



PAYMENT SERVICES Glossary

VeriSign, Inc.
1350 Charleston Road
Mountain View, CA 94043
Telephone: +1.650.961.7500

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Payment Services Glossary

ABA Routing Number	The American Banking Association (ABA) routing number is a unique, bank-identifying number that directs electronic ACH deposits to the proper bank. This number precedes the account number printed at the bottom of a check and is usually printed with magnetic ink.
Account Number	Unique sequence of numbers assigned to a cardholder account which identifies the issuer and type of financial transaction card.
ACH	See Automated Clearing House .
Acquirer	Bank or financial institution that issues merchant accounts for the acceptance of credit card transactions.
Acquiring Bank	Bank that maintains the merchant relationship and receives all transactions from the merchant.
Address Verification Service	Service that verifies the cardholder's billing address in order to help combat fraud in card-not-present transactions (e.g. mail order, telephone order, internet, etc.). Used only in the United States.
Agent Bank	Bank that participates in another bank's acquiring program, usually by turning over its applicants for bank cards to the bank administering the bank acquiring program.
American Express	Organization that issues cards and acquires transactions, unlike Visa and MasterCard, which are bank associations.

AmEx	See American Express .
API	Application Programming Interface (API) is the interface by which an application program accesses the operating system and other services. An API is defined at source code level and provides a level of abstraction between the application and the kernel to ensure the portability of the code.
Approval	Any transaction that is approved by the cardholder or check writer's bank. Approvals are requested via an authorization. An approval is the opposite of a declined transaction.
Arbitration	Procedure used to determine the responsibility for a chargeback-related dispute between two members.
Asynchronous	Method of transmitting data in which the data elements are identified with special start and stop characters. An asynchronous modem cannot communicate with a synchronous modem. Compare with Synchronous (e.g. standard Hayes compatible modem).
Auth Only	Transaction in which the merchant does not intend to charge the cardholder until a later time, if at all. See Prior Authorized Sale .
Authorization	Request to charge a cardholder. An authorization reduces the cardholder's open-to-buy but does not actually capture the funds. An authorization is the first transaction in the delayed settlement process. It does not bill the card until a delayed capture transaction is issued. The authorization must be settled in order to charge the account. If it is not used within a certain time period, it will drop off. The issuing bank determines the time period for drop off. Authorizations can only be used for credit card transactions.
Authorization Code	Approved sale and authorization transactions always receive a numeric or alphanumeric authorization code that references the transaction for processing purposes.

Automated Clearing House	The Automated Clearing House (ACH) network is a nationwide, wholesale electronic payment and collection system. It is a method of transferring funds between banks via the Federal Reserve System. It is used by most, but not all, financial institutions.
Average Ticket	Average dollar amount of merchant credit transactions.
AVS	See Address Verification Service .
Bank Identification Number	Digits on a credit card that identify the issuing bank. It is sometimes the first six digits and is often referred to as a BIN.
Basis Point	One one-hundredth of a percent. Discount rates are expressed as basis points.
Batch	Collection of transactions submitted for settlement. Usually a merchant has one batch per day or per shift.
Batch ID	For most processors the batch ID is an identifying number assigned to a settle batch of transactions. Every transaction in the batch shares this ID. Normally if a transaction does not have a batch ID associated with it, the transaction has not been settled, or is a non-settleable transaction such as an authorization.
Batch Processing	Type of data processing where related transactions are transmitted as a group for processing.
Batch Settlement	See Settlement .
BIN	See Bank Identification Number .
Binary Executable	Universal character-coding system.
Bundled Rate	Discount rate that includes communications costs as well as transaction fees. Also referred to as a flat rate.
Capture	Process of capturing funds from an authorization.
Card Issuer	See Issuer, Issuing Bank .

Card-not-present	Situation where the cardholder (and the card) is not physically present at the time of purchase. Typical card-not-present transactions take place in businesses focused on mail order/telephone order, business to business, and Internet-based transactions.
Card-present	Situation where the cardholder (and the card) is physically present at the time of purchase, for example at gas stations and restaurants.
CGI	See Common Gateway Interface .
Chargeback	Act of taking back funds that have been paid to a merchant for a disputed or improper credit card transaction. The issuer can initiate this procedure 30 days after the settlement.
Chargeback Period	Number of calendar days in which a member may charge sales back to the merchant, beginning with the day after the date the record is first received by the member or agent and continuing until the end of the day on which it is dispatched as a chargeback item.
Chargeback Reason Code	Two digit code identifying the specific reason for the chargeback.
Check Guarantee	Service which guarantees check payment (up to the limit defined for the account), provided that the merchant follows correct procedures in accepting the check. The service determines whether the checkwriter has previously written delinquent checks. Companies like TeleCheck provide this type of service.
Clearing	Process of exchanging financial details between an acquirer and an issuer to facilitate posting of a cardholder's account and reconciliation of a merchant's settlement position.

Common Gateway Interface	Protocol that specifies how a Web server executes and exchanges data with a program. Also referred to as gateways or CGI scripts, these protocol programs generally consist of a set of instructions written in a programming language like C or Perl that process requests from a browser, execute a program and format the results in HTML so they can be displayed in the browser. Gateway scripts often add interactivity to a Web page by enabling users to fill out and submit forms for processing.
Confirmation Letter	Letter sent by a processor to a merchant on a daily or weekly basis to verify batch deposits.
Copy Request	See Retrieval Request
Credit	Transaction type supported by VeriSign that transfers funds from the merchant's account back to a customer's credit card. It is the only way to handle a refund after a transaction has been settled. This type of transaction is usually performed when a product is returned to the merchant. A credit can be performed in the Transaction Terminal area of VeriSign Manager or through a merchant's storefront application. Check refunds can only be done via credit card or through a non-electronic, paper check. A credit can only be issued to an account that has not had a previous authorization.
DDA	See Demand Deposit Account .
Debit Card	ATM bankcard used to purchase goods and services and to obtain cash. A debit card debits the cardholder's personal deposit account and requires a Personal Identification Number (PIN) for use. Debit cards branded with a bankcard logo (e.g. Visa) can be accepted in Internet transactions without a PIN.
Decline	A transaction in which the issuing bank will not authorize the transaction.

Delayed Capture	Transaction type that uses the information from an authorization transaction to bill a credit card (capture funds). This is the second step in the delayed settlement process and should be used by merchants who do not provide immediate shipment of goods.
Delayed Settlement	This is a two-phase process that utilizes an authorization transaction and a delayed capture transaction in place of a sale transaction. Credit card associations require that this procedure be used when a merchant delivers goods or services more than 48 hours after they are ordered.
Demand Deposit Account	Standard checking or savings account into which electronic funds can be transferred.
Discount Rate	Amount charged to a merchant by the acquiring bank for processing a transaction. It is usually a percentage of the transaction amount. The rate is typically based on monthly transaction volume (total dollars) and average ticket.
Draft Capture	Refers to Settlement .
ECR	See Electronic Cash Register .
EFT	See Electronic Funds Transfer .
Electronic Cash Register	Combination of a cash register and a POS terminal, often PC-based.
Electronic Funds Transfer	Paperless act of transmitting money through a computer network.
ESA	See External Sales Agent .
External Sales Agent	AmEx term for ISO or MSP.
Floor Limit	Preset limit established by an issuer that allowed merchants to accept credit card sales without authorization provided the merchant checked to see that the card number was not listed on a warning bulletin for lost or stolen cards. Floor limits are now rarely used.

Host Address	VeriSign server address that is used to process transaction requests. For production transactions the host address is “payflow.verisign.com”, for test transactions it is “test-payflow.verisign.com”.
Host Port	Port address that is used in conjunction with the host address when using the VeriSign client in conjunction with a custom integration or storefront software application for transaction processing. Always use host port 443.
HTTP Protocol	Hardware and/or software that connects computer networks and allows them to communicate
Independent Sales Organization	Visa term for a company that is sponsored by an acquiring bank to solicit and sometimes support merchants.
Interchange	Flow of information between issuers and acquirers, e.g. transactions, retrieval requests, chargebacks.
Interchange Fee	Fee charged by Visa and MasterCard for each credit card transaction. This fee is part of the discount rate.
Internet Merchant Bank Account	Special type of account required for merchants who wish to sell goods and services over the Internet and accept credit cards as payment. This type of account is different than a typical merchant account and is considered card-not-present.
Internet Service Provider	Company that supplies a method for individuals or companies to connect to the Internet.
ISO	See Independent Sales Organization .
ISP	See Internet Service Provider .
Issuer	Bank that provides credit cards to consumers.
Issuing Bank	See Issuer .
Manual Entry	Credit card information that is entered via the Transaction Terminal of VeriSign Manager.
MasterCard	Association of banks that governs the issuing and acquiring of MasterCard credit card transactions and Maestro debit transactions.

Member	Financial institution that is a member of Visa USA and/or MasterCard International. A member is licensed to issue cards to holders and/or accept merchant drafts.
Member Service Provider	MasterCard term for a company that is sponsored by an acquiring bank to solicit and sometimes support merchants.
Merchant	A retailer, or any other entity (pursuant to a Merchant Agreement), that agrees to accept credit cards, debit cards, or both, when properly presented.
Merchant Agreement	Written agreement between a merchant and a bank (or possibly a merchant, a bank, and ISO) containing their respective rights, duties, and warranties with respect to acceptance of the bank card and matters related to bank card activity.
Merchant Bank	Bank that has entered into an agreement with a merchant to process bank card transactions, also called the acquirer or acquiring bank.
Merchant Category Code	Code assigned by an acquirer to a merchant to identify the merchant's principal trade, profession, or line of business. This four digit code is also know as the SIC code.
Merit	Refers to the qualification levels for a MasterCard transaction. Merit III is the highest discount, followed by Merit II, Merit I, and then Standard.
MICR Number	The Magnetic Ink Check Reader (MICR) number is the string of numbers on the bottom of a check.
MO/TO	Mail Order/Telephone Order credit card transactions.
MSP	See Member Service Provider .
MSP	See Member Service Provider .
Network	See Processor . Also used to refer to communication networks like AT&T or CompuServe.

Non-Qualified	Broad term that describes a transaction that did not interchange at the best rate because it was entered manually, was not settled in a timely manner, or the data set required for the best interchange was not provided.
ODFI	See Originating Depository Financial Institution .
Open-to-buy	Amount of credit available at a given time on a credit card holder's account.
Operator	Central clearing facility which provides distribution and settlement of ACH transactions. ACH operators clear debits and credits electronically, rather than through the physical movement of checks. Currently there are four ACH Operators: the Federal Reserve System, which clears approximately 80% of all ACH transactions, Visanet ACH, New York ACH, and American ACH.
Original Draft	Original copy of the forms and signature used in the transaction. Also referred to as the hard copy.
Original Transaction ID	Unique VeriSign transaction ID that is used to process a secondary transaction, like a delayed capture, credit, or void.
Originating Depository Financial Institution	Financial institution that initiates and warrants electronic payments through the ACH network on behalf of its customers.
Originator	Company or other business entity that creates entries for introduction into the ACH network. For example, a billing company produces debit entries from customers' financial institution accounts who have authorized direct payment for products and services.
PIN	Personal Identification Number used by a cardholder to authenticate card ownership for ATM or Debit card transactions. The cardholder enters his/her PIN into a PIN pad. The PIN is required to complete an ATM/Debit card transaction.

PNREF	The Payment Network Reference ID (PNREF) field is a unique transaction identification number issued by VeriSign. The PNREF is used to identify the transaction for billing and reporting purposes.
Point Of Sale	Place and time at which a transaction occurs. Point of Sale (POS) also refers to the devices or software used to capture transactions.
POS	See Point Of Sale .
Post Authorization	Transaction for which a voice authorization was received. See Prior Authorized Sale .
Post-Auth	See Post Authorization .
Posting	Process of recording debits and credits to individual cardholder account balances.
Pre-Auth	Same as Auth Only .
Prenote	See Pre-Notification .
Pre-Notification	Prior to the initiation of the first ACH entry to an ACH receiver or the ACH receiver's account with an RDFI, an ACH originator may, at its option, deliver or send a pre-notification through an ODFI to its ACH operator for transmittal to the appropriate RDFI. The pre-notification shall provide notice to the RDFI that the originator intends to initiate one or more entries to that receiver's account in accordance to the receiver's authorization.
Prior	See Prior Authorized Sale .
Prior Authorized Sale	Transaction for which authorization was obtained at an earlier time, e.g. when a merchant has to call for authorization before services are rendered (hotel reservation, auto rental, etc.).
Prior-Auth	See Prior Authorized Sale .
Private Label Card	Bank card that can be used only in a specific merchant's store. Typically not a bankcard.

Processor	Large data center that processes credit card transactions and settles funds to merchants. A processor connects to the merchant on behalf of an acquirer via a gateway or POS system to process payments electronically. Processors edit and format messages and switch to bankcard networks. They provide files for clearing and settlement and other value-added services.
Qualification	Level at which a transaction interchanges. Level of qualification is dependent on how credit card number is entered, how quickly a transaction is settled, the type of industry, specific information, etc.
RDFI	See Receiving Depository Financial Institution .
Receipt	Hard copy description of the transaction that occurred at the point of sale. Minimum information contained on a receipt is date, merchant name and location, account number, type of account used (e.g. Visa, MasterCard, AmEx, etc.), amount, reference number and/or authorization number, and action code.
Receiver	Consumer, customer, employee, or business who has authorized ACH payments by Direct Deposit or Direct Payment to be applied against a depository account.
Receiving Depository Financial Institution	Financial institution that provides depository account services to consumers, employees, and businesses and accepts electronic debits and credits to and from those accounts.
Recurring Transaction	Transaction in which a cardholder has given a merchant permission to periodically charge the cardholder's account.
Response Code	One-letter code that indicates whether a transaction was approved or declined. Response codes are used in versions of VeriSign's SDK before 2.10.
Result Code	One to three-digit number that indicates the result of a transaction. Approved transactions receive a '0', while there are a variety of codes for declined transactions, which may have failed for a variety of reasons.

Retrieval	See Retrieval Request .
Retrieval Request	Request to a merchant for documentation concerning a transaction, usually initiated by a cardholder dispute or suspicious sale/return. A retrieval request can lead to a chargeback.
Return Code	Any of the codes returned by VeriSign when a transaction is processed.
Sale	Transaction type supported by VeriSign that approves a transaction and settles it at the next settlement period.
Secure Sockets Layer	Encryption system that allows merchants to securely process electronic transactions to processors.
Settlement	Process by which transactions with authorization codes are sent to the processor for payment to the merchant. Settlement is a sort of electronic bookkeeping procedure that causes all funds from captured transactions to be routed to the merchant's acquiring bank for deposit. VeriSign automatically submits all captured transactions for settlement on a daily basis. The time that it takes for these funds to reach the merchant account after settlement is 1-5 days, but varies by the merchant's agreement with their card processing company.
SIC Code	Refers to Standard Industry Classification. These codes are four digit numbers used to identify business type.
SSL	See Secure Sockets Layer .
Standard	Lowest qualification level at which a Visa or MasterCard transaction may interchange. This occurs when a transaction is deposited several days after the original authorization and is not swiped.
Surcharges	Any additional charges to a merchant's standard processing fees. They are a result of non-qualified transactions of different communications methods.

Suspense	State in which a batch of transactions is not released to interchange because of problems noticed by the host computer. Requires human intervention to fix the problem and settle the batch.
Swiped Card	Credit card information that is transferred directly as a result of swiping or sliding the credit card through a card reader. Swiped cards are used in retail and other card-present situations. The information magnetically encoded in the magnetic stripe includes secret data that helps validate the card.
Synchronous	Method of transmitting data in which the data elements are sent at a specific rate so that start and stop characters are not needed. Used by older modems, AmEx PIP terminals, etc. Compare to Asynchronous .
T &E Card	See Travel and Entertainment Card .
Tender Type	Type of “money” to be used when processing a transaction: credit card, check, ACH, Purchase Card, etc.
Third Party Processor	Non-member agent, employed by an acquiring bank, which provides authorization, settlement and merchant services to the bank’s merchant.
Transaction	Action between a cardholder and a merchant that results in activity on the cardholder’s account.
Transaction Fee	Per transaction charge incurred by merchants who are on scale pricing. This is in addition to the percentage discount fees.
Transaction ID	Reference number that VeriSign assigns to every transaction that is processed. It is a 12-character alphanumeric string that always starts with a “V”.
Travel and Entertainment Card	Credit cards that typically require payment in full each month, e.g. American Express, Diner’s Club, and Carte Blanche.

Unsettled Transactions	All transactions must be settled before any money changes hands. VeriSign automatically settles captured transactions on a daily basis. Please note that authorization transactions are not captured until they are completed by a delayed capture transaction.
Visa	Association of banks that governs the issuing and acquiring of Visa credit card transactions.
Voice Auth	See Voice Authorization .
Voice Authorization	Transaction type supported by VeriSign where payment information is submitted over the telephone. Sometimes processing networks decline transactions with a referral message indicating that the merchant must call the cardholder's issuing bank to complete the transaction. If the transaction is approved, the merchant is provided with an authorization code (AUTHCODE) for the transaction. This AUTHCODE must then be sent to the VeriSign server as part of a voice authorization transaction using VeriSign Manager's Transaction Terminal. In Payflow Pro this transaction is specified with an "F".
Void	Reversal of an approved transaction, one that has been authorized but not settled. Settled transactions require processing of a credit in order to be reversed. A void does not remove any hold on the customer's open-to-buy (available credit).