

# Credit Card Terms List

DonorPerfect offers a wide variety of donation processing options, most of which rely on bank drafts or credit card payments. This handy list of credit card terms will help you understand the nuances of nonprofit credit card processing.

## **Address Verification Service (AVS)**

A method of reducing fraud in mail order/telephone order transactions by validating the cardholder's billing address information against the information in the authorization request.

## **Authorization**

The process of verifying the credit card has sufficient funds (credit) available to cover the amount of the transaction and that the card information is valid. An authorization is obtained for every credit card sale.

## **ACH**

The Automated Clearing House (ACH) is an electronic payment network operated by the Federal Reserve that exchanges funds via Electronic Funds Transfer (EFT) throughout the U.S. fifty states and territories.

## **Card Not Present**

A transaction where the card is not present at the time of the transaction (such as mail order or telephone order) so no swipe of a card's magnetic stripe through the reader is possible.

## **Chargeback**

A transaction returned by the card issuing bank to an acquirer. A transaction may be returned because it was non-compliant with the association rules and regulations or because it was disputed by a cardholder.

## **Cardholder Information Security Program (CISP)**

A Visa program intended to protect cardholder data – wherever it resides – ensuring that members, merchants, and service providers maintain the highest information security standard.

## **Commercial Cards**

Credit cards typically issued for business use and may include Corporate Cards, Purchase Cards, Business Cards, Travel and Entertainment Cards.

**Credit Card Processor**

A company that performs authorization and settlement of credit card payments, usually handling several types of credit and payment cards (such as Visa, MasterCard, and American Express).

**Debit**

A transaction, such as a check, automated teller machine (ATM) withdrawal, or electronic purchase that debits a checking account.

**Debit Card**

Payment card whose funds are withdrawn directly from the cardholder's checking account at the time of sale.

**Discount Fee/Rate**

Fee paid by the merchant to the merchant bank or other contracted party for processing the merchant's credit card sales (transactions). The Discount Rate expresses the fee as a percentage of the transaction amount.

**E-Check**

An electronic transfer of funds via an ACH transaction in which the money is taken from a bank account, typically a checking account. The account's routing number and account number are used to draw funds from the account.

**Encryption**

The process of securing data using a mathematical formula that hides its substance.

**HTTPS (Hypertext Transfer Protocol – Secure)**

A URL protocol designed to provide encrypted communications for handling secure transactions.

**Interchange Fee**

Fees set by the credit card associations (Visa and MasterCard) for the processing of credit card transactions among their member banks. Interchange fees vary based on the type of card and method of processing.

**Mail/Phone Order Transaction**

A transaction where a cardholder orders goods or services from a merchant by telephone, mail or other electronic means, where neither the card nor cardholder is present to have the card swiped.

**Merchant**

An entity that contracts with a bank or an agent of the bank to originate transactions.

**Merchant Agreement**

A written agreement between a merchant and a bank containing their respective rights, duties, and warranties with respect to acceptance of the bankcard and matters related to the bankcard activity.

**Merchant Id/Number**

A number issued to a Merchant by the credit card processor used to identify the Merchant within the credit card processing systems.

**Merchant Statement**

A written record prepared by the processor, usually once a month, listing all transactions for the account including fees charged.

**Non-Qualified Transaction Fees (Non-Qual)**

Bankcard transactions that do not meet Visa/MasterCard criteria to be processed at the standard (Qualifying) interchange fee. These transactions are charged a surcharge or higher rate. In most cases Corporate Cards and often Rewards Cards are considered Non-Qualified but non-qualification can also be the result of how the transactions were processed.

**Payment Gateway**

A web-based service that facilitates the secure transmission and authorization of credit card transactions to the appropriate credit card processor. Payment Gateways use encryption to secure sensitive information, such as credit card numbers.

**Payment Card Industry Data Security Standard (PCI DSS)**

A joint standard developed by the major credit card companies as a guideline to help organizations that process card payments prevent credit card fraud, hacking and various other security issues. The standards outline specific requirements (based on the volume of transactions processed) that companies processing card payments must meet to be PCI Compliant. Non-PCI compliant processors risk being fined and/or losing the ability to process credit card payments.

**Qualifying Transactions**

Bankcard transactions that meet Visa/MasterCard criteria to be processed at the most favorable interchange fee.

### **Recurring Billing**

Transactions for which a cardholder grants permission to the Merchant to periodically charge his account number for recurring goods or services.

### **Settlement**

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

### **Shopping Cart Software**

Software used in e-commerce to assist people making purchases online. Such software typically allows online customers to "place" items in the cart. Upon "checkout" the software calculates a total for the order including shipping and handling (i.e., postage and packing) and taxes, if applicable. Typically the software will then also provide a method of capturing credit card information for processing via a Payment Gateway.

### **Third-party Processor**

An entity that processes credit card transactions on behalf of other entities via their Merchant Account.

*DonorPerfect's credit card processing features can help meet your fundraising goals.*