



Paysafe Glossary for Platform Partners

Dictionary of relevant payment terms in the
Paysafe world.

Version 0.1

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3-D 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, typically 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. – Developer website

Acquirer, Acquiring Bank

The Acquiring bank is the institution that processes and sponsors transactions on behalf of the merchant as well as maintains the merchant's bank account when it comes to processing credit and debit card transactions.

Address Verification Service (AVS)

This service validates 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 of address and postcode are verified (e.g. street number and postal code) and the result is returned to the merchant. (only available in the US, Canada and UK). AVS is a verification system that helps reduce fraud.

Authorization

Authorization means that the card is valid and has sufficient funds. Please note that card authorization does not automatically means that the transaction will be processed.

Automated Clearing House (ACH)

See [EFT definition](#). ACH is used to transfer funds in the United States.

Bank Identification Number (BIN)

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

Banker's Automated Clearing Services (BACS)

See [EFT](#). BACS is used to transfer funds in the United Kingdom.

Batch

A group of transactions processed through a batch function (e.g. a file) that were processed on the same business day.

Billing Descriptor

This outlines how a merchant's name is displayed on a cardholder's credit card statement. Example.: NBX*DARRELSDONUTS

Card Associations

It is a network of organizations owned by financial institutions (Issuing and Acquiring banks) that license credit card programs of a specific brand (Card associations such as VISA, MasterCard and American Express).

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

The discount, also known as the Discount Rate, is the percentage that Paysafe charges per transaction. The discount normally includes Paysafe's costs (such as interchange, dues and assessments, acquirer costs, bank costs, etc.)

Dues and Assessments

Dues and assessments refer to a percentage that the card associations charge for each transaction. These funds are then sent to the respective card association.

Electronic Funds Transfer (EFT)

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

Fee Redirect

Depending on their agreement with Paysafe, Platforms may be setup such that Paysafe doesn't change fees to the merchants. Instead the fees are charged to the Platform's fee account. Platforms may use Paysafe's Fee Redirect product in combination with our Split Payouts product.

Gross Funding

A fee schedule where the merchant is paid a gross settlement every day of the month. Fees are deducted in a separate transaction once a month.
Please note: Paysafe does not offer Gross Funding at this time.

Interchange Fees

Every credit card transaction is charged a corresponding interchange rate by the credit card associations. These rates vary by card and transaction types 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 that particular transaction.

Issuer, Issuing Bank

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

Know Your Business (KYB)

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

Know Your Customer (KYC)

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

Merchant Category Code (MCC)

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

Monthly Billing

A fee schedule where the merchant is paid gross 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)

It is a service provider for merchants. Payment Facilitators simplified and streamlined 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 easily setup 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 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

It is 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. In other words, the merchant does not see the full credit card number for a tokenized payment method.

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. Merchants who collect and store cardholder information must comply with minimum standards to ensure that sensitive customer financial information is stored securely. The standard covers both systems and business processes in place within an organization.

Recurring Transaction

A recurring transaction is a transaction will be charged to a cardholder's card on a scheduled basis. An example of a recurring transaction can be a gym charging your monthly fee automatically.

Reserve

See [Rolling Reserve](#).

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. Example: 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.

Settlement

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

Settlement Adjustment

In Netbanx, it means that the merchant processed AMEX transactions using the regular 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 to the merchant by AMEX directly.

Single Euro Payments Area (SEPA)

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

Split Payouts

Normally, when a transaction is processed, 100% of that transaction is settled to the merchant's account. If the platform wants to take a percentage of the transaction, they would have to do so after the fact.

Split Payouts allows the platform to split a transaction (either by percentage or dollar amount) at the source. Therefore, a transaction will be settled, and some or all of it will be split among different accounts. For example, 90% may go to the merchant's account, 10% may go to the platform.

The splits are configured via API by the platform.

Transfer API

Used with Paysafe's Split Payouts feature, Transfer API allows a platform to transfer funds to and from various accounts. The account that the funds are being transferred from is known as the Source Account. The account that the funds are being transferred to is known as the Destination Account.