

## Glossary of Terms

Term	Definition
ABCI	Association of Bank Card Issuers and Merchant Acquirers
ABSA	Absa Bank Limited
AEDO	Authenticated Early Debit Order
ACB	Automated Clearing Bureau for the clearing of cheques and electronic payments
ACSS	Automated Clearing and Settlement System. ACSS is owned and operated by the Canadian Payments Association. ( <a href="http://www.bank-banque-canada.ca/en/financial/financial_pay.html">http://www.bank-banque-canada.ca/en/financial/financial_pay.html</a> ).
Acquiring	The service of accepting, processing, clearing and settling of payment transactions on the merchant's or beneficiary's side.
<i>Ad valorem</i> fee	A fee that varies according to the value of the transaction.
ALLPS	See Intecon
AMEX	American Express
APACS	Association for Payment Clearing Services. APACS is the UK trade association for payments and for those institutions that deliver payment services to customers. <a href="http://www.apacs.org.uk/media_centre/press/05_05_24.html">http://www.apacs.org.uk/media_centre/press/05_05_24.html</a>
APCA	Australian Payments and Clearing Association
APRA	Australian Prudential Regulation Authority
ASO	Association of System Operators
ATC	Average Total Cost
ATM	Automated teller machine
BACS	(Originally an acronym for Bankers Automated Clearing Services). This is one of the three constituents of APACS and is responsible for bulk clearing of electronic payments between bank accounts by using direct debits and credits, as well as standing orders. <a href="http://www.competition-commission.org.uk/rep_pub/reports/2002/fulltext/462glossary.pdf">http://www.competition-commission.org.uk/rep_pub/reports/2002/fulltext/462glossary.pdf</a>
Bankserv	Bankserv is South Africa's major Automated Payment Clearing House System Operator. <a href="http://www.bankserv.co.za/">http://www.bankserv.co.za/</a>
BASA	Banking Association of South Africa
BESA	Bond Exchange of South Africa
BIN	Bank Identification Number
BIS	Bank of International Settlements
BSD	Bank Supervision Department, a division of the SARB
CAGR	Compound Average Growth Rate
Carriage fee	In the case of ATM transactions, this represents the compensation paid from the issuing to the acquiring participant for the use of their infrastructure.
Cash Withdrawal Fee	Fee charged by issuing bank to its customer for a cash withdrawal transaction. The fee is currently levied regardless of whether the customer uses the issuing bank or foreign bank's ATM.

<b>Term</b>	<b>Definition</b>
Cashback	A facility that allows a bank's account holders to use their payment cards to obtain cash at Point of Sale (POS).
CC	Competition Commission
CEMEA	Central and Eastern Europe, Middle East and Africa
CHAPS	Clearing House Automatic Payments System, a constituent of APACS. This system is a electronic bank to bank payment system that guarantees same-day payment for high-value transactions. <a href="http://www.competition-commission.org.uk/rep_pub/reports/2002/fulltext/462glossary.pdf">http://www.competition-commission.org.uk/rep_pub/reports/2002/fulltext/462glossary.pdf</a>
Chargeback	This is the ability of the Issuing bank to 'charge back' a transaction to the Acquirer unpaid. The acquirer will usually then have recourse against the merchant. payment card schemes usually require that issuing banks only be entitled to make chargebacks to acquirers, and acquirers to merchants.
Churn rate	Also called the attrition rate. In the context of the Enquiry, it is broadly a measure of the number of customers entering into a relationship with a bank or ending their relationship with a bank. Often used in business to measure a business's contractual customer base.
Clearing	The exchange of the payment instrument or of the relevant payment information between the payer's and the payee's financial institutions and the calculation of claims for settlement.
CPA	Canadian Payments Association
CPSPs	Customer Payment Service Providers, e.g. a third party processing debit orders or an independent ATM provider.
CPSS	Committee on Payment and Settlement Systems
Convenience charge	See Saswitch premium
Dankort	A debit card scheme developed by Danish banks as a joint venture. <a href="http://www.nationalbanken.dk/C1256BE9004F6416/side/Payment_Systems_in_Denmark_publ/\$file/kap08.html">http://www.nationalbanken.dk/C1256BE9004F6416/side/Payment_Systems_in_Denmark_publ/\$file/kap08.html</a>
DI	Deposit-taking Institution
DvP	Delivery versus Payment
EDC	Edgar, Dunn & Company.
EDO	Early Debit Order
EFT	Electronic Funds Transfer
EFTPOS	Electronic Funds Transfer Point of Sale
EMV	Europay, MasterCard and Visa.
FATF	Financial Action Task Force
FBS	Absa's Flexi Banking Services which provides personal banking services to the mass market
FICA	Financial Intelligence Centre Act, which imposes KYC obligations on banks and is aimed at combating money laundering.
First Tier Bank	A full-service commercial bank registered under the Banks Act of 1990.
Flat fee	A fee charged for a transaction that remains fixed at a certain level regardless of the value of the transaction.
FNB	First National Bank, a division of FRB

Term	Definition
Foreign ATM	An ATM of a bank at which the customer's account is not held.
FRB	FirstRand Bank
FSA	Financial Service Authority
FSC	Financial Sector Charter
FSCC	Financial Sector Campaign Coalition
GPRS	General Packet Radio Service. A type of telecommunications technology that allows fast connectivity at relatively low costs.
GNS	Global Network Services. An American Express business model.
HACR	Honour all cards rule
HHI	Herfindahl-Hirschman Index also referred to as the Herfindahl Index. Used as an indicator of concentration.
Homing fee	Interchange fee in the EFT payment stream
Honouring fee	This is also called the Excess Item or Excess Availment Fee. These fees have been charged when a bank made the exceptional decision to honour a cheque or debit order presented for payment against an insufficient balance, based on the bank's knowledge of, and relationship with, the customer in question.
Intecon	Information Technology Consultants (Pty) Ltd, a customer payment service provider trading as ALLPS.
Interchange fee	An interchange fee is a balancing payment from one side to another in a two-sided market. Interchange in South Africa is a transfer made by interbank arrangement, whereby in the context of a payment made by the customer of one bank to the customer of another bank, one of the two banks contributes a part of its revenue to the other bank.
Interpay	Interpay offers payment processing and clearing services in the Netherlands. It also switches, authorizes and processes the majority of debit card transactions. <a href="http://www.kkv.se/upload/Filer/Trycksaker/Rapporter/eca/eca_report_retail_banking.pdf">http://www.kkv.se/upload/Filer/Trycksaker/Rapporter/eca/eca_report_retail_banking.pdf</a>
Issuer	The institution that issues the payment method (such as a payment card) used to transact at a POS or ATM, for example. These institutions are typically banks.
KYC	Know Your Customer
LVTS	Large Value Transfer System
MBL	Mercantile Bank Limited
MCI	MasterCard International
MFSA	Micro Finance South Africa
MICR	Magnetic Ink Character Recognition
MIF	Multilateral Interchange Fee
Mini-ATM	A cashless device supported by a float of funds at a merchant – which provides basic transactions similar to those provided by an ATM. The device issues a slip which the merchant honours by paying cash to the customer.
MSC	Merchant Service Charge
Multiple Acquiring	In the case of multiple acquiring, the beneficiary will have more than one bank acquiring its transactions. A retailer, for example, is able to process different brands of payment cards through different acquiring banks. The current rules in South Africa are that merchants are permitted to appoint an acquirer for each of the card brands and types, namely Visa, MasterCard, Visa Electron, Maestro, Diners Club and American Express. Where multiple acquiring is limited in this

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	way, it is likely that the majority of the transactions will still be off-us.
NaBanco	National Bancard Corporation
NAEDO	Non-authenticated Early Debit Order
NCA	National Credit Act
NPS	National Payments System.
NPSD	National Payments System Department, a department of the SARB
OBSSA	Ombudsman for Banking Services South Africa
on-us transaction	A payment transaction where the payee and payer in the transaction have their respective accounts at the same institution.
off-us transaction	A payment transaction where the payee and payer in the transaction have their respective accounts at different institutions.
OFT	Office of Fair Trading. This is non-ministerial British government department that is responsible for promoting and protecting consumer interests throughout the United Kingdom, whilst ensuring that business practices are fair. <a href="http://www.of.gov.uk/about/what/">http://www.of.gov.uk/about/what/</a>
PASA	Payments Association of South Africa. This is the payments system management body appointed by the South African Reserve Bank as specified in the NPS Act of 1998 as amended (Act 22 of 2004). The body organises, manages and regulates the participation of its members in the payment system.
PBS	Payments Business Services. Historically Dankort's only acquiring institution.
PCH	Payment Clearing House. This is an arrangement between two or more South African Reserve Bank settlement system participants that governs the clearing of payment instructions for settlement between those Reserve Bank settlement system participants.
PIN	Personal Identification Number
POS	Point of Sale. A device deployed at merchants, used to process payment card transactions.
PSD	Payment Services Directive, which provides the legal foundation for the creation of a single market for payments in the European Union. <a href="http://ec.europa.eu/internal_market/payments/framework/index_en.htm">http://ec.europa.eu/internal_market/payments/framework/index_en.htm</a>
PSF	Payment System Forums. These are forums where the interests of all NPS stakeholders are discussed. <a href="http://www2.resbank.co.za/internet/Publication.nsf/LADV/4B64C0FDA8DF140742257089003C2445/\$File/SARB+INTERNET++INFO+MANUAL.pdf">http://www2.resbank.co.za/internet/Publication.nsf/LADV/4B64C0FDA8DF140742257089003C2445/\$File/SARB+INTERNET++INFO+MANUAL.pdf</a>
PTA	Personal Transaction Accounts
RBA	Reserve Bank of Australia
RBS	Absa's Retail Banking Services which provides personal banking services to the middle market.
Reverse interchange fee	See carriage fee
RTGS	Real-time Gross Settlement
RTL	Real Time Line
RSV	Retail Sales Volume
SAMOS	South African Multiple Options System. The SARB provides an interbank settlement account service called SAMOS. Each settlement bank has a SAMOS account with the SARB.

Term	Definition
	<a href="http://www.bis.org/cpss/paysys/SouthAfrica.pdf">http://www.bis.org/cpss/paysys/SouthAfrica.pdf</a>
SAPO	South African Post Office
SARB	South African Reserve Bank, the central bank of the Republic of South Africa.
SARPIF	South African Retailers Payments Issues Forum
Saswitch	The South African ATM network switch, owned by Bankserv
Saswitch premium	Also called a convenience fee, disincentive fee or disloyalty fee. A fee levied by a bank on its own customers for using the infrastructure of another institution (normally an ATM device) to carry out a cash withdrawal.
SBSA	Standard Bank South Africa
SEPA	Single Euro Payments Area. This is an area covered by the Euro (official currency of the European Union) in which all electronic payments are considered domestic. <a href="http://www.europarl.europa.eu/registre/docs_autres_institutions/commission_eur_oopenne/sec/2007/0106/COM_SEC(2007)0106_EN.pdf">http://www.europarl.europa.eu/registre/docs_autres_institutions/commission_eur_oopenne/sec/2007/0106/COM_SEC(2007)0106_EN.pdf</a>
Settlement	The act of discharging obligations in respect of funds or securities transfers between two or more parties. This signifies the completion of a transaction wherein the seller transfers their securities/financial instruments to the buyer and the buyer transfers money to the seller. <a href="http://www.bis.org/publ/cpss00b.pdf?noframes=1">http://www.bis.org/publ/cpss00b.pdf?noframes=1</a>
SIPS	Systemically Important Payment Systems
Sorting at source	In the sorting at source model, the beneficiary of transactions would have multiple bank accounts with a number of different banks (typically those that suit its clients' banking profile). The beneficiary would sort the payment instructions per bank and relay them to each respective bank – which would in turn process them as “on-us” transactions. If there were clients with accounts at banks where the beneficiary did not itself have an account, these transactions would be processed through a system operator. In sorting at source, it is likely that only a minority of transactions would be off-us.
SSNIP	Small but significant non-transitory increase in price
Systemic risk	The risk that failure by one participant in the settlement system to meet its required obligations will result in other participants being unable to meet their obligations when due. Such a failure may cause significant liquidity or credit problems and as a result threaten the stability of the entire payment system. As defined above, systemic risk is associated with settlement risk, but given that the payments system is a network, other risks such as legal, liquidity, credit, operational or reputational risk can be transmitted through the payment system.
UK	United Kingdom
UKCC	United Kingdom Competition Commission
VIOR	Visa International Operating Regulations
WWB	Webber Wentzel Bowens