

GLOSSARY – ELECTRONIC PAYMENT TERMS

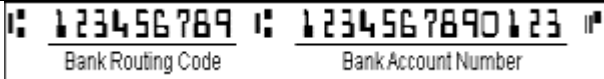
ACH (Automated Clearing House)	A computer-based clearing and settlement facility for the interchange of electronic debits and credits among financial institutions. Basically acts as an intermediary that clears transactions through two or more financial institutions, similar to the Federal Reserve System.
ACH Associations	ACH Associations - provide rules and guidelines for the efficient operation of the ACH Network. There are 20 regional ACH associations whose memberships include financial institutions and affiliates. NACHA, the National Automated Clearing House Association forms the governing foundation for the regional associations.
Addenda Record	Addenda Record – An ACH record type that carries the supplemental data needed to completely identify an account holder(s) or provide information concerning a payment to the RDFI and the Receiver.
Affidavit	Affidavit - A sworn statement by a consumer declaring that a particular ACH transaction was authorized or that the authorization for that transaction has been revoked.
Authentication	A reliable process that determines the identity of a party.
Authorization	Authorization – An agreement by a receiver to allow for the posting of debit or credit items to their account. Authorizations for credit transactions may be orally given, but debit transactions must be authorized in writing or similarly authenticated if by other means (for example, by digital signature or PIN if by computer.)
Availability	Availability – The number of days required to collect items before the customer has use of the funds.
Banking Day	Banking Day – Any calendar day except Saturday, Sunday and legally defined holidays (as defined in Regulations D and CC)
Batch	The accumulation of captured (sale) transactions waiting to be settled. Multiple batches may be settled throughout the day.
Batch Processing	A type of data processing and data communications transmission in which related transactions are grouped together and transmitted for processing, usually by the same computer and under the same application.
Business Day	Business Day – Any day on which a participating Depository Financial Institution (or ACH Operator) is open for carrying on substantially all of its business functions (as defined in Regulation E).
CAI (Customer Account Information)	A detail field within Remittance Information, usually the account number assigned to that customer by the Biller. This can also be used to mean the Customer's billing name and address as well as any other information that the Biller uses to identify the Customer.
Capture	Converting the authorization amount into a billable transaction record within a batch. Transactions cannot be captured unless previously authorized and the goods or services have been shipped or transmitted to the consumer.
Capture Date	The date on which a transaction is processed by an acquirer.

CAR (Courtesy Amount Recognition)	The technology that reads and recognizes the handwritten or typed courtesy (numeric) amount on checks.
Cash Concentration	Companies that have decentralized units use the ACH to concentrate cash into a centralized bank account - replaces wire transfer.
Check Conversion	Check Conversion – Using payment information from a check tendered for payment to initiate an electronic debit to the checkwriter's account. The electronic debit becomes an electronic transaction subject to the requirements of Regulation E.
Check Digit	Check Digit – The final digit of a routing/transit number which may be used to test the validity of a specific routing/transit number.
Check Truncation	Check Truncation - stopping or truncating a paper check by turning it into an electronic item at the Point of Sale (POD) or in lockbox check truncation.
CIE (Customer Initiated Entry)	CIE (Customer Initiated Entry) – An automated consumer transaction that allows consumers to originate an ACH bill payment through their financial institution or a third party bill payment service.
Commercial Relationship	An agreement between parties to do business together for the purpose of EBPP. It may or may not include a contract.
Commercially Reasonable Time Frame	A period of time generally considered acceptable for a process within a given industry, taking into consideration the circumstances of the parties to the transaction.
Company Batch/Header Record	Company Batch/Header Record – The record(s) contained within an ACH file which described the originator(s) of an ACH transaction(s) and the types of transactions within that batch.
Company Identification Number	Company Identification Number – The number in the company Batch/Header Record which identifies the originating company to the ODFI.
Consumer Account	Consumer Account – A deposit held by a participating DFI and established by a natural person primarily for personal, family, or household use, and not for commercial use.
Content Management	The delivery of business-critical information to consumers or business-to-business customers by drawing data from disparate sources. The composed documents may contain billing data, customer service information, marketing messages or other types of content.
Corporate Payments	Business to business ACH Network collection and disbursement of funds. The Federal government is mandating this form of payment for corporate taxes and payments to government vendors.
Credit	Credit – An entry to the record of an account to represent the transfer or placement of funds <u>into</u> the account.
Credit Transaction	A payment transaction that pushes funds from the CSP or CPP to the BPP.
Customer	An individual or entity that receives goods or services, which are subject to bills or statements. The typical receiver of a bill.
Customer Transactions	Outbound invoices, statements and bills from clients to

	their customers and inbound payments received from customers to clients.
Data Encryption	The scrambling of sensitive information, such as account numbers or access codes, to prevent unauthorized use. The Data Encryption Standard (DES), the encryption format adopted by the financial industry, requires that information scrambling take place in a computer or terminal before transmission.
Debit	Debit – An entry to the record of an account to represent the transfer or removal of funds from the account.
Debit Transaction	A payment transaction authorized by the Customer, originated by the Biller that pulls funds from the Customer's account.
Demand Draft	A single payment check without a scannable remittance document attached. This draft may be drawn on the Customer's account or the CPP account.
Depository Financial Institution	Depository Financial Institution – A financial institution able to receive deposits from its customers or credits from the Federal Reserve Bank.
Direct Deposit	The disbursement of funds to consumer accounts. Includes payroll, interest, trust disbursements, expense payments, dividends, pension payments, etc. This is the most widely used ACH service.
Direct Payment	The collection of funds from consumer of business accounts. This normally would be used to collect payments for monthly dues as in: health club membership, rent, phone, utility bills, newspaper bills, trash collection, mortgage payments, lease payments, etc.
EBPP (Electronic Bill Presentment and Payment)	The electronic presentation of statements, bills, invoices and related information sent by a company to its customers, and corresponding payment for goods or services.
ECA (Electronic Check Acceptance)	A system, which captures banking information off a paper check and converts it into an electronic item, processed through the Automated Clearing House network. With ECA, checks are processed similarly to credit cards, and the paper check is returned to the consumer at the point of sale.
E-Cash	Electronic cash is a payment mechanism designed for the Internet. It is electronic money that can be passed along from person to person like cash. It is anonymous like cash, and has value immediately - it's cash, not a promise to pay later.
ECK (Electronic Check)	ECK (Electronic Check) – The electronic equivalent of a paper check. A payment transaction which originally started out as a paper check, but which has been completely converted to an ACH transaction at the point of purchase or in the case of a redeposited paper check, reinsertion into the financial system. The original paper item is either returned to the check writer at the point of purchase or retained by the collecting agency.
E-commerce (Electronic Commerce)	E-commerce (Electronic Commerce) - The transacting of business electronically rather than via paper.
EDI - Financial	Financial EDI - Electronic exchange of payments, payment information or financially related documents in standard formats between business partners.

EDI (Electronic Data Interchange)	EDI (Electronic Data Interchange) - The electronic communication of business transactions; specifically the exchange of trade-related documents, such as purchase orders, invoices and corporate Electronic Funds Transfer (EFTs) in a standard format. With EDI, electronically transmitted data replaces paper documents in the business accounts receivable cycle.
EFS (Electronic Financial Services)	Financial services that are provided via electronic delivery channels (e.g. PCs, telephones, screen phones and ATMs). These services may be transaction and/or information oriented and may be provided by bank and non-bank providers.
EFT (Electronic Funds Transfer)	A transfer of funds between accounts by electronic means rather than conventional paper-based payment methods. EFT is any financial transaction originating from a telephone or electronic terminal, or from a computer or magnetic tape.
Electronic Banking	Form of banking in which funds are transferred through an exchange of electronic signals between financial institutions, rather than an exchange of cash, checks or other negotiable instruments.
Electronic Check Representment	Electronic Check Representment - An ACH Network service that allows for the electronic representment of a returned paper check marked non-sufficient funds (NSF). Provided that certain guidelines are fulfilled the check can be collected electronically.
Electronic Funds Transfer Act	Electronic Funds Transfer Act – The law passed by the US congress in 1978 which set out the rights and obligations of consumers and their financial institutions regarding the use of electronic systems to transfer funds. This act is implemented in the Federal Reserve Bank's Regulation E.
Electronic Payment	An alternative to paper checks for paying bills. Consumers can use PCs, telephones, screen phones or ATMs to send electronic instructions to their bank or bill payment provider to withdraw funds from their accounts and pay merchants. Payments may be made either electronically or by a paper check issued by the bill payment provider.
Element	Element – The smallest item of information in a transaction set. Analogous to a “field” of information.
ESP (Electronic Statement Presentment)	The process by which companies bill customers over the Internet.
Exception Item	Exception Item – Any entry that requires special attention or processing, such as return entries, stop payments, notifications of change, dishonored returns, etc.
Federal Reserve Bank	The bank of the United States of America. Loans and provides money to banking institutions and establishes interest borrowing rates.
Field	Field – One or more consecutive character positions within an ACH entry mapped to contain specific information.
Field - Fixed	Fixed Field – A data segment of predetermined length and positioning within an electronic message
Field - Mandatory	Mandatory Field – A mandatory field is necessary to

	ensure the proper routing and/or posting on an ACH entry. Any mandatory field not included in an ACH record will cause that entry, batch or file to be rejected by the ACH operator before it ever gets sent to the RDFI.
Field - Operational	Operational Field – The inclusion or omission of an optional field is at the discretion of the originator of an ach transaction. While the omission of optional fields will not affect the processing of the item, the Originator must still fill optional fields with blanks or other characters if they do not fill the field with actual information.
File	File – A group of ACH entries stored for delivery to an ACH receiving point.
File Header Record	File Header Record – The last record of an ACH file containing information necessary to route, validate, and track the ACH entries contained within the file.
File Trailer Record	File Trailer Record – The last record of an ACH file indication termination of the information within the file.
Funds - Available	Available Funds – Funds currently available for immediate use.
Funds Availability	Funds Availability – The time at which the funds from an electronic funds transfer are made available to the customer.
G No listings for letter 'G'	G No listings for letter 'G'
Hash	Hash – A mathematical calculation which creates a single number from critical fields in each transaction entry, as a check against inadvertent alteration of data contents due to hardware failure or program error.
HTML (Hypertext Markup Language)	The set of markup symbols or codes inserted in a file intended for display on a Web browser page. The markup tells the Web browser how to display a Web page's words and images for the user.
IBOP (Internet Bill Delivery and Payment)	An Internet-based service that securely and reliably delivers richly formatted bills, statements, invoices, notices and associated advertising to any online consumer or business, and returns payment, remittance instructions and related information to the Biller and/or designated payee.
IFX (Interactive Financial Exchange)	A standard for the exchange of financial data and instructions independent of a particular network technology or computing platform.
Individual Identification Number	Individual Identification Number – The number used in an ACH transaction by the originator to identify the Receiver.
Internet Check Acceptance	A payment system that allows consumers to enter their checking information on-line; electronic items are created and processed through the Automated Clearing House network.
Internet Hosting	An Internet Service Provider (ISP) that stores Web sites on a server. ISPs generally charge a monthly fee to "host" a Web site.
Internet Initiated Entries - (WEB)	Internet Initiated Entries - (WEB) a consumer authorizes a Receiver or Merchant to debit their account via the internet.
ISP (Internet Service Provider)	A company that provides a connection to the Internet.

	Service providers sell access to the network.
J No listings for letter 'J'	J No listings for letter 'J'
K No listings for letter 'K'	K No listings for letter 'K'
LAR (Legal Amount Recognition)	The technology that reads and recognizes the handwritten or typed legal (written) amount on checks.
Lockbox	Lockbox – A financial institution which facilitates rapid collection and posting of corporate receivables. Typically, customer payments are mailed to the bank's lockbox for collection, sorting, totaling and recording by the bank rather than by the company that issued the bill.
Lockbox Check Truncation	Lockbox Check Truncation - also called Accounts Receivable Truncation System (ARTS) is the process of turning checks received in the mail by a Biller into electronic items.
Lockbox Payment Processing	A collection and processing service provided to clients by third-party providers. These providers collect business-to-corporate (B2C) payments from a dedicated postal box to which clients have directed customers to send payment. (See Remittance Processing.) The payment stream is typically low dollar and high volume, with a high incidence of OCR scannable coupons and bar-coded return envelopes.
Magnetic Ink Character Recognition (MICR) Line	Magnetic Ink Character Recognition (MICR) Line – The preprinted bottom line of paper check contains the routing transit number of the financial institution the check is drawn on, the account number of the drawee and the check number printed in machine readable magnetic ink.
Matched Payments	Payments that equal the amount due. The amount due can be either a minimum payment amount or a total balance due (e.g., in the case of a credit card account). This term is typically used in retail lockbox processing.
MICR (Magnetic Ink Character Recognition)	The technology that uses high-speed magnetic and/or optical recognition equipment to recognize magnetic ink printed characters. Usually associated with reading routing, transit and demand information from checks.
MICR Line Example	
NACHA (National Automated Clearing House Association)	The national association that establishes the standards, rules and procedures that enable depository financial institutions to exchange ACH payments on a national basis.
NACHA Format	The ach record format specifications described in the <i>nacha operating rules and guidelines</i> , which are the accepted and warranted payment format standards for payments delivered through the ach network.
Net Settlement	AchProcessor.com produces one net settlement entry into the Merchant's account that includes the settlement (reconciliation) of debits, credits, returns, and fees if applicable, in one file (batch). The net settlement feature provides for easy reconciliation, transaction error identification, and heightened security.
NOC (Notification of Change)	Notification of Change – Information sent by an RDFI to notify the ODFI that previously valid information for a receiver has become outdated or that information contained in a Prenote is erroneous. These items have

	the standard entry class code correction.
Non-Recurring Payment Authorization	Non-Recurring Payment Authorization - an individual or company authorizes the debit of their account for a varying period and/or amount. Notification must be sent 10 days before the effective date with the amount to be debited.
NSF Check	NSF Check - A paper check that has been returned by the banking system due to Non Sufficient Funds. These can be electronically represented through the ACH Network using Electronic Check Representment.
OCR (Optical Character Recognition)	The technology by which characters and symbols imprinted in non-reflective ink are optically read by remittance processing workstations. The OCR system reads characters by detecting differences in the reflected light from the document as it passes through the processing workstations. These differences are interpreted by OCR electronics, converted to a binary code, and transferred to the system processor. This term is usually associated with retail lockbox processing.
ODFI (Originating Depository Financial Institution)	ODFI - is the Originating Depository Financial Institution, the bank that initiates an Electronic funds transfer through the ACH Network on behalf of the Originator.
OFX (Open Financial Exchange)	A standard for the exchange of financial data and instructions independent of a particular network technology or computing platform. Major financial institutions and service providers. Enables electronic exchange of financial data between customers and themselves.
One Time Payment Authorization	One Time Payment Authorization - an individual or company authorizes a one-time debit of their account. The authorization is usually a written authorization but in some instances a recorded telephonic authorization may be used.
On-Us	On-Us – entries within an ach file destined to accounts held at the ODFI. These entries are removed from the file before the file is sent to the ACH operator and are posted internally to the appropriate accounts.
Operating Rules	Rules and business practices meant to increase consistency and interoperability among the various financial service providers that will interact with each other and end-users. Examples of operating rules include: Settlement Timing Requirements, Authorization procedures, Audit and accounting rules, Credit limits
Original Entry	Original Entry - a debit or credit ACH transaction directed to an account at an RDFI.
Originating ACH Operator	Originating ACH operator – the ach operator which receives entries from the ODFI.
Origination	Origination – the process of creating ach entries for submission through an ODFI to the ACH operator.
Originator	A financial institution that initiates a wire transfer or automated clearing house (ACH) payment.
Originator	Originator – The person or organization who has authorized an ODFI to transmit a credit or debit entry to the account of a receiver with an RDFI, or if the receiver is also the RDFI, to such receiver. In some cases the ODFI may also be the originator.

Participant	Participant – A company or financial institution that has signed the appropriate agreements to participate in the pilot.
Payment	A vehicle to affect the transfer of value. Typically, a transfer of funds from one bank depository to another, but may also transfer funds to or from a debt instrument, such as a credit card. Also Funds Transfer.
Payment Concentration	Payment Concentration - The process of that takes payments from multiple banks and payment networks and concentrates them into a single format (e.g. lockbox, EDI, and ACH).
Payment Due Date	Payment Due Date - The date by which the Biller requires payment from the Customer.
Payment Instructions	Payment Instructions - The Instructions for routing/posting the payment (e.g. into the bank account that the funds should be deposited).
Payment Method	Payment Method - Method used to facilitate and process payment.
Payment Posted Date	Payment Posted Date - The date by which a payment is posted to an account.
Payment System	Payment System - A set of instructions and procedures used for the transfer of ownership and settlement of obligations arising from the exchange of goods and services.
Payment System	Payment System – A communication system having the provisions to provide financial settlement information.
Payment Systems	Payment Systems - A system or network used to process payments (e.g. ACH, debit card and credit card networks).
PDF (Portable Document Format)	PDF (Portable Document Format) - A file format that has captured all the elements of a printed document as an electronic image that you can view, navigate, print, or forward to someone else. PDF files are created using Adobe Acrobat, Acrobat Capture, or similar products.
POS (Point of Sale)	POS - Point of Sale is a term used to describe an ACH transaction at the time of purchase - for example at the supermarket check out counter. Usually at a merchants brick and mortar location but also includes telemarketing (phone) and Internet sales.
PPD (Prearranged Payment or Deposit)	PPD (prearranged payment or deposit) – An automated consumer payment application, usually in the context of a standing obligation, which debits or credits the consumer's account at their financial institution to satisfy that obligation. Examples of PPD transactions are direct deposit of payroll, direct payment of charitable contributions and so forth.
PPD+ (PPD plus)	PPD + (PPD plus) – An automated consumer payment application which carries additional information about the transaction in the single attached addenda record.
Prenotification - or Prenote	Prenotification - or Prenote is an ACH entry with no value that is sent to an RDFI to verify account information prior to sending a live entry.
Q No listings for letter 'Q'	Q No listings for letter 'Q'
RCK (Represented Check)	RCK - Refers to Returned Check and represents the electronic check process for electronic representment of paper NSF checks - Electronic Check Representment.
RDFI (Receiving Depository Financial	Receiving Depository Financial Institution – A financial

Institution)	institution, which receives ach entries directly or indirectly from its ach operator.
Receiver	Receiver – an individual, corporation or other entity who has authorized a company or an originator to initiate a credit or debit entry to a transaction account held at an RDFI.
Receiving ACH Operator	Receiving ACH Operator – The ach operator which passes entries to the RDFI.
Recurring Payment Authorization	Recurring Payment Authorization - an individual or company authorizes the periodic debit of their account for the same period and amount.
Regulation CC	Regulation cc – The regulation by the federal reserve bank to implement the law which mandates the time limits for funds availability on deposited items.
Regulation E	Regulation E – The regulation published by the federal reserve bank to implement the electronic fund transfer act mandating consumer rights and obligation with regard to electronic fund transfers.
Remittance Information	Remittance Information - The information required by the Biller to effectively post customer bill payments.
Remittance Method	Remittance Method - The method used to deliver funds and remittance information.
Remittance Processing	Remittance Processing - A collection and processing service provided to clients by third-party providers. These providers collect payments from a dedicated postal box, to which clients have directed customers to send payment.
Required Field	Required Field – the omission of a required field will not cause rejection of the entry at the ach operator level, but may cause rejection of the entry at the RDFI level (for instance, omission of the receiver's account number.)
Return Entry	Return Entry - the return of an original entry that either could not be posted or was not able to be identified by the RDFI - closed account, NSF, wrong account number, etc.
Return Item	Return Item – any item which cannot be processed and is being returned by the RDFI to the ODFI for correction or re-initiation.
Return Reason Codes	Return Reason Codes - or R Codes are rejections of original ACH entries by the RDFI.
Reversal	Reversal – Any ach entries or files sent within required deadlines to “correct” or reverse previously originated entries or files.
Routing/Transit Number	Routing/Transit Number – Also known as routing number, transit/routing number and ABA number. A nine digit number (eight digits plus a check digit) which identifies a specific financial institution. Routing numbers are administered by the routing number administrative board under the sponsorship of the American Bankers Association and officially maintained and published by Thomson Financial Publishing.
RPS (Remittance Processing Service)	RPS (Remittance Processing Service) - An electronic routing and settlement service that accepts previously captured and authorized payment transactions from members for delivery to other financial institutions.
SEC (Standard Entry Class) codes	SEC (standard entry class) codes - the three character code within an ach company/batch header which

	identifies the type of transactions within that batch (e.g. CCD, CTX, PPS, etc.)
Service Initiation	Service Initiation - The overall term encompassing registration, enrollment and activation.
Settlement	Settlement - As the sales transaction value moves from the merchant to the acquiring bank to the issuer, each party buys and sells the sales ticket. Settlement is what occurs when the acquiring bank and the issuer exchange data or funds during that function.
Statement/Notice	Statement/Notice - An electronic or paper document sent to a customer/agent that does not have a payment due associated with it.
TEL - Telephone Initiated Entry	Telephone-Initiated Entry - (TEL) is an entry initiated through a telephone authorization for a one-time debit for collection of funds for payment of goods and services. A TEL is valid only when there is an existing relationship between the parties or if no existing relationship, the consumer initiates the telephone call.
Telephone Bill Payment	Telephone Bill Payment - A service that permits a customer to pay bills electronically. The customer gives a corporation the authority to debit his or her account for a specific amount within a specified range of amounts.
Third Party Processor	Third Party Processor – A party which processes ach files and/or items on behalf of one of the participants in the ach system. Examples of third party processors are payroll processing companies which create ach files for transmission to the ach operator on behalf of an originator or ODFI, a data processing company which receives incoming ach files and processes them for an RDFI, or a correspondent bank which processes ach files for its correspondent. Under the ach rules, third party processors are essentially invisible; the party they are processing for bears virtually all of the liability and risk for their third party processor's actions.
Transaction	Transaction - Activities affecting a deposit account, carried out at the request of the account owner. One example of a transaction is the process that takes place when a cardholder makes a purchase with a credit card.
Transaction Risk	Transaction Risk – The possibility that a loss will be sustained due to the incorrect transfer of funds. Transaction risk usually arises when a large dollar transaction is treated as if it were a small dollar transaction without transferring all the procedures and security associated with the large dollar transaction to the small dollar system. An example of this would be a transaction that would normally be processed as a wire transfer, with all of the normal associated security procedures for wire transfers, converting to an ach transaction without having the same security procedures in place.
TRC (Truncated (Check) Entry)	TRC (truncated (check) entry) – An entry which originally represented a check, in which the actual check is safe kept by one of the financial institutions in the chain of deposit and the MICR information is converted to an electronic entry and processed through the ach network back to the issuing institution. These items carry the standard entry class code TRC.

Truncation	Truncation - in ACH it normally refers to stopping or truncating a paper check as in POS or lockbox check truncation and turning that paper check into an electronic item.
TRX (Truncated (Extended) (Check) Entry)	TRX (truncated (extended) (check) entry) – a series of TRC entries put together as addenda records with the payment item representing the total settlement of the TRC entries for that batch.
Unauthorized	Unauthorized – An ach item is “unauthorized” if it was never originally authorized, if it clears for more than was originally authorized, or if it settles earlier than was previously authorized.
Uniform Commercial Code Article 4A	Uniform Commercial Code Article 4a – The portion of the uniform commercial code which deals with certain funds transfers, including ach credit transaction not subject to the electronic fund transfer act or regulation e. This law outlines the protections and responsibilities given to the parties to wholesale credit transactions, and sets the legal standard for commercially reasonable security procedures to be used in conjunction with those transactions.
Unmatched Payments	Unmatched Payments - Payments that differ from the amount due. The amount due can be either a minimum payment amount or a total balance due (e.g., a credit card account). This term is typically used in retail lockbox processing. Also known as "partial payments" or "unequal payments."
Variable Length Field	Variable Length Field – A data segment within an electronic message with a variable length, offset from other data segments by the use of delimiters.
WEB - Internet Initiated Entries	WEB - Internet Initiated Entries
Wholesale Lockbox	Wholesale Lockbox - A collection and processing service provided to clients by third-party providers. These providers collect business-to- business (B2B) payments from a dedicated postal box to which clients have directed their customers to send payment. (See Remittance Processing.) The payment stream is typically high dollar and low volume, with a high incidence of non-standard invoices and check-only payments.
XML (Extensible Markup Language)	XML (Extensible Markup Language) - Allows the author to extend and customize basic HTML formatting by creating proprietary tags and text behaviors. XML is meant to emphasize intelligent and logical formatting within technical documents in order to streamline searching and categorizing, and to ensure total cross-browser compatibility.
Y No listings for Letter 'Y'	Y No listings for Letter 'Y'
Z No listings for letter 'Z'	Z No listings for letter 'Z'