

Merchant Services Glossary

- ABA**
Transit number or routing number for a bank. This identifies a bank at the Federal Reserve.
- Access Card**
The plastic card used in an automated teller machine (ATM) for deposits, cash withdrawals, account transfers and other related functions.
- Account History**
The payment history of an account over a specified period, including the number of times the account was past due or over the credit limit.
- Account Number**
A unique sequence of numbers assigned to a cardholder account that identifies the issuer and type of financial transaction card.
- ACH**
Automated Clearing House-Mechanism by which banks utilize the Federal Reserve to fund and/or debit merchants electronically.
- Acquirer/Acquiring Member**
A member of MasterCard and/or Visa which maintains merchant relationships and receives all bankcard transactions from the merchant. Can also be used to describe the disbursement of funds in a cash disbursement.
- Activity File**
A file maintained within the MasterCard or Visa processing system that lists account numbers for which stand-in authorization has been approved within a four-day period.
- Activity Limits**
Values representing the maximum dollar amount or maximum transaction count (or both) that can be authorized.
- Affiliate**
A member or licensee of Visa International or Visa USA or an organization affiliated with a MasterCard member that participates under the member's rule or card plan on either the cardholder or merchant side.
- Affinity Card**
A credit card issued by a member in conjunction with an organization or collective group (e.g., a professional association or special interest group) that is identified on the card. The card issuer often pays the organization a royalty on charge transactions.
- Affinity Group**
A club, organization, or group with a common bond, such as an alumni association, a fraternal order or a professional organization. Such groups sometimes offer their members a Visa or MasterCard with the group's logo on it.
- Agent Bank**
Also called processing banks. Acquiring banks quote pricing to these banks and the banks, in turn, quote pricing to the merchant.
- Agent Member**
A member that, by agreement, participates in another member's card program, usually by turning over its cardholder and merchant applications to the member administering the card program and by acting as a depository for merchants.
- Aging**
The procedure by which accounts are classified for the purpose of determining delinquency, ranging from current to charge-off status.
- Altered Card**
A card on which the original embossed or encoded information has been altered for fraudulent purposes.
- AMEX**
The normal abbreviation of American Express. For Voice Auth call 800-528-2121, for Customer Service call 800-528-0682, for merchants that want to accept Amex call 800-528-5200.

Annual Fee

A fee paid by a cardholder to the issuer for the privilege of holding a financial transaction card and using it to buy goods and services. Not all cards have fees.

Annual Percentage Rate

The yearly interest charge applicable to outstanding credit balances for one year. Often calculated as the monthly rate times 12.

Arbitration

The procedure a member can use to resolve a chargeback-related dispute between two members. MasterCard or Visa resolves the dispute between members and decides responsibility for the fines that may be assessed to the participating members.

Arbitration Filing

A formal case filing submitted after unsuccessful dispute resolution through the chargeback/presentation cycle.

ARN

Acquirer's Reference Number - An identification number assigned by the acquirer to each INET record. It includes the Bank Identification Number (BIN) and acquirer's processing date.

ARU

Audio Response Unit. A series of questions asked and answered over the phone, then an audio response is given. Such as voice authorizations.

Assessments

Fees charged to the Acquirer by Visa/MasterCard to maintain the Interchange system.

Associate Member

An organization owned by members which services and obtains processing services for members and functions as a principal/ proprietary member of Visa.

Association

An organization owned by members that services and obtains processing services for members and functions as a principal/proprietary member of MasterCard .

ATM

Automated Teller Machine - An unattended computer terminal that performs basic teller functions: dispensing cash, accepting deposits and loan payments and enabling a bank customer to order transfers among accounts and make account inquiries.

Authorization

The process by which a transaction is approved by the issuer or by MasterCard or Visa on behalf of the issuer. Permission is given (or denied) to the merchant, via the acquirer, to accept a specific transaction for the card account number. Authorization is based on the cardholder account status and available credit. Authorizations can be electronic through a terminal, voice operator, or automated response unit.

Authorization Code

A code received (either verbally, electronically, or by ARU) from an authorization center verifying that a credit card is not listed on the negative file and has the available open-to-buy for the transaction submitted. The numerical code designated by the issuer, given to a sales transaction as verification that the sale has been authorized. The authorization code should always be included on the merchant sales draft.

Authorization Fee

A fee charged to a merchant for every response the merchant receives through the terminal.

Authorization File

A file used by the issuer to record current account information and status. Accessed during authorization request.

Authorization Only

Process of reserving amount on cardholder account, but not electronically claiming the funds. Either sales draft must be deposited to receive payment or the transaction must be keyed in as a Force for electronic settlement.

Authorization Request

A merchant's request for approval to accept a cardholder sales transaction.

Authorization Terminal

A point-of-sale terminal permitting electronic authorization. Authorization terminals do not necessarily capture transaction data into a payment system. See also EDC terminal.

Available Credit

The difference between a cardholder's credit limit and the present balance on the account, including outstanding transactions not yet received through interchange.

Average Daily Balance

An amount calculated by dividing the balance outstanding at the close of each day during the billing cycle by the number of days in that cycle. Used to calculate the interest due on the outstanding account balance.

Average Monthly Volume

Total amount of sales for the year divided by 12 (months.)

Average Ticket

Total net sales divided by the number of transactions.

AVS (Complete)

Address Verification Service - A service that verifies the cardholder's billing address in order to combat fraud in mail order/telephone order transactions.

AVS (Backend)

Address Verification Service - A prompt that must appear on the POS device so that the MO/TO merchants can qualify for the lowest rates. **The minimum prompt that will be accepted is zip code.**

Bad Debt

Debt that has been written off and sent to a collection agency for payment.

Balance

The amount of money owed by the Cardholder to the card issuing bank.

Balancing

A procedure performed at a POS device to reconcile or account for purchases, returns, cashbacks and voided transactions. Balancing is complete when the totals are cleared and the business date is changed.

Bank Identification Number (BIN)

The first six digits of a Visa or MasterCard account number, which identifies the bank that issued the card.

Bankcard

A financial transaction card issued by a financial institution.

Bankcard Association

A group of institutions formed for the purpose of sponsoring a bankcard program using a common processing and administrative center.

Bankmate

A regional debit network.

Banknet

The primary data transport communications facility that links all MasterCard customers and MasterCard data processing centers into a single on-line financial network (also called a packet-switching network.) Banknet separates communication processing from financial applications to transmit messages over a single communications network. NOW CALLED Global Payment Systems.

Bankruptcy Notification Service

This service is a joint effort between MasterCard and Visa. Bankruptcy filings and cases are gathered from all the bankruptcy courts and sent to the credit bureau for account numbers. Bankruptcy information is routed daily to appropriate members.

BASE I

The VisaNet data processing systems, networks and operations that provide authorization and authorization related services to Visa members.

BASE II

The VisaNet data processing systems, networks and operations that provide clearing, settlement and other interchange related services to Visa members.

Basis Point

Divide a penny into 100 pieces and 1 basis point would equal to 1 piece of those 100 pieces. Discount rates for merchants are assigned as basis points.

Batch

A grouping of credit card transactions as captured by a merchant. A batch is usually an entire day's activity.

Batch Close

A function in the EDC system used to ascertain the current (open) batch number, total item count and total (net) dollar amount in the current batch for BTT merchants. After the batch is done, a GBOK number is received.

Batch Detail Report

Printed information for each transaction currently in the terminal. Can be run in transaction sequence or for the entire batch.

Batch Header

The batch header is used for paper merchants when making their deposit at the bank. The batch header has to have the merchant number and merchant name, total transactions (dollar amount) attached to the sales slips. Documentation that should be filled out by all paper merchants when submitting sales drafts. The batch header shows total sales, total credits and net amount that is paid to the merchant.

Batch Open

In a host-based environment, the merchant must send a transaction to the host telling it to open a batch. If this is not done, all transactions will be authorized but not captured.

Batch Review

A function in the EDC (Electronic Draft/Data Capture) used to ascertain the current (open) batch number, total item count and total (net) dollar amount in the current batch of a terminal

BET

Billing Element Table. Used by Vital for pointing merchants to different rates based on levels of qualification and the interchange associated with the level.

Billing Date

The month, day and year when a monthly statement is produced. The current finance charges, minimum payment due and new balance are calculated as of the billing date.

BIN

Bank Identification Number - A unique series of numbers assigned by MasterCard or Visa to a principle member institution which identifies the member in transaction processing. It is the first three to six digits of a standard cardholder account number and can be used by the member's affiliates if necessary.

Blow Out

Procedure done on all Verifone terminals to clear the memory. Another term for this function is Clear All.

BOH

Acronym or abbreviation for Bank of the Hamptons.

BOW

Acronym or abbreviation for Bank of the West.

Business Card

A bankcard issued to companies for use by company employees. The liability for abuse of the card typically rests with the company, not with the employee.

Buyer's Guide Service

A value added service included in some card programs, that offers the cardholder discounts on special catalog merchandise.

Call-Me

A response to an acquirer's authorization request, generated by the issuer or through stand-in processing, which requires the acquirer to contact the issuer directly.

Capture

To read and maintain applicable information from a POS device for use in the settlement of funds.

Card Mailer

Special packaging used to mail new or re-issued cards to the cardholder. The mailer may contain special information and/or instructions to the cardholder about the account.

Card Registration Company

A company that provides an optional service to cardholders, usually for an annual fee. The cardholder registers his/her credit card account numbers with the company. If cards are lost or stolen, the cardholder makes only one call to the card registration company which then notifies the issuers of all the lost/stolen cards.

Card Re-issue

The process of preparing, packaging and sending new cards to cardholders prior to their current card's expiration date.

Cardholder

Merchant's customer who holds a credit card. The person to whom a financial transaction card is issued or an additional person authorized to use the card.

Cardholder Master File

The issuer's record of all cardholder accounts. The file contains information on each account, such as name, credit line, and status of the account.

Cash Advance

A transaction in which only a bank or financial institution can submit, for cash to a cardholder. The transaction is posted against the cardholder's bankcard account. Interest fees for cash advances are charged from the day of the transaction.

CD Type

Card type. Example: MasterCard, Visa, etc.

Central Processing Site

The central computer processor used in the transaction flow.

Certified Producer

An organization certified by MasterCard and/or Visa to produce MasterCard and/or Visa cards within the association's specified guidelines.

Charge Cards

A card that must be paid in full each month.

Chargeback

A dispute procedure initiated by the issuer after receipt of the initial presentment from the acquirer. Used to correct erroneous presentments.

Chargeback Period

The number of calendar days (counted from the transaction processing date) during which the issuer has the right to charge the transaction back to the acquirer. The number of days varies according to the type of transaction from 45 to 180 days.

Chargeback Reason Code

A numerical code that identifies the specific reason for the chargeback. MasterCard and Visa each have their own chargeback codes.

Charge-Off

The situation in which the issuer is faced with a delinquent loan of such severity that it must absorb the amount of the debt, at least temporarily, in order to clear the amount from its ledgers. The issuer may still attempt to collect some or all of the amount owed through the recovery process.

Check Guarantee

A service which guarantees check payment (up to a limit defined for the account) provided that the merchant follows correct procedures in accepting the check.

Check Verification

A service that tells a merchant whether a check writer has been reported for writing bad checks, but it does not guarantee payment if the check bounces.

CIRRUS

CIRRUS Systems, Incorporated, a wholly-owned subsidiary of MasterCard International Incorporated, operates the international ATM sharing network known as MasterCard CIRRUS ATM Network. MasterCard customers may elect to participate in the network as issuers or acquirers by connecting through the Banknet telecommunications network or by developing a separate interface to the MasterCard Debit Switch.

Clear All

Procedure done on all Verifone terminals to clear the memory. Another term for this function is Blow out.

Clearing

The process of exchanging financial transaction details between an acquirer and an issuer to facilitate posting of a cardholder's account and a reconciliation of a customer's settlement position. Terminology used to indicate the settlement of transaction through Interchange

Clearing Member Bank

A bank which Visa and Mastercard empower to receive and distribute funds received through settlement and Interchange. Examples: Regions Bank and First Union National Bank.

Closing

The sending through the Interchange of the credit card transactions accumulated by the merchant in the terminal or Host so the merchant can be paid for them.

Co-Branded Cards

A customized card product for a specific retailer or service provider, such as General Motors, that wishes to solicit its customers.

Combined Warning Bulletin

A list of invalid MasterCard and Visa account numbers, covering nine U.S. and four worldwide regions, published weekly or bi-weekly depending on the region. The issuer is charged per account number and per region for each Bulletin listing. Effective April 1, 1994, the Combined Warning Bulletin in the U.S. is electronic only. The paper version has been eliminated.

Comp Report

Compensation report - Report generated for all banks.

Compliance

The procedure a MasterCard and Visa member may use to resolve a dispute between members when no chargeback reason code applies. The challenging member must prove financial loss due to a violation of MasterCard and/or Visa rules by the other merchants.

Compliance Filing

A formal case filing (on a completed Regulations/Rules Violation form) submitted subsequent to an unsuccessful good faith attempt to resolve the dispute.

Confirmed Fraud Transaction

A transaction reported by an issuer to MasterCard or Visa involving a card that was lost, stolen, never received, issued on a fraudulent application, counterfeit or used fraudulently.

Convenience User

A cardholder who pays his/her account balance in full on or before each payment due date.

Counterfeit Card

A plastic card that has been fraudulently printed, embossed, or encoded to appear to be a genuine bankcard, but has not been authorized by MasterCard or Visa or issued by a member; a card that was originally issued by a member but has subsequently been altered without the issuer's knowledge or consent.

Counterfeit Paper

Paper originating from the use of counterfeit cards for transactions.

CPS

The best rate an EDC merchant can qualify for (VISA only). It also is known as the Qualified rate. See Qualified Rate.

Credit

The process of reimbursing a cardholder's account for returned merchandise.

Credit Balance

On a revolving line of credit, the amount currently owed by the cardholder.

Credit Card(s)

A plastic card with a revolving credit limit used to purchase goods and services and to obtain cash advances on credit for which a cardholder is subsequently billed by the issuer for repayment of the credit extended.

Credit Draft

Paper evidencing a refund or price adjustment by a merchant to be credited to a cardholder's account

Credit Limit

The maximum dollars available on the account, set by the issuing financial institution. The maximum amount the cardholder may owe to the issuer on the card account at any time.

Credit Line

Also called a credit limit. The amount of money a Cardholder can charge against his or her card. This amount is determined by the Issuing Bank based on the Cardholder's past credit history.

Credit Loss

The amount lost (charged off) as a result of the cardholder's failure to repay the amount owed on the account.

Credit Slip

The form stating a refund or price adjustment to be credited to a cardholder account. Also referred to as a credit voucher.

Credit Scoring

A method for predicting the creditworthiness of a credit card applicant through statistical analysis.

Credit Voucher

Paper evidencing a refund or price adjustment by a merchant to be credited to a cardholder's account

Current Account

A cardholder account on which payment is up to date and no amount is overdue.

Data Capture

The collection, formatting and storage of information in computer memory. Some point-of-sale terminals perform data capture functions. See EDC terminal.

Data Transport Network

In MasterCard, the part of the BankNet system through which information is exchanged between members and the central processing site in St. Louis, MO.

DBA

Doing Business As - Name on sign outside of the store.

DCN

Deposit Correction Notice - A notice of correction that is sent to a paper merchant. Indicates the batch header was incorrect.

DDA

Demand Deposit Account - The merchant's checking account number

Debit

A charge to a customer's bankcard account.

Debit Card

A bankcard, used to purchase goods and services and to obtain cash that debits the cardholder's personal deposit account.

Decryption

The method of unscrambling encrypted information. See "encryption".

Delinquent Account

The account status occurring when the cardholder does not meet the payment conditions of the cardholder agreement, i.e., one or more payments are past due.

Deposit Account

An account used by a customer to make deposits and withdrawals at a financial institution. Includes checking, savings and NOW accounts, etc.

Detail Review

On-line review of transactions in the batch, either a specific transaction or the entire batch.

Dial-Up Terminal

An authorization terminal that (like a telephone) dials the authorization center for validation of transactions.

Direct Mail Merchant

Indicates merchants that submit actual sales drafts for payment (paper merchant) through the mail for payment

Direct Pass Through

The merchant is charged the exact Interchange and assessment charged by Visa/MasterCard plus a per item or basis points. This is only used for large Key or National Accounts.

Disclosure

The information required by federal or state law to be relayed to the cardholder concerning the terms of the credit agreement. Disclosure must be made by the issuer before the first use of the

card by the cardholder, and must subsequently be included on all monthly statements and other documentation mentioning finance changes.

Discount Rate

A percentage rate that merchants are billed for the processing of Visa or Mastercard transactions. This discount rate can be applied to net or gross sales.

Downgrades

A downgrade occurs when the merchant does not meet the Visa/MasterCard requirements for a transaction and as a result the transaction is moved to a lower level of interchange. The merchant pays a higher rate for downgrades.

Download

Function performed to get a software program into a POS device.

Download

Function performed to get a software program into a POS device.

Downloading

Process of programming a terminal via modem from Zon Talk to the terminal.

Dual Dating

The practice of embossing cards with both valid form and expiration dates. Fraud-deterrent measure.

Duality

The membership of a financial institution in both MasterCard and Visa. Legality outside of the US varies according to nation.

ECR

Electronic Cash Register

EDC

Electronic Draft/Data Capture - Used to indicate when the merchant submits his/her transaction electronically.

EDC Terminal

Also referred to as Electronic Data Capture terminal. A point-of-sale device that reads information encoded in the bankcard's magnetic stripe, performs authorization functions, stores transaction data and batches and transmits that data to the acquirer for processing.

EFT

Electronic Funds Transferred - example: Direct deposit of payroll checks

EFTS

Electronic Funds Transfer System-An electronically-based system that eliminates the need for paper (such as a check) in the movement of funds, e.g., ATM withdrawal or a pay-by-phone transaction.

Embossed

The raised numbering/lettering on a credit card used to make an imprint on a sales draft.

Embossing

The process of printing data, in the form of raised characters, on the bankcard. Provides identification of the card and allows the imprinting of sales drafts.

Emergency Card Replacement Service

A service that replaces cardholder's lost and stolen cards.

Emergency Cash Service

A service that provides cardholders with cash advances in emergency situations.

Encoding

The magnetized recording of data on the magnetic stripe of the bankcard.

Encryption

The method used to scramble financial information for security purposes. For example, all Personal Identification Numbers (PIN's) are encrypted when transmitted for authorization.

Enhancement Services

Value-added services (such as extended purchase warranty, etc.) that increase the appeal of the bankcard program to the cardholder.

Exception Report

A summary detailing questionable charges and chargebacks.

Exceptions

Transaction in some way abnormal to the bankcard system, such as questionable charges and chargebacks.

Expiration Date

The date, embossed on a bankcard, beyond which the card becomes invalid.

Factoring

The coercion or bribery of a legitimate merchant to process another merchant's transactions (often fraudulent) in return for payment.

FALA

Acronym or abbreviation for First Alabama Bank. Their phone number is 800-624-7766.

FFB

Acronym or abbreviation for First Fidelity Bank, also known as First Union North.

FI

Financial Institution-Used as part of the TID. Also indicates what relationship the merchant falls under. Example: 127 indicates the merchant is under the Bank Of The West relationship group.

Fictitious Account Number

A "made-up" cardholder account number (used for fraudulent purposes) that does not exist and has never existed.

Finance Charge

The fee assessed by the issuer on a cardholder's rollover credit balance to cover the cost of providing the credit card loan.

Financial Institution

Any organization in the business of moving, investing or lending money, dealing in financial instruments or providing financial services. Includes commercial banks, thrifts, federal and state savings banks, savings and loan associations and credit unions. Refers to any bank, credit unions or other entity that distribute cash.

Float

The period of time between the purchase and the billing for goods or services.

Floor Limit

A dollar amount set by the acquirer in accordance with MasterCard and Visa rules and regulations. The merchant must obtain authorization for any transaction over the floor limit.

Folio Number

Usually a room number.

Force

Function performed at a POS device that allows the merchant to enter a transaction if unable to process under the regular sale key. Also referred to as an Off-line Sale and Post Auth.

Foreign Network

Reference used to refer to another processor network. Example: VisaNet , Mapp, etc.

Formset

A carbon set of two or more copies used by the merchant as a sales draft for bankcard transactions.

FTB

First Tennessee Bank.

Fulfillment

The acquirer's response to an issuer's retrieval request for a sales draft. The acquirer supplies the issuer with the original draft or a clear reproduction. The fulfillment record confirms the response and initiates reimbursement to the acquirer for fulfilling the request.

Global Payment Systems

The primary data transport communications facility that links all MasterCard customers and MasterCard data processing centers into a single on-line financial network (also called a packet-switching network.) Global Payment Systems separates communications processing from financial applications to transmit messages over a single communications network. Used to be referred to as Banknet.

Gold Card

A card program offering higher credit lines and expanded services. Qualifications for cardholder applicants are generally more stringent than for the standard card.

Good Faith

An attempt by a member to resolve a dispute with another member in writing. A good faith attempt at resolution must be made before filing a compliance case.

Grace Period

The span of time between the statement date and the payment due date during which no interest is charged if the amount is paid in full.

Gratuit

The name of the retail software. Encompass software is available on all terminal types except Zon Jr Plus and the Hypercom. Encompass follows the Hybrid protocol.

Hard Copy

Data in paper form.

Help Desk

Services provided to the merchant by an acquirer, sometimes through a third party processor. The help desk responds to terminal problems, provides repair or replacement, and assists the merchant with questions about the point-of-sale equipment or authorization procedure.

Highly Suspect Merchant

A merchant location where an unusually high number of suspect transactions have occurred in proportion to the merchant's total transaction volume.

Hologram

A laser-created photograph that creates a three-dimensional image that is used as an anti-counterfeiting measure on bankcards.

Honor

A regional debit network.

Host

A computer or CPU used to process transactions.

Host Based

Software protocol. The sales are stored at the Host.

Hot Card

A card account on which excessive use is occurring, often an indication that the card (or account number) has been stolen.

Imprinter

A device used by merchants to imprint embossed card information onto the sales drafts for bankcard transactions.

INAS

Interbank National Authorization System. The MasterCard authorization system.

Incremental

Terminology used in the lodging industry to indicate additional approvals obtained on a cardholder's account.

Industry

Refers to the type of merchant business. For example, Comfort Inn is a merchant in the lodging industry.

INET

Interbank Network for Electronic Transfer. The MasterCard settlement system for the daily processing and routing of worldwide financial transactions between MasterCard and its members.

Interest

A fee charged by the card Issuing Bank when the Cardholder does not pay off his/her entire balance with each statement. Interest is to offset the cost of carrying the balance.

Interlink

A national debit network.

Init

Terminology used to do a partial download on the Hypercom terminals.

Interbank

A National debit network.

Interchange

The exchange of transactions between clearing members for Visa and MasterCard transactions, according to the associations operating rules and regulations. During this process transactions are routed to the appropriate card issuing bank.

Interchange Differential

This method of billing is mainly used for converted FUNB and Crestar accounts. Merchants are charged a base or Qualified rate. This rate assumes that the merchant will attempt to qualify his/her transactions. If the transactions do not qualify, they will be charged the Interchange expense differential.

Interchange Fees

Fees paid by the merchant Bank (acquirer) to the MasterCard and Visa for processing transactions. These fees are paid at the time the transaction is exchanged. Fees vary based on processing method utilized by the merchant.

Interchange Reimbursement Fee

A Fee that an Acquirer pays to an Issuer in the Clearing and Settlement of a credit card transaction.

ISO

Independent Sales Organization, also called a member service provider. An outside company (not MasterCard or Visa member) that is contracted by members to administer merchant and/or cardholder servicing.

Issuer

The financial institution (a licensed member of MasterCard or Visa) that holds contractual agreements with and issues cards to cardholders.

Issuer's Control Number

The identification number assigned to a retrieval request by the issuer.

Issuers' Clearinghouse Service (ICS)

A joint MasterCard and Visa service designed to detect fraudulent and high-risk credit card applications. The service, which is mandated for use in the application screening process, validates and tracks addresses, phone numbers and Social Security numbers used in credit applications and in reports of fraudulent activity.

Issuing Bank

The bank or other company that issues a credit card to a Cardholder.

JCB

Japanese Credit Bureau-- A card type.

LAN

Local Area Network

Late Settlement Fee

Fee paid to MasterCard or Visa by the member for late processing of settlement.

Line Of Credit

The amount of credit a lender will extend to a borrower over a specified period of time.

Lost/Stolen Card Reporting Service

An issuer-provided service where the cardholder registers card account numbers with the issuer who will notify the individual issuers if cards are lost or stolen. This type of service is often offered through a card registration company.

Mac

A regional debit network.

Maestro (Point-Of-Sale Debit Program)

The Maestro™ program is a global, on-line point-of-sale debit program. Transaction amounts are immediately debited from the cardholder's account.

Magnetic Stripe

A stripe (on the bankcard) of magnetically encoded cardholder account information.

Magnetic Stripe Reading Terminal

A point-of-sale terminal which reads the encoded information from the magnetic stripe when the bankcard is swiped through the terminal "slot." The terminal automatically transmits account and transaction information to the authorizing agent.

Master Reset

Procedure done on all Verifone terminals to clear the memory. Other terms for this function are Clear all and Blow out.

MasterCard Automated Point-of-Sale Program (MAPP)

A terminal networking product that provides low-cost, point-of-sale access to the MasterCard authorization network. Click here for a list of phone numbers.

Mastercard Interface Processor (MIP)

The processing hardware and software system that interfaces with MasterCard's Global Payment System communications network.

MasterCard International Incorporated

A member-owned international bankcard association, governed by a board of directors, that licenses members to issue cards and/or accept merchant drafts under the MasterCard Program. MasterCard owns and operates its own international processing network. The phone number is 314-523-2900.

MasterCom

A MasterCard electronic image processing product that uses Banknet to route high-resolution document images of MasterCard and other credit card transactions between members around the world, around the clock. Its primary purpose is to reduce the amount of paper involved in the chargeback/presentment process.

Mastro

A National debit network.

MCC

Merchant Category code - Terminology used by MasterCard to identify what a merchant sells.

Member

A financial institution that is a member of Visa USA and/or MasterCard International. A member is licensed to issue cards to cardholders and/or accept merchant drafts.

Member Risk Control Manual

A Visa USA publication which explains the policies, procedures and requirements of card program risk management.

Member Service Provider

See **ISO** (Independent Sales Organization)

Merchant

Any business that, having met the qualification standards of MasterCard and/or Visa and having been approved by any acquiring member, accepts MasterCard and/or Visa cards as payment for goods and services.

Merchant Accounting System

The accounting system that transfers electronic funds from the Interchange to the merchant's bank account via the Automated Clearing House (ACH) and sends the merchant monthly statements concerning the merchant's credit card transfers.

Merchant Agreement

The written contract between merchant and acquirer that details their respective rights, responsibilities and warranties.

Merchant Category Code

Merchant classification code that identifies the merchant by type of processing, authorization and settlement.

Merchant Discount

The fee an acquiring member charges the merchant to cover the costs of providing deposit credit and handling the merchant's bankcard sales transactions. The discount is generally calculated and charged to the merchant once a month.

Merchant File

A file used by the acquirer to list pertinent information on its merchants.

Merchant Funding

When a merchant's funds are credited to their checking account. A negative deposit (credits greater than sales) would result in a debit to their account.

Merchant Qualification Standards

The minimum standards established by MasterCard and Visa for merchant acceptance, requiring that the merchant be financially responsible and of good repute.

Merit I

A MasterCard interchange fee rate reduction program. Requirements include 100 percent issuer-controlled authorization and transaction clearance within seven calendar days. Also known as the Partially Qualified rate See Partially Qualified rate.

Merit II

A MasterCard interchange fee rate reduction program. Requirements include 100 percent issuer-controlled authorization and transaction clearance within three business days. A name of a rate qualification prior to April 96. This rate was eliminated.

Merit III

A MasterCard interchange fee rate reduction program. Requirements include 100 percent issuer-controlled authorization, transaction clearance within three (2) business days and magnetic stripe reading. The best rate an EDC merchant can qualify for (MasterCard only.) Also known as the Qualified rate. See Qualified rate

MID

Merchant Identification Number.

Minimum Discount Fee

What the merchant needs to pay in discount rate every month.

MIP

MasterCard Interface Processor-The processor (place on-site at a merchant's facility) that interfaces with MasterCard's Global Payment System communications network. It contains the Warning Bulletin file and the local negative file and conducts authorization and settlement, as well as other services.

MO/TO

Mail Order/ Telephone Order.

Most

A regional debit network.

MSP

Merchant Service Provider-An processor/organization that provides services for a merchant.

National Association

MasterCard International or Visa International member-owned organizations, each governed by a board of directors, that have developed standards and procedures for the bankcard system and license members to issue cards with the association trademarks and accept merchant drafts.

National Debit Networks

Networks formed by groups of banks that allow debit cards from banks subscribing to these networks to be used all over the country at other subscribing banks and at subscribing retailers.

NDI

Next Day Inquiry-Gives daily activity for a merchant.

Negative File

A computer file, used for stand-in authorization purposes that lists accounts which have had their privileges revoked by the issuer.

Network

An entire system of communication lines.

Non-Face-To-Face Transaction

Any transaction where the card is not present, such as a mail order purchase.

Non-Qualified Rate

A rate. Indicates the transaction did not meet any of the qualifications for the lower rates. This rate includes business cards. All paper merchants will fall to this rate.

Non-Bank

In a payment system, a financial institution not offering retail banking services.

Non-Bank Card

A card which is not issued by a financial institution, such as American Express.

No-Show

A charge processed by a hotel or motel when a cardholder either fails to arrive within a specified time or fails to cancel the guaranteed reservation within a specified time frame. The words "no-show" must be written on the signature line of the sale draft.

Novus

The company that owns the Discover card. The phone number is 800-347-2000.

NYCE (Yankee 24)

A regional debit network.

Oars

FDR system-Gives deposit detail before 6-13-96.

Off-line

An operating mode in which terminals are not connected to a central computer. Responses are governed by guidelines, set by the issuer, which are housed in the terminal or in a supporting device.

Off Line Debit Cards

Also known as Check Cards. Form of payment not utilizing a PIN in order to disburse funds from a cardholders checking account. These cards display the Visa or Mastercard logo and are processed through Interchange. Visa or Mastercards that post to a checking account rather than to a revolving account.

Off Line Sale

Function performed at a POS device that allows the merchant to enter a transaction if unable to process under the regular sale key. Also referred to as an Force and Post Auth.

On-line

An operating mode in which terminals are connected to a central computer and have access to the data base for authorization, questions and file changes.

On-Line Debit Cards

Also known as ATM cards. Form of payment utilizing a PIN in order to disburse funds from a checking account.

Open-to-buy

The unused credit available on a credit card.

Optima True Grace

A type of credit card issued by American Express that allows the balance to be carried over from month-to-month with an interest charge.

Original draft

The actual member copy of the formset used in the transaction.

Over the Counter

Indicates merchants that submit actual sales drafts for payment (paper merchant) to a local bank for payment.

P&V

Proof and verification-Total Deposit detail fiche.

Packet-Switching Network

A telecommunications system that sends packets of debit and credit transaction data and authorization between issuing and acquiring members. MasterCard's proprietary packet-switching network is called Banknet.

PAN

Primary Account Number. The embossed or encoded number that identifies the card issuer to which a transaction is to be routed and the account to which it is to be charged unless specific instructions indicate otherwise.

Paper

Sales slips, credit slips, cash advance slips, etc., showing the use of a credit card for a purchase, displaying the imprint or other reproduction of embossed or encoded information contained on the card.

Paper Processing

The process of submitting actual sales drafts to receive funds.

Paper Processor

A company that keys in the information on paper credit slips so it can be sent on to the Issuing Banks electronically.

Paper, Electronic

Electronic record showing the use of a card for purchase and bearing a representation of the embossed or encoded information contained on the card.

Partially Qualified Rate

A rate. Indicates the transactions did not meet all the requirements to qualify at the best rate but did not qualify for the lowest rate.

Payment due date

The date by which payment must reach the issuer to keep the account current.

Per Transaction Fee

What the merchant could pay for each transaction that is processed. Most prevalent needs to pay in discount rate every month.

Periodic Rate

The term of the finance charge as a percentage to be applied to a cardholder balance for a specified period, usually issuer.

Pick-up Card

An issuer's response to an authorization request stipulating that the card be confiscated by the merchant and returned to the issuer.

PIN

Personal Identification Number. The confidential individual number or code used by a cardholder to authenticate card ownership for ATM or POS terminal transactions. This form of identification is used with On Line Debit Cards.

PIN Authorization Request

A procedure enabling the issuer to validate cardholder identity by comparing the PIN to the account number.

Plus

A National ATM network

Portfolio

The merchants who are under contract to a financial institution or processor for credit card processing services provided by that institution or processor.

POS

Point-of-sale. Refers to the location where goods or services are purchased.

POS Terminal

A terminal, at the point of sale, which is connected via telecommunication lines to a central computer. Authorization, recording and transmitting of transactions are performed through the terminal.

Positive File

A file listing the current balance and available credit for each active cardholder account. PIN and other cardholder information also may be included.

Post Auth

Function performed at a POS device that allows the merchant to enter a transaction if unable to process under the regular sale key. Also referred to as an Force and Off line sale.

Posting

The process of recording charges and credits to the cardholder account.

Prestigious Property

Extremely large lodging merchants. They have unique qualification requirements.

Principal Member

A financial institution that directly participates as an issuing and/or acquiring member of MasterCard International.

Private Label

A Retailer's proprietary card. Accepted only at that merchant's retail establishments.

Processing

The procedure by which the merchant sends the information about each credit card transaction to the issuing Bank so that the Issuing Bank can pay the merchant for the transactions.

Processing Date

The earliest date stamped on the transmittal summary and draft by the member or its processor; the date on the 602 transmission header record for electronic transactions.

Processing Terminal

The terminal at the point of sale through which the credit card is swiped or keyed by the merchant.

Processor

An organization which can provide authorization and settlement services on behalf of a member.

Proprietary Card

A card issued by a financial institution to its customers for access to their credit or deposit accounts.

Proprietary Member

A financial institution that directly participates as an issuing and/or acquirer member of Visa USA.

PSIRF

The best rate for Visa cards prior to April 96. Now it is referred to as CPS.

Pseudo ABA

This number is assigned by Mellon when paperwork is submitted. This number is similar in concept to the SE number of American Express. This number can be found Eclipse.

Pulse

A regional debit network.

Purchasing Card

Designed to help companies maintain control of small purchases while reducing the administrative cost associated with authorizing, tracking, paying and reconciling those purchases.

PVC

Polyvinyl chloride. The type of plastic used to make bankcards.

Qualification Level

Each transaction is assigned a Qualification Level at Interchange. The level assigned depends on how well the transaction met the requirements for the merchant's industry. For example, in order for a retail merchant's transaction to be assigned the qualification level, the card must be swiped, the terminal must be settled each day and all other criteria for that level must be met.

Qualified Rate

A rate. Indicates the transaction meets all requirements to qualify for the best rate.

Questionable Merchant

A merchant location at which an excessive number of confirmed fraud transactions have occurred within a specified period.

Quick Payment Service (QPS)

MasterCard program targeting convenience-oriented merchants such as fast food chains and movie theaters.

RCN

Return Correction Notice.

Record

Information pertaining to a transaction. A record can be paper, electronic record or magnetic tape. Also called transaction record.

Recovery

The issuer's attempt to collect the balance owed on a charged-off account.

Recurring Transaction

A transaction charged to the cardholder (with prior permission) on a periodic basis for recurring goods and services, i.e., health club membership, book-of-the-month clubs, etc.

Reference Number

The number identifying a transaction in a cardholder billing system. Each transaction reference number is printed on the monthly statement sent to the cardholder. The reference number is used if a retrieval request becomes necessary.

Regional Debit Networks

Networks formed by groups of banks in certain regions of the country that allow debit cards from banks subscribing to these networks to be used within those regions at other subscribing banks and at subscribing retailers.

Regions

Abbreviation for Regions Bank, formerly known as First Alabama Bank.

Restricted Account

A cardholder account which may not be used without authorization.

Restricted Card List

A list of cardholder accounts which are restricted and on which transactions are not to be completed without authorization. See also Combined Warning Bulletin.

Retrieval Request

A request by the issuer to the acquirer for a copy of the actual ticket of a transaction. The initial step that the issuer takes in the event that either the issuer or the cardholder disputes a transaction.

Revolving Credit

Allows Cardholders to make regular payments on the balance owed rather than having to pay off the entire balance at one time.

Sales Draft

Paper evidencing a purchase of goods or services by a cardholder from a merchant through the use of a credit card

Service Establishment (SE) Number

Merchant numbers assigned by American Express, Discover/NOVUS and check services. American Express SE numbers are 9 digits. Discover / NOVUS numbers are 15 digits and start with 6011. Check service SE numbers vary in length and start with any digit.

Settlement

Process by which an incoming file from Networks are verified and collected. Various settlement functions are: verifying incoming files; verifying ACH payment; verifying funding from Visa and Mastercard net settlement and reject processing and correction. It can indicate that transactions were settled from the terminal. It also can refer to the clearing of transactions through Interchange.

SIC

Standard Industry Code-Terminology used by Visa to identify what a merchant sells.

Sponsored Member

A sponsored member can only solicit card applications for a proprietary member, as an agent, or acquire merchants for the proprietary member. Visa terminology.

Standard Rate

A rate. Indicates the transaction did not meet any of the qualifications for the lower rates. This rate includes business cards. All paper merchants will fall to this rate.

Star (Explore)

A regional debit network

Swipe

The action of sliding a credit card through the cardreader portion of an authorization terminal.

Switch

An electronic mechanism that routes transaction data from a POS terminal to the authorizing data processor for approval by the issuer.

T&E

Travel and Entertainment.

T&E card

Travel and Entertainment card issued by a private, non-bank company which deals directly with the cardholder and merchant and generally requires payment in full monthly. Example of T&E cards are American Express, Dinerâ€™s Club, etc.

T&E Merchant

Travel & Entertainment - Refers to any merchant in the Travel and Entertainment industry, such as restaurants, hotels, car rentals, etc.

Telemarketing

Selling goods or services over the phone for payment by credit card.

Terminal Based

Software protocol. The sales are stored in the terminal.

Terminal Identification (TID) Number

The unique number assigned to each point of sale terminal that tells the Host which merchant a transaction came from and where an authorization is to be sent.

Terminal Provider

A terminal provider supplies the software on which a terminal operates.

Terminated Merchant File

A file listing of merchants names and their principals whose bankcard relationship has been terminated for some reason by an acquirer. Operated jointly by MasterCard and Visa.

Third Party Processor

A non-member agent contracted by a member to provide authorization, processing and merchant services.

TIIF I

A name of a rate qualification prior to April 96. This rate was eliminated and replaced with either Key Entered or EIRF.

TIIF II

A name of a rate qualification prior to April 96. This rate was eliminated and replaced with either Key Entered or EIRF.

Track 1

The ability of a terminal to read the track 1 stripe off the back of a credit card. Track 1 read numeric and alpha characters. This track is found on some Tranz 330™s all Tranz 380™s, 420™s and 460™s.

Track 2

The ability of a terminal to read the track 1 stripe off the back of a credit card. Track 2 reads numeric characters only. This track is also needed to process debit cards. This track is found on all XL™s 380™s, 420™s, and 460™s.

Transaction

Any action between a cardholder and a merchant or member that results in activity on the account, such as a purchase, cash advance, debit or credit adjustment, etc.

Transaction Date

The actual date that a transaction occurs. Used in recording and tracking transactions.

Transmittal Slip

Documentation that should be filled out by any bank that accepts paper sales drafts from merchants. Show total sales, total credits and net amount that is owed to the bank for all the bank™s merchants.

Transmittal Summary Chargeback Draft (ICA-2)

The form used by a member to collect from another member at any step in the chargeback process, i.e., chargeback, second presentment, second chargeback, etc.

Transmittal Summary Clearing Draft (ICA-1)

The form used by the acquirer in settlement with the issuer.

Travelers' Cheque

A cash equivalent issued by MasterCard and Visa at member teller windows. The cheque can be used as cash at participating merchants and can be replaced if stolen. A nominal fee is charged to the customer for purchase of the traveler's cheque.

TSYS

Abbreviation for Total Systems

Twenty-Four Business Hours

A period of time defined as twenty-four (24) hours during which the member is open for business, not necessarily the same as one calendar day.

Unique Transactions

A transaction that cannot be categorized as a retail sale or a cash advance, and for which there are special merchant classification codes. An acquirer with such merchant activity must have written approval from MasterCard and/or Visa for a bankcard relationship with the merchant.

Unsecured Credit

Credit extended without collateral, i.e. without the ability to attach specific borrowed assets in the event of default.

Valid Date

The date, embossed on the card, prior to which the card may not be used.

Visa

Originally BankAmericard, Visa is one of the two national associations, member-owned and governed by a board of directors that licenses its members to issue Visa cards under the Visa program and bearing the Visa design, and to accept Visa sales drafts. Visa owns and operates an international processing system and provides a number of various services to its members, cardholders and merchants. Their phone number is 650-432-2900.

Visa International

Visa International Service Association is a non-stock membership corporation formed to administer, promote and further develop the Visa Card Program throughout the world. Their phone number is 650-432-2900.

Visa USA Inc.

The non-stock membership corporation of Visa that provides administrative services within the United States. Their phone number is 650-432-2900.

VisaNet

VisaNet includes the data processing systems, networks and operations which support and provide authorization services, clearing and settlement services, exception file services, and other services. This network is considered a "Foreign Network." [Click here](#) for a list of phone numbers.

Vital Processing Services

Formerly known as Total Systems. A joint venture of VISA USA and Total Systems Services, Inc. that combines the TSYS merchant accounting system with the Visanet terminal product line.

Voice Authorization Center

The place a merchant calls to get verbal approval from an issuing bank to accept a credit card. The Voice Authorization Center is used if the merchant does not use a terminal to process transactions or if the Issuing Bank informs the merchant through a message sent to the terminal that more information is needed on the Cardholder.

White Plastic Fraud

Merchant fraud committed when legitimate account numbers (such as obtained from discarded sales draft carbons) are embossed on blank or altered cards. Fraudulent sales drafts are then imprinted from the cards and deposited to the merchant's account.

Yield

The annual rate of return on all investments, such as the return on an issuer's cardholder portfolio.