Encytro Advantage White Paper

The Background:

When merchants receive a chargeback, funds are generally pulled immediately from the merchants 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, Encytro Advantage was created.

Encytro is currently the only program in existence today for this true chargeback reimbursement program.

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 Encytro portal for reimbursement.

Reimbursement Warranty Inclusions:

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

- 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 Encytro portal within 60 days of the chargeback letter date.
- Merchant must have been enrolled in Encytro Advantage prior to the date of the transaction in dispute and in a current active status in the Encytro 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) is an essential part of the Encytro 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.

In addition, if the merchant disappears after any of these breaches and the Encytro partner becomes liable for the loss, the same coverage inclusions become available to the Encytro partner.

Another major concern for most merchants is in 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 merchant 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 to include the MDS program on all merchants, and justifies the amount billed to the merchant.

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
- ISO indemnity
- Includes foreign and domestic merchants
- Please see warranty terms and conditions for further details

Frequently Asked Questions:

Can the program be White Labeled?

Yes, the Encytro portal is always White Labeled. The portal can also White Label at multiple levels of the hierarchy, so users are familiar with the branding presented.

Are any integrations required to participate?

No, Encytro 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.

Can merchant's opt-in and opt-out of this program?

Yes, on the Merchant Data Security (MDS) program, merchants can be added and removed with a single click in the Encytro portal. Merchant do have the ability to opt-out of the Encytro Advantage program. The Encytro partner would enroll the portfolio into the Merchant Data Security (MDS) to gain access to load the portfolio into Advantage 250 or Advantage 1000. If a merchant does not want to participate in the program, the partner would remove that merchant with a single click in the Encytro portal.

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 days of the chargeback claim.

Do we need to be a licensed insurance agent to sell this program?

No, this program is not an insurance program, it's a warranty program. Just like you would experience in purchasing an extended warranty when purchasing a car at a dealership.

How could the chargeback reimbursement program be possible?

This program was uniquely designed in 2015 to protect merchant's victim to EMV Liability-Shift and Fraud. The design of the program is to reimburse merchants for chargebacks that are out of the merchants' control. The program is based on portfolio spreads and doesn't allow for enrolling just the highest claim merchants. Every merchant enrolled in the program is also under the Merchant Data Security coverage.

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. Encytro will notify the partner 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.

Is there an API?

Yes, Encytro has a complete API website for direct integrations to the portal.

Can Encytro Deflect be stacked with Encytro Advantage (Chargeback Reimbursement)?

Yes, Encytro 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 Encytro 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.

What is required to setup a merchant or portfolio?

The process is simple. A template is utilized to capture basic merchant information. Merchants are then uploaded to the Encytro portal with the parameters selected and sent a Welcome Email customized and proofed by the Encytro partner. API can also be used to automatically load from another system or CRM.

How does billing work?

Encytro by default will bill the partner a month in arrears of the months activity for merchants enrolled. Partners can bill their merchants via processing statement, ACH, or by any billing method of their choosing.

What is the recommended MSRP?

The average Encytro partner currently has a net revenue of around $19/mo./merchant. When Encytro Advantage is sold as a standalone, it is recommended and currently sold on average around $35/mo./merchant. Due to the massive value of coverage, this pricing would still fall far below the expectations of most merchants. In some cases, a single month of reimbursement covers the entire year of costs.