

Paycard Portal Glossary of Terms

Account Number

A unique number assigned by a financial institution to a customer's account. The account number for a paycard is embossed or imprinted on the card and may be used by the employee-cardholder to make Card-Not-Present transactions.

Authorization

Approval of a transaction by the financial institution that issued a paycard or other payment card.

Automated Clearing House (ACH) Network

A nationwide electronic fund transfer system that processes electronically-originated credit and debit transfers for participating financial institutions. The ACH Network is governed by the rules of the National Automated Clearing House Association (NACHA). Common ACH payments include salaries, consumer and corporate bill payments, and Social Security payments.

Automated Clearing House (ACH) Transaction

An electronic transfer of funds that is processed through the ACH Network. ACH transactions are often processed in batches and may take up to 72 hours before the funds are electronically transmitted.

Automated Teller Machine (ATM)

An electronic banking device that allows customers to perform financial transactions (e.g., cash withdrawals, deposits and balance inquiries) without assistance from a cashier, clerk or bank teller.

Balance Inquiry

A transaction used to determine the available balance in a paycard or other account.

Batch Processing

The processing or transmission of a group of related payment instructions.

Branded Paycard

A paycard that bears the logo of a major payment brand such as Visa, MasterCard or Discover. Branded paycards are widely accepted and can be used to make both signature- and pin-based purchases at merchant locations worldwide. Branded paycards also can be used to make purchases and pay bills over the internet or by telephone, and to make ATM withdrawals.

Card Issuer

The financial institution that issued a paycard to the employee.

Cardholder

An individual who is issued and authorized to use a paycard.

Cash Access

The use of a paycard to access cash typically from a bank teller, ATM or cash back from point of sale purchase.

Card-Not-Present (CNP) Transactions

Credit, debit or prepaid card transactions that take place over the phone or in the e-commerce environment where the card is not physically present to the merchant.

Convenience Check

A “blank” paper check provided to employees who receive a paycard that can be filled out by the employee and then used much like a traditional check to access full wages on payday.

Credit

The transfer or placement of funds into an account (i.e., a “deposit”).

Debit

The transfer or removal of funds from an account (i.e., a “withdrawal”).

Debit Card

A payment card where the funds are withdrawn directly from the cardholder’s checking account at the time of the sale or after batch settlement. The user usually is required to sign his or her name or to enter a personal identification number (PIN) to complete a debit card transaction.

Direct Deposit

Electronic deposits or credits to an individual’s bank account. Direct Deposit is commonly used for the payment of wages or benefits such as Social Security benefits.

Electronic Fund Transfer (EFT)

A term used to describe the transfer of funds between participating depository institutions using electronic data systems. EFTs include, but are not limited to, transfers through automated teller machines, point-of-sale transfers, direct deposits or withdrawals of funds, and transfers resulting from debit card transactions.

Electronic Fund Transfer Act (EFTA)

The Electronic Fund Transfer Act (EFTA) is a federal law that governs the rights and responsibilities of persons and institutions involved in the electronic funds transfer system. The EFTA includes important consumer protections. The Federal Reserve Board (Board) implements EFTA through Regulation E.

Escheat

The process of transferring unclaimed or abandoned property (including dormant accounts) to the state.

Federal Deposit Insurance Corporation (FDIC)

A federal agency that insures the deposits of member banks and savings and loan associations in the event of a bank failure. The FDIC will insure up to \$250,000 per depositor per institution so long as the bank is a member of the FDIC. (Note: Credit unions are similarly insured by the National Credit Union Administration or NCUA).

Federal Reserve System

The central banking authority in the United States. The Board of Governors of the Federal Reserve System oversees the system and controls the operations of 12 regional Federal Reserve Banks. Among other things, the Board of Governors sets minimum reserve requirements for all member banks.

Financial Institution

Any organization that provides financial services to merchants or individuals, including commercial banks, savings banks, credit unions, etc.

General Purpose Reloadable Card (GPR Card)

A consumer-funded prepaid card purchased by a consumer for his or her personal use. GPR cards can be used to make purchases, pay bills and access cash at ATMs.

Instant Issue Paycard

Paycards without the employee's name embossed on them that can be quickly assigned to a specific employee for immediate use. Instant issue cards have the same functionality as personalized cards. Employers that offer instant issue cards often allow employees to request a personalized card that is then sent to the employee.

Interchange Fee

Fees paid by one financial institution to another to cover the costs and risks associated with a card-based transaction. The fee creates an incentive for one financial institution to participate by having another financial institution reimburse some of the costs incurred.

Issuing Bank

The financial institution that issues a particular prepaid, debit or credit card. In the context of paycards, the issuing bank is the financial institution that issued payroll cards to the employer's employees.

Loads

Funds added to a paycard or other prepaid card to establish or increase the value available to the cardholder.

NACHA – The Electronic Payments Association

The national trade association that establishes the standards, rules, and procedures governing the exchange of ACH transactions between participating banks.

Overdraft

A withdrawal from a bank account that exceeds the funds available in the account.

Overdraft Protection

A service offered by financial institutions where the financial institution will transfer funds to a consumer's account when the account does not have enough funds to cover a transaction.

Paycard

A reloadable prepaid (i.e., stored value) card issued to an employee through a national or regional bank, credit union or savings and loan association on behalf of his or her employer for the recurring payment of wages and other compensation. Paycards also are referred to as "payroll cards" and "payroll debit cards."

Paycard Account

An account that is established directly or indirectly through an employer to which electronic fund transfers of the employee's wages, salary or other compensation are made on a recurring basis. The paycard provides the employee with access to the funds.

Personal Identification Number (PIN)

A unique numerical code used to authenticate user identity in electronic financial transactions, and to grant secure access to accounts and information.

Personalized Pay Card

A paycard that has the cardholder's name embossed or imprinted on the front of the card, along with the account number and expiration date.

Pin-Based Transactions

Transactions processed using a Personal Identification Number to authenticate the user and to prevent use of a card by unauthorized parties.

Point of Sale

The merchant location where a transaction originates between a cardholder and a merchant with the cardholder present.

Portability

The ability of cardholders to have funds loaded onto their paycards by more than one employer, or to take their cards with them from one employer to the next.

Preauthorized Electronic Fund Transfer

An EFT authorized in advance to recur at substantially regular intervals.

Prepaid Debit Card

A type of payment card that works much like regular debit cards except that funds are loaded onto the card by cash, check, funds transfer or direct deposit from an employer or government entity, rather than through a check or savings account. Prepaid cards are also referred to as stored value cards.

Regulation E

A regulation promulgated by the Board of Governors of the Federal Reserve System to implement the EFTA. Regulation E established the rights, liabilities and responsibilities of consumers who use electronic fund transfers and financial institutions that offer electronic fund transfer services.

Routing Number

A nine-digit number that identifies a specific financial institution. The number is used to ensure that transactions are routed through the banking system to the proper institution. Also referred to as the routing transit number or the ABA number.

Savings Account

A bank account used to set aside funds for long- or short-term savings goals or as part of an Emergency Fund. Deposits are typically FDIC-insured (see Federal Deposit Insurance Corporation).

Signature-Based Transactions

Transactions processed by a retailer using signature verification as a means of customer identification.

Stored Value Card

See prepaid debit card, above.

Surcharge

A charge levied by a bank for using its ATM machines.

Transaction Fees

Fees assessed for certain activities related to an employee's use of a paycard. All transaction fees must be clearly disclosed.

Unbranded Paycard

A paycard that is not affiliated with a payment network. Unbranded paycards may be used only at ATMs and POS terminals using a PIN.

Wire Transfer

A direct bank to bank electronic transfer of funds. Wire transfers are quicker than ACH transactions, but are more expensive.

Zero Liability

A payment network's policy that protects consumers against financial loss in cases of card fraud for card transactions processed through the payment network, including online purchases.

Date: 5/31/13