

## RentPayment Glossary

### **ABA ROUTING NUMBER**

This 9-digit number is assigned by the American Banker's Association and is used to identify individual banks. When performing an ACH transfer from one bank account to another, this number is used to assist the electronic routing of funds.

### **ACH (AUTOMATED CLEARING HOUSE)**

A processing organization networked with others to exchange (clear and settle) electronic debit/credit transactions (no physical checks).

### **ACQUIRING BANK/MERCHANT BANK**

A bank that does business with merchants enabling them to accept credit cards. A merchant has an account with this bank and each day deposits the value of the day's credit card sales. Acquirers (acquire) the merchant's sales slips and credit the tickets' value to the merchant's account.

### **AUTHORIZATION**

The process of verifying the credit card has sufficient funds (credit) available to cover the amount of the transaction. An authorization is obtained for every sale. An approval response in the form of a code sent from a card issuing financial institution that verifies availability of credit or funds in the cardholder account to make the purchase.

### **AUTHORIZATION RESPONSE**

An issuing financial institution's message reply to an authorization request. May include: Approval -- transaction was approved Decline -- transaction was not approved Call Center -- response pending more information, merchant must call the toll-free authorization phone number.

### **AUTO CLOSE**

A terminal feature that allows an end-of-day batch closing to occur automatically at a specified time, without having to be initiated by the merchant.

### **AUTOPAY**

An automatic monthly direct debit from your checking or savings account.

### **AVERAGE TICKET (AVERAGE SALE)**

The average dollar amount of a merchant's typical sale. The average ticket amount is calculated by dividing the total sales volume by the total number of sales for the specified time period.

### **BATCH**

The accumulation of captured credit card transactions in the merchant's terminal or POS awaiting settlement.

### **CAPTURE**

The submission of an electronic credit card transaction for financial settlement. Authorized credit card sales must be captured and settled in order for a merchant to receive funds for those sales.

### **CARDHOLDER**

Customer to whom a card is issued or individual authorized to use the card.

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### **CARD NOT PRESENT**

A transaction where the card is not present at the time of the transaction. Internet, telephone or mail orders are card not present transactions.

### **CARD VERIFICATION VALUE (CVV)**

The three digit code printed in the signature panel on the back of the card. CVV is a method s of reducing the risk of fraudulent transactions.

### **CHARGEBACK**

A credit card transaction that is billed back to the merchant after the sale has been settled. Chargebacks are initiated by the card issuer on behalf of the cardholder. Typical cardholder disputes involve product delivery failure or product/service dissatisfaction.

### **CLICK FRAUD**

The act of repeatedly clicking on pay-per-click ads for the purpose of defrauding advertisers and/or earning fraudulent commissions.

### **CLOSE BATCH**

The process of sending the batch for settlement.

### **CREDIT (REVERSAL)**

Nullification of an authorized transaction (sale) that has not been settled. If supported by the card issuer, a reversal will immediately “undo” an authorization and return it to the open-to-buy balance on a cardholder’s account.

### **DEBIT CARD**

Payment card whose funds are withdrawn directly from the cardholder’s checking account at the time of sale (online debit on a Debit Network) or after batch settlement (off-line debit on a Credit Card Network)

### **DISCOUNT RATE**

The percentage of sales amounts that the bankcard acquirer charges the merchant for the settlement of the transactions.

### **ELECTRONIC DATE CAPTURE (EDC)**

Process of electronically authorizing, capturing and settling a credit card transaction.

### **ENCRYPTION**

Process of converting information into an unintelligible form except to holders of a specific cryptographic key. Use of encryption protects information between the encryption process and the decryption process (the inverse of encryption) against unauthorized disclosure.

### **GATEWAY**

Software which connects the merchant’s website to the secure banking network.

### **INTERCHANGE**

The standardized electronic exchange of financial and non-financial data associated with sale and credit data between merchant acquirers and card issuers on various types of cards.

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### **INTERCHANGE FEE**

A fee paid by an acquirer to an issuer for transactions entered into interchange. There are multiple categories of interchange, each having its own criteria for its own categories. A transaction must meet the specified criteria for a category in order for that category's rate to be applied. Each transaction is evaluated individually, so various interchange rates may apply within one batch of merchant transactions.

### **ISSUING FINANCIAL INSTITUTION**

The bank or other financial institution that extends credit to a cardholder through bankcard accounts. The financial institution issues a credit card and bills the cardholder for purchases against the bankcard account.

### **MANUAL CLOSE**

A batch close that must be initiated by the merchant on a daily basis, as opposed to an auto close at a pre-set time.

### **MERCHANT**

A business that sells goods or services and has a relationship with a processor/acquirer.

### **MERCHANT IDENTIFICATION NUMBER (MID)**

This number is generated by a processor/acquirer and is specific to each individual merchant location. This number is used to identify the merchant during processing of daily transactions, rejects, adjustments, chargebacks, end-of-month processing fees, etc.

### **MAIL ORDER/TELEPHONE ORDER (MOTO)**

Credit card transactions initiated via mail, email or telephone. Also known as card-not-present transactions.

### **PAYMENT APPLICATION DATA SECURITY STANDARDS (PA-DSS)**

The goal of PA-DSS is to help software vendors and others develop secure payment applications that do not store prohibited data.

### **PAYMENT CARD INDUSTRY**

The Cardholder Information Security Program (CISP) requirements were incorporated into an industry standard known as Payment Card Industry (PCI) Data Security Standard (DSS) resulting from a cooperative effort between Visa and MasterCard to create common industry security requirements.

### **PAYMENT CARD INDUSTRY DATA SECURITY STANDARDS (PCI DSS)**

The PCI DSS is a multifaceted security standard that includes requirements for security management, policies, and procedures.

### **PROCESSOR**

A processor is the company that routes an Authorization Request and then arranges for Fund Settlement to the merchant.

### **REAL-TIME PROCESSING**

Real-Time Processing means that when a web site's customer conducts an online purchase, that the check or credit card information is conveyed to the processor and an authorization is requested and received at that moment.

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### **RESERVE ACCOUNT**

Used to mitigate risk, a reserve account requires that merchants maintain a reserve account at the processor's sponsoring bank.

### **RISK TOOLS**

Gateway features that allow merchants to configure rules for marking transactions as approved or flagged based on a variety of parameters.

### **SETTLEMENT**

The process of sending a merchant's batch to the network for processing and payment.

### **THE AUTOMATED CLEARING HOUSE (ACH) NETWORK**

The ACH Network is a highly reliable and efficient nationwide batch-oriented electronic funds transfer system governed by the NACHA OPERATING RULES which provide for the interbank clearing of electronic payments for participating depository financial institutions. The Federal Reserve and Electronic Payments Network act as ACH Operators, central clearing facilities through which financial institutions transmit or receive ACH entries.

### **REIT**

A Real Estate Investment Trust or REIT is a tax designation for a corporation investing in real estate that reduces or eliminates corporate income taxes. In return, REITs are required to distribute 90% of their income, which may be taxable, into the hands of the investors. The REIT structure was designed to provide a similar structure for investment in real estate as mutual funds provide for investment in stocks.

### **NMHC**

National Multi-Housing Council is trade association representing apartment owners, managers, developers, lenders, and service providers. They represent the Top 50 Property Management Companies across the US in which we service over ½ of.