
UKGCVA – Terms of reference (gift card industry)

DEFINITIONS - Sector Breakdown Definitions

Businesses

Retailers - Members where the majority of their business is conducted in a physical shop and online. E.g M&S / JohnLewis.

Agents - Members who act on behalf of clients giving advice on and running incentive programmes as well as those members who offer savings schemes. Members include Grassroots and Love2 Reward.

Leisure - Members where the majority of their business is considered to be a leisure pursuit such as a gift experience or a meal in a restaurant. Members include Leisure Vouchers and Red Letter Days.

Consultants – Contractors who are members as a sole independent with one person (themselves) who work on behalf of members. These members include Stuart Lawrence / Denise Porter.

Product sectors

Consumer - Vouchers and cards sold to consumers or individuals for personal use.

Business to Business - Sales made to other business or organisations

Direct Sales - Sales made direct to a consumer from within a store or over the counter.

Online - Sales made via the members own online purchasing facility or through an online affiliate.

Gift Card Centre/Store - Sales made via another retailer's gift card centre or store.

Third Party Sales - Sales made via any other retailer or channel direct to the consumer.

Product types

Paper Vouchers - Traditional paper gift vouchers transacted via a bar code or serial number.

E-Vouchers - Virtual or digital vouchers used for online purchases and in store redemptions. There is no physical card or voucher given to a customer as the e-voucher is sent via an email. This excludes all promotional codes

Category specific - Gift cards that are issued and redeemed by the same company or within the same category of companies. Closed loop cards are usually facilitated using the issuers till systems and do not require the use of a network such as a Visa or MasterCard

Restricted Loop - Usually requires the use of a network such as Visa or MasterCard or a link between participating retailers systems. Cards are accepted at a restricted range of retailers.

Open Loop - Redeem Anywhere, Require the use of a network such as Visa or MasterCard.

A to Z Terms of reference

Association

The Uk Gift Card & Voucher Association was launched in 1995 to provide legislative information, industry data insights, support and networking opportunities for members, see UKGCVA member service descriptions.

Available Balance

The amount of funds held on the card

Balance Enquiry

Stored Value – funds that are available on the gift or pre paid card. This information can usually be found by logging onto the issuers website or calling the contact number on the reverse of the card.

Bank Identifying Number Range (BIN Range)

Many BINs will be split down into sub-BINs or BIN Ranges to enable multiple card Programmes to be run on a single BIN but for different partners. All Programmes running on a BIN, however, must be of the same type (i.e. credit, debit/prepaid).

Breakage

The unredeemed or unspent funds on a gift or Prepaid Card at the point of expiry of the card.

Closed Loop

Cards issued by a single corporate entity which can only be redeemed within that entity, e.g. Retail Gift Cards.

Contactless

A proximity card/Smart Card which can be "read" without inserting it into a reader device, but instead by holding it near an electronic reader unit for a moment.

Distribution Channel

A route to market for the sale of Open or Closed Loop cards. This can be for any third party, such as Aggregators and any entity that is not the original issuing party.

Distributor

A company that manages the commercial relationships, physical transactions and physical distribution of Prepaid Cards sold in a Destination Retailer through a Gift Card Mall on behalf of Issuers.

E-Money

The type of prepaid products that are regulated by the E-money regulations in the EU and have to conform to a number of strictly defined controls.

Employee Benefits

A card used by employers and benefit administrators to give employees convenient access to benefits such as payment of health care, moving expenses, tolls or transit costs, or meal vouchers.

Encoding

Data embedded in the magnetic stripe or chip during card production that is unique to the card and is required to facilitate a transaction.

Encryption

The use of cryptographic algorithms to encode clear text data (plain text) into cipher text to prevent unauthorised observation.

EPOS/POS Hardware

Self-contained computerised equipment that performs all payment tasks required a store checkout counter. It allows payments by bank or Credit Cards, verifies transactions, provides sale reports etc. EPOS/POS hardware provides card acceptance as part of an acquiring relationship.

E-Tailors

Online retailers/shops which allow consumer to purchase goods/services remotely over the internet using a device such as a smart phone, tablet or desktop.

E-Wallett

A digital account where funds may be held for the payment of goods or services or containing cards which have their own funds capability. The E-Wallett can be a card Aggregator hosting multiple card balances in general, including Closed and Open Loop cards and other payment or loyalty cards. They can be used as a channel through which a consumer can make remote payments.

Experience Card

A type of card (often a Gift Card) that entitles the holder to an experience such as a day at a spa or theme park or a round of golf. These cards are not denominated in a cash value but in an experience.

Expiry Date

Date after which a card can no longer be used. Most Network Branded Cards have an expiration date. Some Closed Loop or Limited Network cards expire after a certain period of inactivity or after a certain date, although this is becoming increasingly rare. Any funds remaining on the account on expiry of the card can still be accessed via a new card or cash out according to Programme terms and conditions and local legislation requirements.

Face Value

The original amount loaded onto a Prepaid Card.

Fixed Denomination

A Prepaid Card, often a Gift Card, issued in a specific amount such as £5 or £25

Fulfilment

Process between issuer and end user.

Gaming Card

Refers to two types of cards. The first is for online betting and casino-style games, directed at adults without a bank account or who wish to spend anonymously and have more control on the amount they spend. Also known as Gaming Payout Cards, these cards cannot be consumer-loaded and only funds from the gaming operator can be placed on them. The second type of card is aimed at youngsters who do not have a Credit Card or bank account in order to purchase playing time or privileges for online games.

Gift Card

Monetary equivalent used as an alternative to purchasing actual gifts. It can be Closed, Restricted and Open Loop depending on how it can be used for purchases at a particular branded store, at a group of different branded stores (shopping malls), or for general daily spending through the Visa or MasterCard payment network of acceptance.

Gift Card Mall

A physical or virtual rack or display unit that allows customers of a Destination Retailer to buy a Prepaid Card issued by a range of different prepaid Issuers. Also referred to as Gift Card Centre and Gift Card Shop. An area in a retail location set aside for the sale of cards. These cards can be Closed Loop, Open Loop or Restricted Loop Cards and can be retailer or network branded. This is another Distribution Channel used to increase sales of cards. Companies that operate the logistics for these malls are often referred to as Aggregators. This can also happen online and can be an online store rather than a channel in a physical retail environment.

Incentive Agency

A company that provides services that enable its clients to reward employees with incentives or to motivate a change in behaviour of its employees.

Interchange Fee

The fee paid to the Issuer of a Network Branded Card for transaction-related costs by the Scheme/Association or Network. A Merchant Service Charge is incurred by the Merchant every time a Card is used to make a purchase or withdraw funds and paid to the Acquirer of the transactions, the Acquirer in turn pays an Interchange Fee to the Scheme/Association or Network and the Scheme/Association/Network pays a fee to the Issuer. The level of the Interchange Fee is determined primarily by the card type, transaction type, issuing country and the geographic region where the transaction was undertaken.

Issuer

The Scheme member and regulated entity which activates BINs who is the Issuer of the payment solution.

Regulated by the relevant Financial Services Authority, or equivalent, in each country.

Limited Network

Term used in the Second E-Money Directive to describe a type of prepaid Programme, where the value on the card can be used to acquire goods or services only within the premises used by the Issuer or under commercial agreement, either within a limited network of Payment Service Providers or for a limited range of goods or services. The definition of Limited Network cannot be defined by number of locations or geographic spread, although the intent behind the legislation was to prevent the over-regulation of Closed Loop Schemes where purchase and Redemption of cards stays within one retail legal entity and funds aren

Load

Funds added to a Prepaid Card or Access Device to establish or increase the balance available to the Cardholder. Depending on the type of Prepaid Card or device and the Issuer

Load Fee

A fee charged when a Prepaid Card is reloaded with money.

Load Limit

The minimum or maximum monetary value that can be loaded on to a prepaid product. Sometimes also refers to a limit on the amount of funds that can be reloaded over a period of time.

Load Merchant

A Merchant or retail location that participates in a Load/Reload Network and accepts payments for the purpose of funding or reloading a Prepaid Card.

Loyalty Solutions

Package of solutions and promotional offers focused on rewarding loyalty in order to encourage consumer behaviour, including the acquisition and retention of customers.

Magnetic Stripe

The Magnetic Stripe on the back of a card that contains the card

Multi-Retailer Card

A multi-retailer product that is available either via a paper voucher/card or code. This offers the recipient the ability to redeem the product in a range of retail stores and online Merchants.

Multi-Currency Card

A single card with different purses, each with its own currency. This enables a single card to hold funds in any of the Scheme settlement currencies and transactions to be routed and authorised in the same currency to avoid fluctuations in foreign exchange.

Mobile Wallet

See Wallet. An M-Wallet is where the mobile is an interface to access funds and pay for goods and services online or in a contactless environment. There may or may not be a physical Form Factor also associated with the Wallet.

Mobile Virtual Network Operator (MVNO)

A wireless communications services provider that does not own the radio spectrum or wireless network infrastructure over which the MVNO provides services to its customers but uses the infrastructure of the MNO.

Mobile PSP

An application that provides the link between retail mobile payments and Acquirers for processing payment transactions.

Mobile Network Operator (MNO)

Provides wireless communications services and owns or controls all the elements necessary to sell and deliver services to an end user including radio spectrum allocation, wireless network infrastructure, backhaul infrastructure, billing, customer care, provisioning, computer systems and marketing.

Merchant ID (MID)

This is required for all businesses that wish to process card payments. It identifies the Merchant

Merchant Category Code (MCC)

A four-digit number assigned to a business by the Card Brands to classify the business by the type of goods or services it provides.

Merchant Service Charge (MSC)

This is the fee charged to the Merchant for an Open Loop transaction. MSC can include an Interchange Fee, a Network Fee and an Acquirer Fee. The total MSC is determined primarily by the card type, transaction type, issuing country and the geographic region where the transaction was undertaken in relation to the geographic region/country the card was issued in. The MSC is set by the acquiring bank. Normally the MSC revenue covers all the costs and generates net revenue for the acquiring bank but, on some occasions, Acquirers may run an acquiring client as a loss leader or just a break-even account in order to acquire business, because of its strategic importance, or the volume of transactions.

Network Service Provider (NSP)

A business or organisation that provides bandwidth or network access by giving access to its NAP (Network Access Point).

Near Field Communication (NFC)

Technology that allows a transaction to be made either via a Contactless Card through a card reader, contactless Terminal or an NFC element embedded in a mobile device or an NFC tag.

Open Loop

Cards that can be used in multiple retailers and POS systems.

An Open Loop or Network Branded card whose sole purpose is to facilitate normal spending transactions, with

functionality similar to a Debit Card but without the need for a bank account. Consumer benefits include helping with budgeting, preserving anonymity, enabling internet purchases and enhanced security against card misuse.

Programme

The set of activities required to issue a payment instrument or financial product. This might include strategy, proposition, technology management, BIN Sponsorship, marketing, legal compliance, distribution, customer service, reporting and development.

Processor

A company (often a third party) appointed by a Merchant, Programme Manager or Issuing Bank to handle prepaid or other card transactions. These entities operate the Host Systems to process transactions and have links to the schemes for processing and settlement.

Private Label Card

A card that runs on a Network

Point of Sale – POS terminal

An electronic Point-Of-Sale device, cash register or Terminal, including a customer-activated Terminal, located at the physical premises of a Merchant, Load Merchant and/or Website for Chip & Pin and Magnetic Stripe bank card acceptance. The Terminals process the transaction and send the information to the network of acceptance for verification. It is capable of capturing data from Prepaid Cards and receiving electronic evidence of Authorisation responses and may also be capable of transmitting electronic evidence of sales data.

Personal Identification Numer (PIN)

A four-to-six digit code used to authenticate the identity of a Cardholder for Point-Of-Sale or ATM transactions.

Quick Response Code (QR CODE)

A matrix barcode (or two-dimensional code), readable by QR scanners, mobile phones with a camera, and smartphones.

Redemption

The act of spending some or all the value on an account accessed by a wallet or physical Form Factor.

Reloadable Card

A Prepaid Card to which value can be added at the retail location where the card was purchased or other cash reload sites, financial institution of issuance or through direct deposit of wages, tax refunds or other disbursements including Social Security, child support, welfare or other payments. Cards can also be loaded from a debit or Credit Card or by direct debit. Loads can be carried out automatically if required when a balance reaches a set level or every set time period.

Restricted Authorisation Network (RAN)

The restricted Authorisation network (RAN) is used primarily for Programmes outside or in between the traditional Closed-Loop and Network-Branded, Open-Loop programmes. A RAN, as classified by the networks, is used for building a restricted participating network of Merchants where a payment card is used without any change at the acquiring side.

Restricted Loop

A card, almost always Gift or Promotional that is accepted for payment at multiple retailers (such as those in a mall or a certain geographic location) but not universally accepted like Network Branded Cards. Often, RAN Cards

Retailer Branded Closed Loop Card

A card, usually a Gift Card, issued by a Retailer (e.g., a store or an online Merchant) for the purpose of paying for purchases exclusively from the issuing Retailer. Retailer Branded Cards may be available directly from the issuing Retailer (in store or online) or may be sold in a third-party location such as a Gift Card Mall.

Service Fee

A monthly fee levied to cover the cost of administering and maintaining the card account. This fee is usually deducted from the balance on the card.

Smart Card

A Payment Card embedded with an integrated circuit chip that communicates information to a POS Terminal. Also known as a Chip Card. The money associated with this card is not contained on the card.

Split Tender

A purchase transaction using two or more different forms of payment. If the Available Balance on a Card is insufficient to pay for the purchase, the consumer must offer another form of payment (e.g., cash or another Prepaid Card) to cover the difference. To successfully complete a Split Tender transaction, the Merchant must

ascertain the Available Balance on the network branded card using the Card Brand

Stored Valued – Pre Paid

An account where funds must be pre-loaded into it prior to spending.

Transaction Fee

Fee assessed for various activities related to a consumer

Transaction History

A record of the electronic activity initiated by a Prepaid Card. Depending on the Prepaid Card type, this may include cash withdrawals, purchases, balance inquiries, Value Loads and any other transactions/activity. The Transaction History typically includes the time, date, location and amount of the activity. With proper legal authority, the Transaction History may sometimes be used to identify illicit activity.

Transaction Details

A detection system that reviews Prepaid Card transactions to identify suspicious activity that may relate to fraud, money laundering, terrorist financing, drug trafficking or other illicit activities.

Virtual Gift Card

It refers to a digital Gift Card which can be used online, in store, and sent to the recipients via email or SMS. It carries an activation code through which it is ready for redemption at the associated store.

Virtual Pre Paid Card

Funds are accessed via a numbering system rather than a physical Prepaid Card. Funds are held on an account and redeemed online for goods or services.

Wallet – E Wallet

An electronic account where funds are held. A wallet can include cards that have access to funds rather than funds themselves. Under EU regulation, the funds are held under E-Money regulations; in other markets, the account is held under banking regulation and is thus in effect a normal bank account. The account may be either independent or linked to a Prepaid Card.