

[[X9 TR-43–2013]]

Remittance Glossary
A Publication of the Remittance Coalition



A Technical Report prepared by:
Accredited Standards Committee X9, Incorporated
Financial Industry Standards

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Foreword

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Published by

Accredited Standards Committee X9, Incorporated
Financial Industry Standards
275 West Street, Suite 107
Annapolis, MD 21401 USA
X9 Online <http://www.x9.org>

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Introduction

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Suggestions for the improvement or revision of this Technical Report are welcome. They should be sent to the X9 Committee Secretariat, Accredited Standards Committee X9, Inc., Financial Industry Standards, 275 West Street, Suite 107, Annapolis, MD 21401 USA.

This Technical Report was processed and registered for submittal to ANSI by the Accredited Standards Committee on Financial Services, X9. Committee approval of the Technical Report does not necessarily imply that all the committee members voted for its approval.

At the time this Technical Report was published, the X9 committee had the following members:

[to be filled in by X9]

Cynthia Fuller, Executive Director

At the time this Technical Report was published, the X9C subcommittee on Corporate Banking had the following members:

Organization Represented

Representative

[to be filled in by X9]

Under ASC X9, Inc. procedures, a working group may be established to address specific segments of work under the ASC X9 Committee or one of its subcommittees. A working group exists only to develop standard(s) or technical report(s) in a specific area and is then disbanded. The individual experts are listed with their affiliated organizations. However, this does not imply that the organization has approved the content of the standard or technical report. (Note: Per X9 policy, company names of non-member participants are listed only if, at the time of publication, the X9 Secretariat received an original signed release permitting such company names to appear in print.)

At the time this Technical Report was published, the X9 Remittance Glossary work group had the following members:

Organization Represented

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Federal Reserve Bank of Minneapolis
PNC Bank
Strongroom Solutions
Bottomline Technologies
Federal Reserve Bank of Minneapolis
Federal Reserve Bank of Minneapolis
The Clearing House
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Also, thank you to all the Remittance Coalition Review Team members who critiqued the draft Glossary and suggested improvements.

These materials have been created by the Remittance Coalition and are intended to be used as resources. Views expressed here are not necessarily those of, and should not be attributed to, any particular Remittance Coalition participant or organization. They are not intended to provide business or legal advice, nor are they intended to promote or advocate a specific action, payment strategy, or product. Readers should consult with their own business and legal advisors.

Scope & Purpose

1.1 Scope

This Technical Report consists of a glossary of terms associated with business-to-business payment methods and payment remittance data that can be exchanged. Business-to-business payments represent the settlement of the buyer's financial obligations for the seller's provision of goods and services. Payment remittance data refers to information that explains what a payment is for and may accompany the payment or be provided separately. Remittance data maybe exchanged directly between a buyer and a seller and may be delivered by or flow through other entities or parties before reaching the ultimate user of the remittance data.

1.2 Purpose

The need to develop a common glossary of remittance related terms was identified as an action item by the Remittance Coalition, an all-volunteer group working together to 1) promote the adoption of electronic payments and remittance exchanges, and 2) overcome barriers to straight-through-processing of B2B transactions. The result is this glossary of terms and definitions to be used by trading partners involved in the exchange and reconciliation of B2B electronic payments and the associated remittance information.

The glossary is intended to lead to improved communications among trading partners by offering a vocabulary and terminology that is clear, precise, and accurate. It is meant to benefit all parties involved in the exchange, processing, and reconciliation of electronic B2B payments and remittance information. This includes business practitioners (such as accounting, accounts payable, accounts receivable, procurement professionals, etc.), corporate bankers, software and technology vendors, payment service providers, standards developers, and other interested parties.

The glossary focuses on terms related to payables and receivables processing, B2B payments, and remittance details. It has been prepared with the individuals who support small and medium businesses in mind. Although the glossary will be helpful to individuals at companies of all sizes and industries, a conscious effort was made to strike a balance between using minimal technical terms and providing informative, substantive definitions. The terms and definitions are meant to help individuals navigate the B2B payment and remittance space, as well as understand payment products and related information received from service providers, vendors and financial institutions.

Note:

When there are multiple definitions for a term, a number will appear in the definition. So depending upon the context of the term, (1) and (2) and sometimes (3) will precede the definitions indicating there is more than one interpretation.

2. Glossary of Terms Related to Remittance Information for Business-to-Business

Account or Bank Account	Repository at a financial institution for cash that is typically classified as a 'checking' or 'savings' account. Account definition in the Uniform Commercial Code (UCC Article 4): an account is a deposit at a financial institution from which an account holder is permitted to make transfers or withdrawals by negotiable or transferable instrument, payment order of withdrawal, telephone transfer, electronic payment, debit card or other electronic device, or other means of making a payment or transfer to a third party.
ABA Number	See R/T Number
Account Balance or Bank Account Balance	The dollar amount in an account at a financial institution at a particular point in time.
Account Number	(1) The identifier used by a financial institution to represent a customer's account used in a payment transaction. (2) Refer to "Customer Account" for a definition of "Account" in the context of an accounting system.
Account Reconciliation or Bank Reconciliation	An analysis that compares the transaction activity affecting the financial institution account balance for a time period to the details in the corporate ledger. Account reconciliation identifies any differences between the two. Typically a term associated with check disbursement accounts, a financial institution will provide the balance detail in a human readable report, an automated format (e.g., BAI2 or BTRS) or in an Account Reconciliation Processing (ARP) system.
Accounts Payable or Payables	(1) A liability created by a purchase made on credit and owed by the company to its vendors or suppliers. (2) The accounting function that performs the primary non-payroll disbursement functions in an organization, records and tracks purchases' invoices, verifies incoming invoices, provides reporting, obtains authorization for obligations to be paid, and initiates the payments. (3) The system or platform supporting the accounts payable business function.
Accounts Receivable or Receivables	(1) A claim against a customer for services rendered or goods sold on credit, representing an asset of the company through the extension of trade credit. (2) The accounting function that generates invoices and reconciles payments received, thus offsetting credit balances. (3) The system or platform supporting the accounts receivable business function.
ACH - Automated Clearing House Network	A financial payment network facility that processes electronic debit and credit payment transactions under rules and guidelines established by NACHA - The Electronic Payments Association, which incorporates additional regulations like Regulation E and check law. There are two U.S. ACH operators: The FedACH is operated by the Federal Reserve Banks and the Electronic Payment Network (EPN) is operated by The Clearing House. Within the ACH network, payment information is processed and settled electronically and information about the payment (remittance data) can flow with the payment. NACHA Rules currently require ACH debits to not be released by the originating financial institution earlier than 1 day prior to settlement and ACH credits not earlier than 2 days prior to settlement date. Unlike wire transfers, which are irrevocable, ACH credit entries received are not final until the settlement between banks takes place.
ACH CCD - ACH Corporate Credit or	An ACH format used for concentration and disbursement of funds within or between companies. The CCD can be either a credit or debit entry where funds are either

Debit	distributed or withdrawn between corporate entities. The ACH CCD format without an addenda record has a 15-character alphanumeric identification field which can provide limited reference information. (See "ACH-CCD+.")
ACH CCD+ - ACH Corporate Credit or Debit with Addenda	An ACH format used for concentration and disbursement of funds within or between companies. The ACH CCD format has an Addenda Record indicator field that can be set for those preparing the entry or interpreting the format to expect the next record to be an addenda record. The addenda record can carry up to 80 characters of remittance detail. The remittance data in the addenda record can carry payment related ANSI ASC X12 data elements or data segments. This is a format used for the U.S. Treasury Vendor Express program and is used to originate federal and state tax payments. (See "ACH CCD.")
ACH Credit	An ACH entry originated to make a payment to another account, for example, for a buyer to pay a supplier for a purchase. The buyer's account is debited by the buyer's bank and the buyer's bank sends the payment to the ACH network. The supplier's bank picks up the payment from the ACH network and posts it to the supplier's bank account.
ACH CTX - ACH Corporate Trade Exchange	An ACH entry used for business-to-business payments. The CTX format allows up to 9,999 addenda records, each with 80 characters dedicated to carrying remittance data. ACH Rules support the following within the CTX addenda records: EDIFACT and X12's transaction types 820 (Payment Order/Remittance Advice), 813 (Electronic Filing of Tax Return Data), 823 (Lockbox Information), and 835 (Health Care Claim/Payment Advice).
ACH Debit	An ACH entry that pulls a payment from another account, for example, used by a supplier to pull (debit) funds from the buyer's account for a purchase. The supplier must have the buyer's bank routing number and bank account number and authorization in order to execute an ACH debit. Sometimes referred to as "drafting the account" or an "ACH drawdown."
ACH Effective Entry Date	The date field on an ACH batch header indicates the date on which the originator of the transactions intends the credit and debit entries created from transactions in the file to be settled. Often used interchangeably with "payment date," "settlement date" or "posting date" of an ACH batch containing one or more entries.
Addenda Record	Special ACH record type ('7' records) that carries additional payment details about an ACH payment for use by the recipient to identify the purpose of the entry, how to apply a payment, or a reference number used to find payment details elsewhere. Addenda records are used in B2B ACH payments, either with a CCD+ or CTX, and the format conforms to EDI standards defined by X12 and/or UN/CEFACT (EDIFACT). Also referred to as the "payment details" or the "remittance advice."
Additional Dating	A request for dating beyond normal terms, generally offered by the seller, to induce buyers to place additional orders or orders for special purposes. A before-the-sale event. (See "Extra Dating.")
Adjustment	A change initiated by a buyer to an invoiced amount resulting in a difference in the actual amount paid due to taking a discount, deduction, allowance, or credit.
Allowance (Authorized)	A deduction to the invoiced amount permitted by the seller for various reasons to the buyer for defined events such as advertising, new store opening, or a promotional event.

American National Standards Institute	The coordinator for U.S. national standards and U.S. representative to the International Organization for Standardization (ISO). ANSI accredits standards development organizations to develop and maintain standards that may be published as ANSI standards. ANSI standards must be developed through an open process of consensus.
ASC X12	Accredited by ANSI (American National Standard Institute), the Accredited Standards Committee X12 is an organization chartered to develop electronic data interchange standards. X12 maintains the most widely used U.S. EDI standard for exchanging remittance information: the X12 820 Payment Order/Remittance Advice Transaction Set.
ASC X9	Accredited by ANSI (American National Standards Institute), the Accredited Standards Committee X9 – Financial Industry Standards (ASC X9) has the mission to develop standards for the financial services industry. Additionally, ASC X9 is the United States technical advisory group (TAG) in the development of international standards and submits X9 American National Standards to the international committee to be considered for adoption through The International Organization for Standardization (ISO).
Authorization	(1) In the context of ACH processing, the agreement from the receiver to accept an ACH entry. (2) In the context of card processing, the approval by the card network to the merchant or supplier to accept a card payment.
Automated Cash Application or Auto Cash	A computerized procedure based on a series of algorithms enabling payments to be quickly and automatically applied to a customer's account with the goal of increased accuracy and a high hit rate, which is also used to describe the degree of "Straight Through Processing."
B2B Transactions - Business to Business Transactions	Transactions between businesses, such as between a manufacturer and a wholesaler or between a wholesaler and a retailer. B2B transactions include purchasing from suppliers, logistics and supply chain management, invoicing and billing, payments and remittance information exchange.
B2C Transactions - Business to Consumer Transactions	Transactions between businesses and their customers who are consumers.
BAI - Bank Administration Institute	A banking industry organization that developed formats used by financial institutions to transmit bank account balance and activity to their corporate customers. The format is also referenced as BAI or BAI version 2 (BAI2). BAI transferred management of the BAI2 format to the Accredited Standards Committee X9 who has updated the standard to the Balance and Transaction Reporting Standard (BTRS).
Balance Due	The net aggregate owed after applying all debits and credits to an account.
Bank Routing Number	See R/T Number
Batch Processing	The processing of a group of related payment instructions. May imply that the editing and release of the payment instructions are non-urgent and are scheduled at intervals throughout the processing day. (See "Real Time Processing.")

BIC - Business Identifier Code	An international standard for identification of institutions within the financial services industry used in automated processing to unambiguously identify a financial institution or a non-financial institution. The ISO 9362 standard specifies the elements and the structure of a BIC, which consists of an institution code, country code, location code, and branch code. The International Organization for Standardization (ISO) has designated SWIFT as the BIC registration authority, sometimes called a SWIFT BIC.
Bill of Lading	A document evidencing the receipt of goods for shipment, typically prepared by the party shipping the goods and signed by the party engaged in the business of transporting or forwarding the goods.
Bill of Sale	Written evidence that the title to property has been transferred from one entity to another.
Bill Summary	A summary of a customer's invoices to assist a customer to understand what is owed. Typical information may include amount owed, date due, biller, and biller's account number.
Billing Cycle	A period of time between one Statement of Account (statement) to the next, usually one month.
Billing Document	The portion of a billing statement provided to a customer. In an electronic billing platform, a seller may make the information available via a web portal or via e-mail. It is often returned with a check payment. It may be called a coupon, payment voucher, remit, remittance document, skirt, statement, stub, or invoice.
Cancelled Check	A check that has been paid by the buyer's bank, which has been marked physically, usually with "paid" to help prevent it from being presented again.
Card Level 1, Level 2, and Level 3 Data	Credit card data provided by a seller made available to the buyer. Level 1 includes date, merchant name, and merchant address and is made available for all credit card transactions. Level 2 data is provided for corporate card purchases and includes Level 1 detail plus merchant type and category code. Level 3 data is provided for corporate card purchases and includes Level 1 and 2 data, plus purchase amount, sales tax, local tax indicator, customer code, and full line item details. Sellers may receive a reduction in interchange fees when they supply Level 3 data.
Cash	A general term for U.S. coin and currency. In banking, a cash balance includes checks, money orders, and money on deposit that is available for unrestricted withdrawal from a financial institution.
Cash Application	The process of applying customer payments against outstanding accounts receivable. For B2B payments, this is usually accomplished by the open item approach. If a customer has a credit limit, the process frees up the amount of the credit limit for additional purchases.
Cash Collection System	An approach to cash collection in which operations receives payments and customer remittances. The system may be referred to being centralized or decentralized depending upon how many locations or sites is employed in the operation.
Cash Concentration	The transfer of funds from outlying depository locations into a central bank account commonly referred to as a concentration account, where the funds can be managed more efficiently.
Cash Flow	The revenue and expense cycle that affects a cash account over a given period. Cash inflows usually arise from financing, operations (e.g., sales) or investing and

cash outflows result from expenses or investments. Cash flow can be used as an indication of a company's financial strength.

Cashier's Check	A check that is drawn on a financial institution as a direct obligation of the financial institution rather than the customer. It is given to a customer to use for a payment obligation and cannot have a stop order issued.
CBD - Cash Before Delivery or CIA - Cash In Advance	Processing approach that holds orders from customers until advance payment has been received and cleared.
Chargeback	(1) In some industries, chargebacks and deductions are used synonymously as reasons why a buyer would reduce the amount of their payment to a seller. (2) In the context of the card environment, a chargeback occurs when the cardholder is credited and the merchant (seller) is debited usually due to a claim or discrepancy.
Check	A check is a financial instrument directing the payment of money on account of the buyer/payer; a check is a debit to the buyer/payer. It is payable on demand and drawn on or payable through a financial institution. It is a written order and may be negotiable, and it may be an original paper item, a substitute check, or an electronic item. It includes corporate checks, consumer checks, money orders, traveler's checks, convenience checks, and government warrants.
Check Disbursement	The process of making payment via check to a payee, usually by mail. A check disbursement account is the account on which checks are drawn.
Check or Lockbox Remittance Processing	A deposit solution/service used by businesses to expedite the collection of receivables through centralized processing. Customers make payments to an address controlled by the lockbox provider and the lockbox provider records the payments received. Sometimes a business will perform the two tasks in-house of receiving payments and recording them. Deposits are made to a clearing financial institution. The customer paying, payment amount and remittance information is provided to the ERP or record keeping system of the payment receiver/supplier.
Clearing House for Interbank Payment System (CHIPS)	A private-sector U.S. large-dollar wire transfer payment system operated by The Clearing House. Similar to Fedwire, financial institutions initiate fund transfers that are immediate, final and irrevocable once processed using a payments matching algorithm that nets and offsets payments servicing banks that participate in the CHIPS payment system.
COD - Cash On Delivery	Processing approach requires payment for goods at the time of delivery. If the customer does not make the payment, the goods are returned to the seller.
Collection Float	The interval between the time a payor makes a payment and time the payee receives available funds at its financial institution.
Commercial Card	Generic term for any card product used by an organization to make payments for various goods, services and business expenses.
Concentration Account	Deposit account into which funds are pooled or systematically transferred as part of a company's collection process. Sometimes referred to as a "sweep" or "collection" account. Concentration funds include internal transfers among operating units of a company and between various bank accounts owned by a company.
Consignment Sale	A sale of goods for which the seller is not paid until the buyer (retailer) has sold the merchandise. Seller retains title to such goods until the retailer has sold the

merchandise and payment is made by the buyer.

Convenience Checks	A payment method for which a draft is made against the available credit of a purchasing card account or program. Can be used in the event a payee does not accept card payments.
Corporate Card	A card used by an organization and employees for travel and entertainment (T&E) expenses. Also referred to as a Travel Card.
Corporate Trade Agreement	A document drawn up by two companies that have committed to specific commerce terms such as purchase and payment requirements.
Correspondent Account	An account held by one financial institution at another financial institution, typically used for clearing items or transferring funds between the two financial institutions.
Counterparty	The other party to any business or financial transaction.
Credit	The privilege of buying goods, services or borrowing money in return for a promise of future payment.
Credit Terms	Standard or negotiated terms (offered by a seller to a buyer) that control (1) the periodic (e.g., monthly) and total credit amount, (2) maximum time allowed for repayment, (3) discount for cash or early payment, and (4) the amount or rate of late payment penalty.
Customer	A business or individual (buyer) purchasing a product or service from a supplier, merchant, or vendor.
Customer Account or Account	The numeric identifier that distinguishes a customer account in a seller's Accounts Receivable system. The customer account is generally tied to a hierarchical structure of accounts including the corporate entity, billing, paying, and shipping account/addresses. Similar terms used are: customer account number, billing account number or payor ID. Refer to "Account Number" for a definition of "Account" in the context of banking.
Data Transmission	The transfer of data (a digital bit stream) over a point-to-point or point-to-multipoint communication channel.
Data Universal Numbering System (D-U-N-S) Number	Nine-character identifier developed and assigned by Dun & Bradstreet to identify a specific business and physical location. Unlike employer identifiers used by the I.R.S., D-U-N-S® numbers may be assigned to any business globally. May be called "customer number."
Debit Card	A card product that functions as an alternative to cash or checks, allowing the user to fund the payment directly from a funded bank account.
Debit Memo or Debit Memorandum	A document prepared by a customer informing the supplier that the customer is reducing the amount paid on a merchandise invoice due to a return, cancellation or a claimed allowance.
Deduction - Authorized and Unauthorized	A short payment taken by the customer in the payment of a merchandise invoice. Deductions may be authorized and preapproved by the seller or may be unauthorized and unknown by the seller until they are received. Authorized deductions may include reasons such as advertising, allowances for damages/ shortages, new store opening discounts, and other promotional events. Unauthorized deductions include reasons such as compliance violations, early/late deliveries and shortages.

Deferred Payment Sale or Extension	Selling on an installment plan with payments delayed or postponed until a future date.
Delinquent or Past Due	A payment delayed beyond the agreed upon time for settlement.
Disbursement	The act of making payments to vendors, employees, investors, and others.
Disbursement System or Payables System	A general reference to a buyer's operations that makes payments and reconciles accounts. Further, a business with multiple locations, departments or lines of business may refer to whether their payment or disbursement processing system and related functions are centralized or decentralized.
Discount	A reduction in price granted by the seller and included in the payment terms for specific events that are usually under the control of the buyer, such as early payment or cash payment.
Due Date	The maturity date for payment of a debt (e.g., invoice). The date on which an obligation becomes payable.
EBPP - Electronic Bill Presentment and Payment	An electronic alternative to bill payment in which a business presents its consumer customers with an electronic bill for payment via an electronic payment method (e.g., card or ACH).
EDI - Electronic Data Interchange	The process of computer-to-computer exchange of business data in standard formats. In EDI, information is organized according to a specified format, allowing computer transaction processing without human intervention or rekeying on either end. All information contained in an EDI transaction set is, for the most part, the same as on a conventionally printed document (e.g., purchase order, invoice, bill of lading, etc.). EDI standards are developed by ASC X12 and UN/CEFACT (EDIFACT standards).
EDIFACT	A set of standards for electronic data interchange (EDI) developed by the United Nations and adopted by ISO Technical Committee 154 and widely used in Europe and Asia.
EFT - Electronic Funds Transfer	Any transfer of funds other than a transaction originated by a paper instrument that is initiated through an electronic terminal, telephone or computer that authorizes a financial instruction to debit or credit an account. It is often a generic term referencing payments through large-dollar wire transfer systems (Fedwire or CHIPS), the ACH network and consumer electronic payment systems.
EIPP - Electronic Invoice Presentment and Payment	An invoicing and payment service or application that electronifies business to business bill presentment and payment.
Electronic Payment	A payment or value transfer done in an electronic format by wire transfer, ACH or card.
Encryption	Data security technique used to protect privacy of information from unauthorized inspection. Encryption protects the confidentiality of messages, but other techniques are still needed to protect the integrity and authenticity of messages.
EPN - Electronic Payment Network	The private-sector U.S. automated clearing house (ACH), operated by The Clearing House /EPN. FedACH and EPN are "ACH Operators." EPN customers are financial institutions that send and receive files of ACH debits or credits. EPN processes approximately half of the commercial bank ACH transactions in the U.S.

ERP - Enterprise Resource Planning	Systems that integrate internal and external management of information across an enterprise to facilitate the flow of information between business functions. ERP systems are made up of modules that support a variety of business functions that may be selectively implemented; ERP systems also support automated interfaces to non-ERP applications. ERP modules may include financial accounting (e.g., general ledger, accounts payable, accounts receivable, cash management), management accounting, human resources, manufacturing, supply chain management, project management, customer relationship management, and customer, supplier, or employee "self-service" options.
Exchange Rate	The rate at which the equivalent number of units of one currency is converted into a unit of another currency.
Extra Dating	An extension of normal terms granted by the credit manager for the purpose of assisting a customer in difficult times. Considered an after-the-sale event. (See "Additional Dating.")
FedACH	The automated clearing house service operated by the Federal Reserve Banks. FedACH and EPN are "ACH operators." FedACH customers are financial institutions that send and receive files of ACH debits or credits. FedACH processes approximately half of the commercial bank ACH transactions in the U.S. and most government ACH transactions.
Federal Reserve	The Federal Reserve System is the central bank and monetary authority of the United States. Also known as the Fed, the 12 Federal Reserve Banks provide payment clearing and settlement services to U.S. financial institutions, including Fedwire, FedACH and check collection services.
Fedwire Funds Service	A real-time gross settlement system that enables financial institutions maintaining an account with a Federal Reserve Bank to initiate funds transfers that are immediate, final and irrevocable once processed. Participants originate funds transfers by instructing a Federal Reserve Bank to debit funds from its own account and credit funds to the account of another participant. Participants may originate funds transfers online by initiating a secure electronic message, or offline via telephone procedures.
Field or Data Field	A group of characters that have a pre-defined meaning and often a pre-defined location or positioning and format. For example, customer identification may be a data field designated as a set number of alphanumeric characters located at a specific location in a record.
File or Data File	A related grouping of data records that can be processed by an automated system.
Financial EDI (FEDI) or Bundled Financial EDI	The electronic (computer-to-computer) exchange of payment and payment-related information between companies using a standard format. Unlike other forms of EDI, such as exchange of price quotes or purchase orders, financial EDI always involves a bank because a financial transaction (a payment) is being effected.
Financial Institution	A bank, mutual savings bank, savings bank, credit union, a Federal Home Loan Bank Act member, savings association, or an agency or branch of a foreign bank.
Fleet Card	A specialized commercial card used to capture fleet-related expenses (e.g., fuel, vehicle maintenance, repair, and service).

Float	Funds held by a financial institution during the clearing process before being made available to the depositor or the interval or delay between when a payment is prepared and funds are withdrawn from the payor's financial institution. Check float includes the time from when a merchant/seller accepts a check payment to the point that the check clears the check processing network. The time the check is in the mail (mail float) is often considered a part of check float. With the introduction of check imaging, the check clearing process has accelerated and most check float is now due to mail float.
Formatted Data	Information laid out in a specified arrangement in which the meaning, characteristic (e.g., numeric or alphabetic), size, and/or allowable values of each data item is defined in advance. Common understanding of formatted data via standard formats enables automated systems to process without manual intervention.
Ghost Card	A type of card account whereby an account number is issued or provided to a specific supplier or supplier type for the payment of purchases made by an organization's employees. It functions like a purchasing card.
Grace Period	A specified extension of time beyond the due date for payment of a debt. Generally given for mailed payments so a payment isn't considered past due.
Gross Amount	The total amount before making any deductions or taking any discounts.
Imaging	The conversion of a paper document into an electronic document using optical capture recognition devices. Check imaging involves scanning the front and back of a check and converting key data (i.e., data maintained in the MICR line) into a digital format that can be processed electronically. The imaged check may be transmitted, stored, and/or made available for future retrieval needs.
Insufficient Funds	The status of a depositor's account at a financial institution without enough funds available for an obligation to be paid, potentially resulting in a debit to that account (e.g., a check or ACH transaction) to be returned. Typically associated with ledger balance of an account where "uncollected funds" is related to not having an adequate collected or available balance.
Invoice	An itemized bill from a seller (e.g., vendor) indicating the items purchased, price of each item, total value of the purchase, and payment terms.
Invoice Matching Program	An invoice matching program automatically tries to match an invoice received from a supplier to the purchase order in the customer's system.
Late Payment Charge	A fee charged by the seller (creditor) if a payment is not made when due. The late payment terms may be stated in an agreement, contract or invoice.
Letter of Credit	A document issued by a financial institution at the request of a customer in which a financial institution guarantees a seller that they will honor drafts or other demands for payment upon compliance with the conditions specified in the letter of credit. A letter of credit may be either revocable or irrevocable. Referenced as a Commercial Letter of Credit if importing and exporting are involved. There are different types of letters of credit. A Standby Letter of Credit expires on a specified date.
Lockbox	A third party payment collection system in which a company's customers or trading partners mail checks or make automated payments (ACH, wire or card) to a designated location. The lockbox servicer collects the payments, processes remittances, deposits funds into the company's bank account, and provides information to the company of the transactions (usually in an automated file). Companies may outsource their payment and remittance processing to lockbox service providers, often regional financial institutions, to reduce costs and accelerate

the acknowledgement of payments. A wholesale lockbox generally supports business-to-business payments, a retail lockbox generally supports consumer payments, and a whole-tail (or hybrid) lockbox supports both. Sometimes a lockbox is referred to as a remittance processing site.

Mail Float	Mail float is number of days that a check takes to arrive at a customer or a lock box location from the date of mailing.
MICR Line - Magnetic Ink Character Recognition Line	The numbers and characters on the bottom of the face of a paper check that indicate the ABA (R/T) number of the financial institution on which the check is drawn, the account number of the customer on whom the check is drawn, the check number, and check amount. The MICR line is printed in magnetic ink using the E-13B font and specifications are defined in accordance to American National Standard Institute (ANSI) standards by the Accredited Standards Organization X9 in X9.100-160 Magnetic Ink Printing.
NACHA - The Electronic Payments Association	A rule-making organization for the development, administration and governance of the U.S. automated clearing house (ACH) network, which provides for the electronic movement of money and data for direct account-to-account consumer, business and government payments.
Net Amount	The full amount the customer is expected to pay. The amount left after necessary deductions have been made from the gross amount. Also referred to as the "payment amount."
Net Price	The actual price paid after all discounts, allowances and other authorized deductions have been taken.
Net Sales	Sales less returns for credit, allowances and discounts.
Non Financial EDI	The electronic (computer-to-computer) exchange between trading partners of business data in EDI format may include price quotes, invoices, purchase orders, shipping information, etc. In the context of the EDI format, where there's no payment, it's considered Non Financial EDI. (See "Unbundled EDI" and "Reassociation.")
OCR - Optical Character Recognition	A more advanced application of imaging technology where documents (e.g., invoices, remittance, claims) are read by an imaging system and converted to electronic documents that can be analyzed and integrated into a company's systems.
ODFI - Originating Depository Financial Institution	The financial institution where the sender or originator (of the transaction) holds an account. The ODFI delivers ACH credit or debit entries to an ACH operator (FedACH or EPN) on behalf of its corporate and consumer customers.
On Account	Generally refers to a payment received which is applied to a specific customer account; however, it is not known which specific invoices are being paid with the payment.
Open Terms	Selling on credit terms as opposed to having the customer pay cash.
Overdraft or Bank Overdraft	Occurs when a check or an ACH debit is presented for collection and there are not sufficient funds on deposit to make normal payment.
Paid on Production	The process by which a payment record is created for goods and/or services when they are used rather than when they are shipped or delivered. Similar to consignment sales, but based on usage within a manufacturing environment.
Payables File	A set of payment instructions sent by a business to their financial institution to initiate payments. Other common terms are 'comprehensive payables files' or 'integrated

payment initiation' file.

Payee/ Depositor	The individual or business entity to which a payment is made payable. The payee/depositor receives a credit or deposit when the payment is transacted.
Payer/Payor or Payment Originator/ Sender (Also, "Account Debtor if referencing ISO)	An individual or business that makes a payment to a payee/biller/vendor.
Payment and Collection Services	Often the overarching reference for treasury management services offered by financial institutions that assist businesses by acting as clearing agents for checks and originating and receiving wire transfers and ACH transactions.
Payment Instructions	Information provided by a supplier or payee to a buyer on how the payment (funds) are to be made. For example, if a company wishes to be paid via an ACH credit, they would notify the buyer of this and provide their bank routing and transit number and bank account number.
Payment Order	An instruction from a seller (vendor) to the buyer or the buyer's agent or financial institution, directing a payment to a designated account or beneficiary. It may prescribe the payment delivery method and recipients' banking information.
Payment Terms	The conditions under which a seller will complete a sale. Typically, these terms specify the period allowed to a buyer to pay off the amount due, and may demand cash in advance, cash on delivery, or a deferred payment period of a specific number of days. Discount terms may be allowed in order to accelerate collections. Method of payment may also be influential in determining the payment terms extended to the buyer.
POD - Proof of Delivery	A receipt showing date and place of delivery to consignee. A Signed POD includes the signature of the person that received the shipment.
Post Dated Check	A payment by check that is dated with a future date and held by the supplier until the date on the check.
Preauthorized Draft or Demand Draft or Remotely Created Check (RCC)	Looks like a paper check that is payable to a seller or vendor and is created as a result of a buyer providing bank routing and account information to the seller or their payment processor.
Price	The purchase value of a product or service expressed in monetary terms and provided by a seller of the product or services.
Purchase Order	A document (paper or electronic) produced by a buyer or customer to request purchase of goods or services. It will define the quantity and specifications of the goods or services to be purchased as well as the price and terms of the sale, becoming a legally binding agreement upon supplier acceptance.
Purchase Order Matching	A process performed by the buyer in accounts payable processing to validate that the correct product, price, and quantity was received. Matching is the process of matching vendor invoice, purchase order, and/or product receipt information. Matching types vary through the comparison of various artifacts such as vendor invoice, purchase order, material receipts (shipping log), and/or physical verification. The most common type of PO matching is 3-Way where invoice, PO and receipts are compared.

Purchasing Card	A credit card used by a business to pay another business for purchases of goods or services.
R/T Number - Routing and Transit Number	A 9 digit identification number used in U.S. payment networks (check, wire, ACH) to route payments. Assigned and managed according to American Banking Association (ABA) rules and sometimes called the ABA number. A financial institution may have multiple routing and transit (R/T) numbers. Financial institutions use R/Ts to selectively route payments and may use different R/T numbers for checks, returns, or electronic payments (e.g., ACH or wire) affecting a single customer's account.
RDFI - ACH Receiving Depository Financial Institution	The financial institution where the receiver or beneficiary holds an account. The RDFI receives ACH credit or debit transactions from an ACH operator (FedACH or EPN) on behalf of its corporate and consumer customers.
Real Time Processing	A form of transaction processing in which each transaction is executed as soon as complete data becomes available for the transaction. Usually referenced in the context of a wire transfer.
Reassociation	A term in support of the Accounts Receivable process whereby the payment is matched with the related remittance detail that was sent via another channel from the payment. The goal is to marry the two together and become an automated process. Reassociation can be provided by the seller's financial institution, vendor or by the seller themselves. (See also EDI and Unbundled EDI)
Rebate	(1) Return of a portion of a purchase price by a seller to a buyer. It is a type of sales promotion that marketers use primarily as an incentive or supplement to product sales. Unlike discount, which is deducted in advance of payment, rebate is given after the payment of the full invoice amount. (2) In the context of a commercial or purchasing card program spend; the reference is to the revenue share of the merchant card fee shared with the issuing financial institution.
Receivables	Any money owed to the corporation, whether or not they are currently due. Long-term receivables appear as a long-term asset.
Receivables File	(1) In the context of a banking or treasury management service, a set of payment transactions provided by a depository financial institution and/or payment processor that reflects payments processed. A "comprehensive" or "integrated" receivables file may include check, ACH, wire, and/or card payments. (2) In the context of an internal accounting system, it is referencing the open items (monies due) in the receivables system.
Receiver/Beneficiary	The endpoint for an ACH debit or ACH credit transaction. In the context of the wire transfer systems, the receiver is referred to as the beneficiary receiving the payment.
Remittance	(1) In the context of remitting to a business or corporate trading partner, the funds sent in payment for items purchased, services rendered, or value received. (2) In the context of consumer remittances that are sent cross-border, it is referring to funds sent by a foreign worker to his or her home country.
Remittance Information or Remittance Advice	Details about a payment, i.e., what the payment is for and variance between the amount billed and amount paid. In business-to-business payments, often a remittance advice is sent by the buyer to the seller to inform them that a payment has been made, the specific items (or invoices) being paid, and the reasons for any discrepancies between the invoiced amount and the paid amount (e.g., discounts, deductions, and adjustments taken in accordance with the terms of the sale). An accounts receivable function then reconciles

the payment and remittance detail.

ROG - Receipt of Goods	Terms that permit the buyer to compute the cash discount period from the date on which the merchandise is received. The net credit period, however, is always calculated from the invoice date and not from the date of arrival.
Sales Allowance	Sales allowances are a reduction in the selling price and are recorded when customers are induced and agree to keep defective or unwanted products for a price reduction.
Sales Promotion	Those marketing activities other than personal selling and advertising intended to stimulate purchasing. Examples might include offering a discount on sales for the first month as well as other promotional activities.
Seasonal Dating or Extended Dating	A special credit term used in industries with highly seasonal sales that enables a customer to take possession of seasonally consumed goods before the prime sales season begins. Payment is due near the end of the buyer's selling season, and sliding discounts may be offered to encourage early payment.
Smart Card	A card with an embedded computer chip on which information can be stored and processed.
Stale Check or Stale Dated Check	A check that has been held too long (typically more than six months) after its issue date before being presented to a paying bank. A stale check is not an invalid check, but it may be deemed an 'irregular' item and a financial institution may refuse to honor (pay) the check unless the individual or business that wrote the check reconfirms it.
Statement of Account	Listing of invoices outstanding and due from a buyer/customer. Also known as an account statement, a statement of account is a record of the transactions that have occurred on a customer's account during a specified period of time.
Stop Payment Order	An instruction given to the check writer's bank to refuse payment for a previously issued check or ACH debit.
STP - Straight-through Processing	The ability to process a business transaction without human intervention. In the context of payment processing, it refers to a payment that can be posted at its intended destination without rekeying or correction. In an accounts receivable context, an STP rate refers to the percentage in which payment detail is applied correctly without manual intervention.
STP 820	An implementation specification of the X12 820 standard for a payment order/remittance advice that includes minimal remittance information (identifies the 10 most common data elements found in invoices) and used to streamline EDI implementations and processing. The STP 820 is usually sent within an ACH CTX or wire payment.
Structured Remittance Information	Remittance information in which the information carried (e.g., invoice number, customer identifier, amount, etc.) is formatted into pre-defined field locations, format, and length as opposed to "free form" remittance. Data that is structured can be automatically processed without manual intervention.
Supplier/ Vendor	The individual or business supplying a product or service. Within the receivables or accounting software, the supplier will keep a record containing information about all businesses that have been set up to make purchases from them and then keeps a record of each individual purchase.

SWIFT - Society for Worldwide Interbank Financial Telecommuni-cation	A global telecommunications messaging network that allows financial institutions and corporations to securely exchange authenticated electronic messages in standard formats. SWIFT messages are used to report financial information and to instruct the execution of payment orders. SWIFT communications may contain payment information, but the clearing and settlement of funds are accomplished through correspondent bank balances.
Terms of Sale	The conditions under which a seller proposes to sell its goods and services. Necessary terms of sale include price, quantity, and, if necessary, quality. Special conditions may be applied. Payment terms are a subset of the total terms of sale.
The Clearing House (TCH)	A payments company owned by approximately 20 of the largest global commercial banks that provides payment, clearing, and settlement services to its member banks through its automated clearing house service, Electronic Payment Network (EPN); high value wire funds-transfer service, CHIPS; and check-image payment services, SVPCO Image exchange.
Three (3) - Way Matching	Comparing an invoice received to the original purchase order and material receipts (shipping documents) associated with the receipt of the goods or services.
Trade Credit	Credit offered by a business to its customers to help them purchase the business's products.
Transaction	(1) Any interaction or an event between a buyer/customer and a seller that results in the creation or payment of an invoice with terms. (2) In a financial or banking context, sometimes a term used to refer to the payment entry itself.
Transaction Costs	The costs, in fees and resources, incurred by a buyer and seller associated with making a purchase.
Unbundled EDI	The electronic (computer-to-computer) exchange between trading partners of business data in EDI format may include price quotes, invoices, purchase orders, shipping information, etc. Unbundled means that the remittance details and the payment dollars are sent separately. (See also "Non Financial EDI" and "Reassociation.")
Unearned Discount	A term used to reflect a reduction from an invoice taken by a buyer without the consent of the seller.
UPIC - Universal Payment Identification Code	Pseudo bank account numbers (masked account numbers) offered by financial institutions participating with the Electronic Payment Network (EPN) that enables sellers to request receipt of ACH credit transactions without providing their bank account information. Since the actual routing and transit number and the bank account number are not shared, the sensitive banking information remains private.
VAN - Value Added Network	An intermediary service provider that provides communication services in support of electronic commerce. VANs resolve interface problems between companies that use different computer systems, formats, or protocols, making it easier for companies to implement EDI and onboard new trading partners.
Voucher	An accounting document (or virtual system status) representing an internal intent to make a payment to an external entity, such as a vendor or service provider. A voucher is usually produced after receiving a vendor invoice, after the invoice is successfully matched to a purchase order.
VPN - Virtual Private Network	A network where data is transferred over the Internet using security features preventing unauthorized access.

Wire Transfer	The electronic movement of funds intra-day from one financial institution to another involving an unconditional order to pay a fixed or determinable amount to a beneficiary upon receipt, or on a day stated in the order. It is transmitted by electronic or other means through a network between financial institutions, or on the books of a financial institution. Wire transfer systems include Fedwire and the Clearing House Interbank Payments System (CHIPS). In both networks, the funds are irrevocable.
Zero Balance Account	A disbursement or depository account at a financial institution that returns to a zero balance at end of day or after each transaction. Zero balance disbursement accounts are used to make payments and are funded by a transfer of funds from another account (usually a master account) at the same financial institution; zero balance depository accounts are used to receive deposits which are then transferred into another account.

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