



Paysafe Glossary for Merchants

Dictionary of relevant payment terms in the Paysafe world

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3D Secure

3D Secure adds an additional security layer for online purchases by requiring cardholders who are enrolled in either the "Verified by Visa" or the "Mastercard SecureCode" program to authenticate themselves by providing a password.

With 3D Secure, merchants can mitigate fraud while at the same time cardholders enjoy additional security when using their cards online. Paysafe is compliant to 3DS version 1.0.2.

ACH (Automated Clearing House)

See [EFT](#). ACH is used to transfer funds to the merchant's bank account in the United States.

Acquirer, Acquiring Bank

The acquiring bank is the financial institution that processes and sponsors transactions on behalf of the merchant. It also maintains the merchant's bank account when it comes to processing credit and debit card transactions.

ARN (Acquirer Reference Number)

This is a reference number that the merchant's customers can use at their bank to trace various transactions like Settlement and Credits/Refunds. It is often used to determine where a transaction's funds are at a certain time.

Authorization

Verifies that the credit card is valid and has sufficient funds. Please note that card authorization does not automatically mean that the transaction will be processed. The authorization only verifies the [AVS](#) and [CVD](#) on credit cards.

Automated Merchant Reporting

Daily, weekly or monthly reports are set up by the merchant through the [Netbanx Back Office](#) (Merchant Portal).

AVS (Address Verification Service)

AVS is a verification system that helps reduce fraud by validating the billing address provided by the customer on the payment against the billing address registered with the customer's bank or credit card. Typically, only the numerical parts are verified (e.g. street number and postal code) and the result is returned to the merchant. (This is only available in the US, Canada and UK).

BACS (Banker's Automated Clearing Services)

See [EFT](#). BACS is used to transfer funds to the merchant's bank account in the United Kingdom.

Batch Upload

A group of transactions processed through a batch function (e.g. a file) that were processed on the same business day. The merchant creates a file and uploads it either to the [Netbanx Back Office](#) or through an SFTP folder. For more information, click [here](#).

Billing Descriptor

Outlines how a merchant's name is displayed on a cardholder's credit card statement.
E.g. NBX*DARRELSDONUTS

BIN (Bank Identification Number)

The initial four to six numbers that appear on a credit card that identifies the issuing bank for the cardholder. BINs are categorized by the type of card (e.g. prepaid, credit, debit).

Card Associations

Visa, Mastercard and Amex are card associations. They license programs to financial institutions (also called [issuing banks](#)) allowing them to issue credit cards to their clients.

Chargeback

A form of consumer protection. A reversal of funds is made at the request of the customer, by the [issuing bank](#), to dispute a card transaction.

Chargeback Fee

In the case of a chargeback, a fee will be applied to the merchant's account as per the contract that was signed upon the creation of the account. This fee covers both the dispute of the chargeback as well as the fees passed on by the [acquiring](#) and [issuing](#) banks.

Credit (Refund)

Returns money to the customer's credit card. It can take up to 48 hours for the funds to be released.

Customer Profiles

This is where the merchant can see their customer base, if they are using profiles in the [Netbanx Back Office](#). It can also be used to schedule payments for recurring transactions. For more details, click [here](#).

CVV/CVD/CVC

A 3-4 digit number found on the back of a credit card. In the case of AMEX, these numbers are found on the front of the card.

Daily Discount

A fee schedule where processing fees are deducted from the settlement each day. In other words, the merchant receives a daily net settlement.

Discount Fee

The Discount Fee, also known as the Discount Rate, is comprised of interchange (charged by Visa / MC / Amex) as well as the fee for Paysafe. Paysafe charges the fee and divides it between the relevant parties (Card brands and [Acquirer](#)).

Dues and Assessments

Refer to a percentage that the [card associations](#) charge for each transaction. These funds are then collected by Paysafe and sent to the respective card association. They are on top of the Interchange.

In the case of the Interchange + model, they are part of the pass-through fees.

EFT (Electronic Funds Transfer)

Transferring funds from one bank account to another. This is how Paysafe sends funds to merchants.

EFT Debit

Paysafe removes funds from the merchant's bank account to cover the negative balance on the merchant account.

EFT Sent

Funds have been transferred from the merchant account to their bank account. The funds can take up to 48 business hours before the merchant sees them in their bank account.

HST

Canadian Harmonized Sales Tax.

Independent Credit

The merchant sends funds to the cardholder that are not related to a previous transaction.

Interchange Fees

Every credit card transaction is charged a corresponding interchange rate by the [credit card associations](#). These rates vary by card and transaction type and are solely determined by the card associations. Interchange is collected by Paysafe and sent back through the card association after which it is remitted to the bank that issued the credit card that was used in the transaction.

Issuer, Issuing Bank

A bank that is authorized by card schemes to issue credit cards.

KYB (Know Your Business)

The process of identifying and verifying the merchant to ensure it is a bona fide business operation. Payment industry regulations require proper KYB before entering into a merchant agreement.

KYC (Know Your Customer)

The process of identifying and verifying the identity of a customer to prevent Paysafe from being used by criminal elements for money laundering activities.

MC International Assessment Fee

Also known as cross border fees for MasterCard.

MCC (Merchant Category Code)

A four-digit number that classifies a merchant's business by the type of transactions they process daily.

Merchant Transaction ID (aka Merchant Txn ID)

A unique alphanumeric value that can be used to track a payment on the merchant's system. E.g. An invoice number. This number is generated through the merchant's front-end system with their transaction requests.

Messages (Merchant Portal)

This is the section in the [Netbanx Back Office](#) (Merchant Portal) where the merchant can view important messages related to their merchant account.

Monthly Billing

A fee schedule where the merchant is paid gross for all but one day of the month. Fees are debited from the settlement on the remaining day.

Note: the billing happens on the last day of the month.

Netbanx Back Office

A portal where merchants can manage their Paysafe transactions, view payments, process refunds, make payments and generate reports.

Payment Facilitator (PayFac)

Payment Facilitators simplify and streamline the merchant account enrolment and onboarding process by creating a sub-merchant platform.

This means that a partner who wants to be able to offer online payments to their merchants can be easily set up by leveraging a payment facilitators platform. Merchants can fill in a short online application, get evaluated by an underwriting tool, and then be boarded as a sub merchant under the master account.

Payment Gateway

A payment gateway facilitates the transfer of information between active partners/merchants and the processor/acquiring bank to settle a transaction.

Payment Token

A form of encryption (a series of numbers and letters) used to protect credit card information. It allows the merchant to process repeat transactions on a card without storing full credit card numbers. The merchant does not see the full credit card number.

PCI Compliance

The Payment Card Industry Data Security Standard (PCI DSS) is a security standard for organizations that handle cardholder information. Merchants who collect and store cardholder information must be PCI compliant to ensure that sensitive customer financial information is stored securely. This standard covers both systems and business processes in place within an organization.

Recurring Transaction

A recurring transaction is charged to a cardholder's card on a scheduled basis. E.g. a gym charging a monthly fee automatically.

Reserve Balance

This is the balance from the merchant's [rolling reserve](#). They can see the amount being paid out, as well as how much of the reserve was removed, going back up to 6 months.

Rolling Reserve

The percentage of the gross sales deducted from the merchant's balance and kept segregated for a period of time. The reserve is taken to protect Paysafe against any potential exposure from [chargebacks](#) or refunds. The reserve balance taken the first month will be released to the merchant after the rolling period has expired. E.g. 5%, 6 month rolling reserve will take 5% of sales every month for 6 months, and on the first day of month 7, it will release the reserve taken on month 1.

Security Balance

This is used by Paysafe's Risk department when they flag a transaction as being potentially fraudulent. The funds are temporarily put in this account until Paysafe receives confirmation that this is a legitimate transaction.

SEPA (Single Euro Payments Area)

See [EFT](#). SEPA is used to transfer funds in European countries.

Settlement

The process by which a merchant batches and receives payments for their transactions.

Settlement Adjustment

In Netbanx, it refers to merchant processed transactions where fees are handled outside of Paysafe. The most common example is for AMEX transactions using the AMEX ESA program. Paysafe simply passes these transactions along to AMEX for processing and settlement. The Settlement Adjustment is Paysafe adjusting the original settlement amount to account for the AMEX transactions, as they will be settled with the merchant by AMEX directly.

VI Assessment Fees

These are also known as cross border fees for Visa.

Virtual Terminal

This gives the merchant the ability to process payments manually through the [Netbanx Back Office](#) by entering the credit card and consumer information. For more details, click [here](#).