

## **Knet K-Validate Service Agreement**

This Service Agreement (the "Agreement") for providing Kent's K-Validate Service was concluded between:

**First:** Commercial Bank of Kuwait (K.S.C.P) Address, Kuwait, P.O. Box# 2861, Safat 13029, Kuwait represented herein by Mr. Yasser Abdul Mohsen Muzaffar in his capacity the Head of Card Center, Telephone No. 22990484, email: merchants@cbk.com (Hereinafter referred to as "the First Party/ the Bank")

**Second:** The Merchant whose particulars are included in the Electronic Payment Services Application Form (Hereinafter referred to as "the Second Party / Merchant/ the Bank Customer").

Each a Party and jointly the Parties.

After both Parties have declared their full competence and legal capacity to contract, they agreed as follows:

### **Preamble**

Whereas the Merchant (Bank Customer) wants to use the Knet K-Validate Service to verify that the buyer's phone number matches the one registered at the bank for the used debit card. This is done to make sure purchase of any untraceable goods is done by the genuine cardholder:

1. **Initiate an online payment:** A Cardholder (Buyer) uses their debit card issued by a local bank to make an online purchase from a Merchant (Bank Customer) in Kuwait.
2. **Redirect to the Knet gateway:** The merchant's (Bank Customer) website redirects the cardholder (Buyer) to the Knet Payment Gateway page and provides the cardholder's (Buyer) mobile number in the UDF4 field of the authorization message.
3. **Successful Validation:** Knet Validates the customer's mobile with its database of all local debit card customers, if the validation is successful then Knet continues with the normal transaction authorization process.
4. **Failed Validation:** incase the mobile number validation fails then Knet rejects the transaction
5. **Transaction Completion:** Once the Validation and Authorization is successfully completed by Knet and the issuing bank, the payment is authenticated and the transaction is completed

Whereas the Merchant (Bank Customer) wants to use the K-Validate to further secure the online transactions by using the cardholder's (Buyer) debit (K-net) cards and the mobile number registered in his bank for the same card ("Transaction" or "Transactions").

Whereas the Bank is authorized to issue necessary approval for using the payment method by granting such authorization to all related parties involved in the payment process in accordance with the terms and conditions of this Agreement.

Now, therefore, the two Parties hereby agree as follows:

### **Article (1): Preamble**

The above preamble is an integral part of this Agreement and complementary to all its provisions and terms.

## **Article (2): Duration of Contract**

- 2.1. The duration of this Agreement is for one (1) year (the “Agreement Term”) from the date of signing of this Agreement. The Agreement Term shall expire on the last day of the same month in which this Agreement was signed. At the expiration of the Agreement Term, this Agreement shall be automatically renewed thereafter for successive one (1) year periods (“Renewal Term”) unless the Merchant gives written notice of termination at least sixty (60) days prior to the expiration of the Agreement or Renewal Term (whichever applicable).
- 2.2. The Bank reserves the right to terminate this Agreement without prior notice in case:
  - The Merchant does not strictly adhere to the terms and conditions of this Agreement, and/or any other agreement signed with the Bank that regulates banking cards relationship between the two Parties.
  - The Merchant closes its account with the Bank designated for the online transactions through all banking cards.
  - The Merchant fails to settle any service related fees for 3 consecutive months
  - Subsequent to the closure date, all payments or refunds shall be settled to the merchant account, except in cases where the merchant’s conduct is subject to investigation
- 2.3. The Bank shall have the unilateral right to terminate this Agreement at any time and without prior notice if it deems, at its sole discretion, that the Merchant’s activities pose reputational, operational, regulatory, or financial risk to the Bank. Renewal remains subject to the Bank’s approval, and the Bank may refuse renewal without providing reasons.

## **Article (3): Obligations of the Parties**

The Merchant shall comply with the terms and conditions for the use of the debit cards issued by the Bank as per the following:

- 3.1 The Merchant bears full responsibility for any financial or legal disputes that arise with cardholders regarding products or services purchased through the K-validate service. The Bank and KNET are not party to these disputes. This includes disputes over product quality, delivery failures, or discrepancies between the product advertised and the one delivered.
- 3.2 The Merchant shall indemnify and hold harmless the Bank and KNET against any and all claims, losses, damages, penalties, or liabilities arising from transactions, including disputes with cardholders, regulatory fines, or data breaches
- 3.3 Merchants must comply with all laws in force in Kuwait. This Agreement prohibits using the service for any purpose that violates the law.
- 3.4 The Merchant is fully responsible for any legal violation. The Bank reserves the right to take severe action, including stopping transactions, blocking withdrawals, and freezing all the Merchant's accounts.
- 3.5 The Merchant is responsible for ensuring the security of customer data, including implementing appropriate precautions and access controls. While the Merchant's obligation may be limited to negligence for ensuring data security, they must cooperate with the Bank to maintain a secure system. The Bank also reserves the right to audit the Merchant's security systems.
- 3.6 During the term of this Agreement, the Merchant undertakes to comply with all instructions issued by the Bank regarding how to use the payment method. The Merchant shall also strictly maintain the confidentiality of the codes, numbers and passwords that the Bank provides to the Merchant and to take all necessary measures to prevent others to access them.
- 3.7 Merchants are committed to complying with all laws in the State of Kuwait and any terms set by their Bank or KNET. This includes regulations governing digital payments and the processing of financial transactions.
- 3.8 The Merchant is obligated to pay transaction fees as stipulated in their service application form. These fees, which are often a percentage of the gross sales amount, are typically deducted by the Bank before crediting the merchant's account. The Bank has the right to

amend the fees by providing written notice to the Merchant (90) Ninety days prior to the change.

- 3.9 Merchants must ensure their website and payment processing systems meet the required security standards. This includes:
- Maintaining a secure website with encryption, such as HTTPS.
  - Providing clear information to cardholders regarding their terms and conditions, refund policies, and a method for submitting complaints.
  - Displaying KNET as a payment option.
- 3.10 Merchants must adhere to acceptable use guidelines, which prohibit transactions involving restricted or illegal goods and services.
- 3.11 Merchants must agree to periodic audits to ensure compliance with the terms of service and security standards. Non-compliance can result in suspension or termination of the service.
- 3.12 The Merchant undertakes to have in place qualified employees to handle all matters related to the service subject of this Agreement.
- 3.13 The Merchant undertakes to comply with all the terms and conditions of this Agreement and all laws relevant to the subject matter of this Agreement.
- 3.14 The Merchant acknowledges that it is aware of and fully understands all the terms and conditions set forth in this Agreement and further acknowledges its agreement thereon.
- 3.15 The Merchant undertakes not to use the service for any illegal purposes or purposes that violate the regulations in force in the State of Kuwait.
- 3.16 The Merchant declares that all goods and services that are sold through the Online Payment Gateway for Debit cards, provided by the Bank, are goods or services which the Merchant owns, and that he does not in any way use this service for collection on behalf of third parties or persons, unless he obtains a written approval from the Bank to do so. The Merchant also undertakes to accept any measures or penalties that the Bank may apply to him in case it is established for the Bank that the Merchant has breached the above.
- 3.17 The Bank is committed to providing the K-Validate service to the Merchant.
- 3.18 The Bank is committed to ensuring that the service operates in accordance with the technical and security standards approved by Knet and the Bank.
- 3.19 The Bank is committed to providing technical support to the Merchant in the event of any defect or problem related to the service. The merchant can send his queries to [gatewaysupport@cbk.com](mailto:gatewaysupport@cbk.com).
- 3.20 The Bank undertakes to notify the Merchant in the event that the Bank makes any amendment or addition to the process of using the Online Payment Service. The Bank shall also conduct the necessary training for the Merchant's team on how to use the service.
- 3.21 The Bank has the right to take legal action against a Merchant under Kuwaiti law for any suspicion of money laundering, terrorist financing, or other financial crimes. Funds can be immediately set aside in such cases.
- 3.22 The Bank reserves the right to impose additional security controls or suspend service without notice if it suspects non-compliance or detects vulnerabilities.
- 3.23 The Bank may require periodic security certifications or third-party audit reports, at the Merchant's expense, to ensure ongoing compliance
- 3.24 Both Parties shall comply with all terms and conditions of this Agreement and all current and future laws and decisions, if any, relevant to the subject matter of this Agreement.
- 3.25 The merchant must not provide "Buy Now Pay Later" services offered by non-resident companies that have not obtained the required license from the Central Bank of Kuwait.

#### **Article (4): Scope of Services Provided by the Bank**

- 4.1 The Bank has the absolute right to, at its sole discretion and without liability for any resulting loss or damage to the Merchant, accept, reject, delay, or reverse any transaction conducted using debit cards, issued by the Bank or any other bank, to pay for goods and services after

- verifying the two parties to the transaction. The Bank shall verify the Cardholder (Consumer/Buyer) based on the debit card details and the other available necessary information and verify the Merchant side. However, the Bank shall have the right, at its sole discretion, to reject the transaction in case the verification process and the identification of both parties of transaction have failed without any adverse impacts on the Cardholder (Consumer/Buyer) as a result.
- 4.2 The Merchant, after verifying the sent transaction data as indicated above, shall complete and executed the transaction and provide the goods/services to the buyer (Cardholder).
  - 4.3 The Bank will notify the Merchant immediately upon the interruption or cessation of the service and the expected period of such interruption.
  - 4.4 The Bank will notify the Merchant in due time to make the necessary communication, in case any of the Merchant's activities on the network has become non-compliant with the agreed upon standards and practices.
  - 4.5 The Bank shall apply the best standards and practices adopted in this field at all times of direct or indirect communication. This is to protect the security and confidentiality of any information related to the transaction sent to the electronic payment method, especially while passing, verifying or processing the transaction and during the times when the transaction is subject to third parties access.
  - 4.6 The Bank shall provide and maintain all equipment and software necessary to provide and support the service provided by the Bank under this contract. It shall also comply with its responsibilities to ensure the security, integrity and privacy of the shared data.

#### **Article (5): Charges for Business & Services**

In return for providing the services set forth in Article No. (4) Above, the Bank shall charge the fees and commissions stated in the Electronic Payment Service Application Form. The Bank shall have the right to amend such amounts after the elapse of a period not less than (90) Ninety days from the date of notifying the Merchant of such amendment through the means deemed appropriate by the Bank.

#### **Article (6): General Terms**

- 6.1. Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party.
- 6.2. This Agreement constitutes the entire agreement between the Parties and supersedes any prior agreements or understandings relating to its subject matter.
- 6.3. If any provision of this Agreement is found to be invalid or unenforceable, this shall not affect the validity of the remaining terms.

#### **Article (7): Risk Management**

- 7.1. Each Party shall notify the other and furnish all information, within two working days in the event that any Party knows of any attempted or actual unauthorized use or misuse of the payment method or any components thereof, or in case either Party receives any information related to such breaches and other unauthorized acts. Both Parties have agreed to cooperate with each other in order to develop consistent and effective strategies to overcome such problems and mitigate the negative impacts on the electronic payment method as much as possible.
- 7.2. The Bank reserves the right to freeze settlement amounts, delay credits, or offset funds in case of suspected fraud, suspicious transactions, or regulatory inquiries until such matters are resolved to the Bank's satisfaction

#### **Article (8): Confidentiality**

During the term of this Agreement and for a period of (5) Five years after its termination, neither Party may disclose, announce or use, for any purpose other than this Agreement, any information related to the business or affairs of the other Party without the prior written consent of the concerned Party

#### **Article (9): Force Majeure**

- 9.1 Neither Party shall be responsible towards the other for any default or non-performance of its obligations or related costs if the obligations required under this Agreement have not been performed due to any events that are beyond the control of the delayed Party, or due to any local or international force majeure events or circumstances that impede the implementation of this Agreement.
- 9.2 In the event of force majeure, the delayed party has the right, under mutual written agreement with the other Party, to extend the time according to the duration of such force majeure circumstances. However, the delayed Party shall immediately notify the other Party of the force majeure event and discuss with the other Party the possible actions that can be taken to overcome delays as soon as possible. Further, the delayed party shall make all reasonable efforts to overcome such delays.
- 9.3 If the force majeure circumstances last for a period exceeding the agreed upon term between both Parties, then either Party may notify the other of its wish to terminate this Agreement immediately. Both Parties have agreed that in case such force majeure circumstances vanish before the aforementioned period, then the relationship already existing between them shall continue and this Agreement will remain in full force.

#### **Article (10): No Waiver**

Neither Party to this Agreement shall waive any obligations or rights arising therefrom or dispose thereof in any way, whether by means of transfer or sublease, without the prior written consent of the other Party.

#### **Article (11): Termination of the Contract**

- 11.1 Without prejudice to the provisions of Article (2) and (8) herein, this Agreement may be terminated during its validity period in the following cases:-
- Based on mutual consent of the Parties to terminate the Agreement;
  - If either of the Parties neglects or defaults in meeting its obligations under this Agreement, and such negligence or default is repairable or restorable but continues for 30 days after the Party in default receives a notice from the other Party explaining the type of negligence or default and identifying the corrective actions that should be taken to remedy the default.
  - Immediately upon the bankruptcy, liquidation or dissolution of either Party, or upon the occurrence of any other similar legal circumstances.
  - In the event of an unauthorized waiver of this contract as stipulated in Article (9) therein above.
- 11.2 The Bank may terminate this Agreement immediately and without liability if:
- The Merchant's activities expose the Bank to regulatory, financial, or reputational risk or if the Bank determines, at its discretion, that continued service poses unacceptable risk.
  - The Merchant is placed under investigation by any regulator, law enforcement agency, or card network.
- 11.3 Any termination of this Agreement shall not prejudice any rights or obligations arising for either Party towards the other prior to the date of termination.
- 11.4 The Bank shall have the right to take legal actions against the Merchant in accordance with Law No. 106/ 2013, Central Bank of Kuwait Instructions No. (2/BS/IBS/432/2019) and their subsequent amendments in the event of having any suspicion of money laundering and

- terrorist financing without the least responsibility on the Bank. The Bank may immediately set aside any transferred funds in the event that there are suspicions that such funds are associated with money laundering and terrorist financing transactions. The Bank may also delay the transfer of the funds for the purpose of verification, or refrain from enforcing the transfer due to suspicions that the transactions may be associated with money laundering or terrorist financing, or that the transfer is intended to individuals or companies that are included on the blacklist of any country or are subject to any internationally imposed sanctions, or that the transfer is to any fictitious name or entity.
- 11.5 The Bank has the right to close or suspend any accounts in the event of suspicion of a legal violation, financial suspicion, or suspicious transactions. It also has the right to withdraw and seize any account belonging to customers without the need for notification or warning.
- 11.6 The Bank reserves the right to refuse opening or to close any account without giving any reasons.

#### **Article (12): Notices**

All correspondences and legal and judicial announcements (as served by any of the Parties to the other on the addresses set out in this Agreement or to the latest address provided via a registered letter with acknowledgement of receipt, SMS, e-mail or by any other modern means of communication that can be saved and retrieved) shall be valid, enforceable and legally binding, from all aspects, towards the other Party. However, any change to the address of any Party shall only be effective or valid from the date when the other Party receives a written notification of the change of the address.

#### **Article (13): Governing Law and Dispute Resolution**

- 13.1 The Merchant shall hereby comply with all the laws in force in the State of Kuwait and the terms and conditions of the Bank and shall not use the service for any purchase transaction, getting services or any objectives that are in violation of the law. The Merchant shall bear the full responsibility for any violation thereof. In this case, the Bank has the right to stop dealing, withdrawals and blocking all Customer accounts.
- 13.2 These terms and conditions shall be subject to and interpreted by the laws in force in the State of Kuwait and all disputes and conflicts that may arise between the Merchant and the Bank shall be subject to the exclusive jurisdiction of the courts of the State of Kuwait without prejudice to the Bank's right to take any legal action against the Merchant before any court or judicial authority whether inside or outside the State of Kuwait.
- 13.3 The Bank reserves the right to seek interim relief, injunctions, or asset-freezing orders in any jurisdiction to protect its interests.
- 13.4 In case of conflict between the Arabic text and the English text, the Arabic text shall prevail.

#### **Article (14): Entire Agreement**

This Agreement constitutes the entire agreement between both Parties regarding the subject matter of the service, and supersedes any previous understandings, correspondence or agreements of any kind between the two Parties, whether verbal or written.

#### **Article (15): Amending, changing and canceling of terms and conditions**

The Bank shall have the right to amend, add or cancel any of these terms and conditions without notice to the Merchant in accordance with the Bank's applicable policies and procedures and as per the Central Bank of Kuwait's instructions.

#### **Article (16): Privacy Statement**

The Bank shall implement and maintain appropriate safeguards to ensure the confidentiality, integrity, and security of all customer and transaction data processed through the payment

services provided to the Merchant, including but not limited to point-of-sale systems, payment gateways, and related infrastructure, in compliance with applicable data protection laws and regulations.

**Article (17): Data Sharing**

The Merchant acknowledges and agrees that the Bank may share transaction data and related information with third parties solely for the purpose of executing and processing transactions, including payment service providers, without the need to obtain the Merchant's prior consent. Furthermore, the Bank shall have the right to disclose any such data as required by applicable laws, regulations, or upon request from competent regulatory authorities, also without requiring the Merchant's consent.

**Article (18): Main risks of the service:**

- 1. Transaction Processing:** The Merchant acknowledges that occasional transaction failures or interruptions may occur due to technical issues or external factors. The Bank will make reasonable efforts to ensure reliable and timely processing of payments.
- 2. Data Security:** The Merchant agrees to follow the Bank's guidelines for secure use of the payment gateway. The Bank shall implement appropriate safeguards to protect customer data and transaction information in accordance with applicable data protection standards.
- 3. Fraud and Chargebacks:** The Merchant understands that online transactions may be subject to fraud or chargebacks. The Merchant agrees to cooperate with the Bank in investigating and resolving such cases as per established procedures.
- 4. Regulatory Compliance:** The Merchant is responsible for complying with applicable laws and regulations related to online payments, including data protection and anti-fraud measures. The Bank will provide support and guidance to help ensure compliance.