



GLOSSARY OF TERMS

Defined below are several terms found in the Merchant Agreement and shall have the following meanings. Please refer to additional documents within the Merchant Services Guide for definitions of terms relating to those specific topics

Term	Definition
Acquiring Bank	The financial institution that settles card transactions for a merchant.
Address Verification Service (AVS)	A system built into the authorization process that enables a merchant to verify a United States billing address of a customer to be the same billing address the Issuing bank currently has on file.
Average Ticket Size	The total dollar amount of a single transaction approved to be processed through a merchant account.
Card Association	MasterCard International, Visa U.S.A., Visa International and any other association and/or network assigned to the Merchant Bankcard Services Agreement.
Card Verification Value - Visa (CVV 2) Card Validation Code - MasterCard (CVC 2)	A three-digit value printed in the signature panel on the back of a MasterCard or Visa card. This value is a security feature designed to crosscheck the information embossed on the card.
Cash Reserve Account Days	The number of days as indicated in the Merchant Bankcard Services Agreement that funds will be set-aside in the Reserve Account.
Cash Reserve Amount Percentage	The percentage of settled transactions set aside in the merchant Reserve Account.
Chargeback	The return of a transaction from the cardholder's bank generated from a cardholder's dispute or resulting from the authorization process.
Chargeback Ratio	The amount of sale transactions divided by the amount of chargebacks received in any given month. This is calculated using either the item count of both or the dollar amount of both.
Demand Deposit Account (DDA)	A checking account, which must be linked to a merchant processing account to deposit funds to and debit funds from as needed.
Digital Certificate	An authentication that confirms a website is registered to the correct individual(s) through a thorough validation process.

GLOSSARY OF TERMS (CONTINUED)

Term	Definition
Discount Rate	The percentage of the total transaction amount, debit and credit, that is deducted from the amount deposited to the merchant account.
Electronic Commerce Transaction	A transaction conducted over the Internet or other network where a cardholder enters card data and transmits the data. This includes email, electronic order forms, and interactive websites.
ETC Type	Electronic Ticket Capture code that identifies the method that a merchant settles transactions.
Inquiry Fee	A fee imposed for all card types (MasterCard, Visa, American Express, Diners Club, JCB, etc.) each time an authorization is requested and/or a batch is closed.
Issuing Bank	The financial institution that issues a card to a consumer.
Monthly Bankcard Volume	The total dollar amount of MasterCard and Visa transactions approved to be processed through a merchant account in any given month.
Payment Gateway	The transaction processing vehicle that receives encrypted transactions from the merchant server, authenticates the merchant, decrypts the payment information, and transmits the data to the authorization and settlement networks.
Reserve Account	Merchant funds maintained at FBBH to be utilized for any potential losses generated from a merchant account, such as unpaid chargebacks or other unpaid fees.
Retrieval Request	A request from the cardholder's bank to supply a copy of the sales draft usually for research of a dispute.
Secure Electronic Transaction (SET)	A future industry standard that will authenticate customers and merchants to ensure the safety and confidentiality of data processed over the Internet.
Terminal	A hardware device equipped with a magnetic strip reading device utilized for processing of card transactions, typically used in a retail (face-to-face) environment.
Transit Routing Number / ABA #	A nine-digit identification number assigned to a financial institution necessary to authenticate automated clearinghouse (ACH) transmissions regarding a merchant account.