

Glossary—Bankcard Industry

ABA routing number	Unique, nine-digit bank identifying number, preceding the account number at the bottom of the check that directs electronic deposits to the proper bank.
ACH	Automated Clearing House—Electronic method of transferring money between banks via the Federal Reserve System.
acquiring bank	Credit card processing bank.
agent bank	WPS sales entity that is a bank acting as either a servicing sales representative or sales referral affiliate. Agent banks market WPS's products and services to its account-holding merchants.
AMEX	American Express.
approval	Code issued by the card-issuing bank that allows a sale to be placed against the cardholder's account. This means that the amount of the sale is within the cardholder's credit limit and the card has not been reported lost or stolen. An approval code freezes cardholder funds for 10 to 21 days, depending on the card-issuing bank, and guarantees funds to the merchant for 30 days provided the merchant has followed all Visa and MasterCard regulations regarding the sale. An approval may be obtained electronically (terminal) or by phone (voice), and it is also known as an "authorization."
association	WPS sales entity that makes WPS's products and services available to its members (e.g., dentists, doctors, etc.).
Autho Log	Bank file of all authorizations obtained for a specific merchant number, showing card number, dollar amount, and how (electronically or voice) and where (network or FDR for voice) they were obtained.
authorization	See "approval"
average ticket	Average dollar amount of a merchant credit card transaction.

basis point	One one-hundredth of a percent. Merchant discount rates are billed in basis points.
batch	Group of credit card transactions settled at the same time, usually for the same calendar date.
bundled rate	Discount rate that includes communications costs instead of being billed separately as transaction fees, and it may also be referred to as a “flat rate.”
Call Center	Terminal message received when communications network is “down” or card-issuing bank wants additional information to complete the sale. It is also used by card issuing banks to spot check sales.
capture	Processing terminology for electronic deposit of credit card transactions. Unlike a transaction that is authorized only, a captured transaction resides in the terminal memory under “terminal capture” and in the host computer memory under “host capture” until settlement. It may also be referred to as “EDC.”
card limit	Credit limit established for a credit card by the card-issuing bank that may or may not be exceeded (except with its permission). A “decline” message usually results when a transaction will put the cardholder over his or her credit limit.
card reader	Device on a point-of-sale terminal that electronically reads the information contained in the magnetic stripe on a credit card.
center	Processing slang for voice authorization center.
chargeback	Processing bank is forced to reverse a merchant sale because the card-issuing bank (cardholder) disputes the sale. The merchant has the opportunity to appeal and prove the sale is valid.
communication cost	Cost incurred each time a terminal dials out to a computer network.

communication network	Telecommunications network accessed by the terminal to communicate with the host computer.
credit	Money debited from a merchant's account and paid back to cardholder. A credit may be issued outside of the original batch.
CVV value	Computer value picked up from a card's magnetic stripe that identifies the transaction as mag-stripe read.
DDA	Demand Deposit Account (bank account).
debit card	A type of account (e.g., Visa Debit Card or MasterCard Debit Card) where the amount of any transaction is debited directly from a cardholder's checking account immediately instead of the standard 30-day billing period. This may also be a regional debit card issued by a local bank (e.g., Pulse, Mpact, or Shazam), allowing a cardholder to access to his checking account funds electronically. This may require a personal identification number (PIN).
decline	Response to transaction authorization attempt that means card-issuing bank will not accept the charge and the merchant must accept another form of payment.
discount rate	Percentage of each sale that the merchant pays to the processing bank to turn Visa and MasterCard funds into cash. It may be billed on gross or net sales, depending on the processing bank. WPS bills on gross sales.
draft	Processing slang for sales draft. A sales draft can be a receipt produced by an electronic printer or a manually imprinted, multi-part sales receipt.
DTC	Depository Transfer Check—DDA checks printed with business account name and number in the "Pay to the order of" portion of the check and no signature required above the signature line. Money may only be deposited to the account that matches the information printed on the DTC.

EDC	Electronic Draft Capture—Electronic authorization and deposit of credit card transactions without submission of paper drafts to the bank for payment. This may also be referred to as “capture.”
Fed bank	A Federal Reserve bank capable of receiving ACH deposits directly. Some smaller banks that are not part of the Federal Reserve system receive ACH deposits via a Fed bank, sometimes delaying merchant deposits an additional day.
flat rate	Discount rate that includes communications costs instead of being billed separately as transaction fees, and it may also be referred to as a “bundled rate.”
floor limit	Preset limit established by a processing bank that allowed the merchant to accept a Visa and MasterCard sale without authorization, provided the merchant checked the Warning Bulletin (eliminated 4-2-94) for lost or stolen cards.
force	Processing terminology for a previously authorized transaction that is entered into terminal/host memory for capture/deposit. Voice authorized transactions are entered for payment via this transaction, which may also be known as a post-authorization.
Global Payment Systems	Terminal capture telecommunications network owned by National Data Corporation.
host capture	Draft capture where each transaction approved and captured at the network host computer and a duplicate file (shadow file) is kept in the terminal, so the merchant has a record of the batch. Settlement occurs at the host computer only, and is “automatic,” requiring no additional function at the terminal level. Several batches may remain stored in the terminal memory at all times.
interchange	This is the portion of the merchant discount rate that is paid to the card-issuing bank.
issuing bank	Bank that issues credit cards.

MAG	Merchant Application Gateway—Real-time, online Internet-based software application for submission, review, approval, and completion of merchant applications.
mag stripe	Magnetic strip located on the back of credit cards that contains cardholder information, such as the account number, expiration date, (track II) and name of cardholder (track I).
MATCH	Member Alert To Control High Risk—File maintained by MasterCard that lists merchants whose processing accounts have been terminated by a processing bank for cause (e.g., fraud, high percentage of chargebacks, failure to pay processing fees, etc.).
MCC	Merchant Category Code—Four-digit codes established by Visa and MasterCard that are transmitted by network to describe the merchant's type of business. This may also be known as SIC (Standard Industry Code).
member bank	Bank that is a member of the Visa and MasterCard associations.
merchant	WPS customer that is engaged in some sort of consumer transaction activity (e.g., restaurant, beauty salon, car rental, etc.) that uses WPS's products and services.
MICR encoding	Special encoding of the account and routing number at the bottom of a check.
MID	Merchant Identification Number—Unique number identifying a merchant.
NACHA	National Automated Clearing House Association—Banking association (part of the Federal Reserve system) that governs the ACH system.

negative file	Computer file of lost or stolen credit cards. Terminal will respond with “pic up” or “PU” asking merchant to return the credit card to their processing bank for reward (\$50).
node	Telecommunications line (phone number) that a terminal dials to access a communications network.
POS	Point of sale.
post authorization	Processing terminology for a previously authorized transaction that is entered into terminal/host memory for capture/deposit. Voice authorized transactions are entered for payment via this transaction, which may also be known as a “force.”
pre-note	Period of communication between ACH sending and receiving banks as required by NACHA. The First National Bank of Omaha holds funds during pre-note transmitting and all held funds upon successful completion of pre-note. Pre-note may be waived with written confirmation of ABA routing number and merchant account number of local bank.
processor	Large computer center that processes data from Visa and MasterCard sales and settles funds to merchants. A processor may be owned and operated by a single bank such as First National Bank of Omaha, or may be run by an association of banks.
reference number	Eight-digit number assigned to each transaction in a batch under host capture system. First three digits are the Julian date, second two digits are the batch number (e.g., 01, 02, etc.) and last three are the transaction number (e.g., 001, 002, etc.).
rejects	Processing slang for transactions rejected by a processing bank. Transactions may be rejected when the merchant ID is not active at the processing bank but is active at the network, or the network information does not match the bank information. These transactions must be reentered for the merchant to receive funding.

residual	Term for a basis point commission on a merchant's Visa and MasterCard business.
retrieval request	Written request to merchant (via First National Bank of Omaha) from card issuing bank/cardholder for a copy of a particular sales draft – proof of sale.
routing number	Unique, nine-digit bank identifying number, preceding the account number at the bottom of the check that directs electronic ACH deposits to a particular bank. It is also known as the ABA routing number.
sale	Processing slang for a credit card sale—money debited from a cardholder's account and paid to a merchant.
sales group	WPS sales entity that acts as an independent sales office to act as a service and sales organization to market WPS's products and services to merchants, associations, and/or agent banks.
sales rep	WPS sales entity that acts as a service and sales representative to market WPS's products and services to merchants.
settlement	Process of transmitting authorized transactions for capture by a host computer in a terminal capture system. It requires a particular procedure on the part of the merchant, so transactions are merely stored in terminal memory until settlement occurs. Upon settlement, terminal memory is cleared and unique nine-digit "OK" number appears on the terminal screen (terminal only) or is printed on a settlement report (terminal with printer). The first three digits of the "OK" number are the Julian calendar date of settlement.
SIC	Standard Industry Code—Four-digit code established by Visa and MasterCard that is transmitted by the network to describe the merchant's type of business. It may also be known as MCC (merchant category code).

T & E cards	Travel and entertainment cards—American Express and Carte Blanche cards.
T & E Merchants	Travel and entertainment merchants—car rental agencies, lodging merchants, and restaurants.
terminal memory	Memory capacity for an EDC terminal – number of transactions it will hold before batch is full and must be settled.
Terminal-based capture	Type of EDC where each transaction is approved and resides in the terminal memory only until settlement (transmission to host computer)—see “settlement.”
test card	“Network” credit card manufactured specifically to test terminal operation. Some networks drop batches that include a test card transaction upon settlement.
test mode	Special function that allows the terminal to emulate live operations. Transactions authorized and settled in this mode are completely bogus and the merchant will receive no refunds.
transaction billing	Unbundled rate—Merchant discount rate is billed as a percentage plus a fee for each transaction, which usually includes the communications charges.
VisaNet	Terminal capture communications network owned by Visa.
void	Transaction that deletes a previous sale. This transaction can only be completed within the same batch as the original sale, and the authorization or approval code is not deleted so the cardholder’s funds are still frozen. Another transaction may be forced or post-authorized using the same authorization code, or the merchant may contact the center or card-issuing bank to request that the funds be released.



volume	Processing slang for a merchant's annual Visa and MasterCard processing volume.
wire transfer	Fastest way to transfer funds through the Federal Reserve system (usually same day). There is almost always a fee attached to this service, from the transferring or receiving bank or sometimes from both. This is not to be confused with the ACH transfer.