- Please see warranty terms and conditions for further details



Frequently Asked Questions:

Are any integrations required to participate?

No, MAC-USA Advantage does not need any integration to a POS, terminal, or gateway. Only the chargeback letter needs to be submitted as the evidence of the chargeback occurrence.

How often are merchants paid the reimbursement?

Merchant payments are sent out in monthly batches from the activity of approved cases from the prior month. On average a merchant is reimbursed within 45 to 60 days of the chargeback claim.

Can a merchant be removed from the program?

Yes, merchant claims are monitored and do go on a watch list for suspicious activity such as continuously submitting the same card, or continuous excessive chargebacks, etc.... It is not common for a merchant to be removed. MAC-USA will notify the merchant in most cases when a merchant is put on the watch list. If a merchant is removed from the program, the active claims will still be reviewed and paid out until the removal effective date.

Can MAC-USA Deflect be stacked with MAC-USA Advantage (Chargeback Reimbursement)?

Yes, MAC-USA Deflect alerts will primarily address product inquiries and fraud attempts. If simply using the Alert function, 20% of the disputes on average will be eliminated altogether. While MAC-USA Advantage will reimburse merchants that incurred the chargeback along with the chargeback and retrieval fees assessed for card present transactions for the reasons of fraud, EMV liability-shift, and fall back. All in one tool, merchants will be able to setup their own settings for each program and submit for reimbursement.