

ACEMPI | Association of Cyprus Electronic Money
& Payment Institutions

Electronic Money Glossary

Navigating through Electronic Money can often feel like reading a complex code.

Whether you are an entrepreneur or someone simply eager to enhance their financial literacy, this glossary serves as your go-to guide for understanding the terms and concepts of the Electronic Money landscape.

This glossary aims to bridge the gap between the meaning of electronic money transactions and everyday understanding, providing clear and concise explanations of key terms and principles.

In an era where financial literacy is a powerful tool for empowerment, this glossary empowers you with the knowledge needed to make informed decisions of electronic money transactions.

Whether you're a student, professional, or curious individual, our Electronic Money Glossary is your gateway to understand the terminology, empowering you to navigate the dynamic and ever-changing world of money with confidence and understanding.

Common words or phrases

3rd Country: Means a country not a member of the European Union or contracting party to the agreement of the European Economic Area signed in Porto on the 2nd of May 1992 and was adjusted with the Protocol signed in Brussels on 17 May 1993, as amended.

API (Application Programming Interface): A set of protocols and tools that allows different software applications to communicate and interact with each other, often used by EMI's to enable integration with third-party services.

Account Information Service Provider (AISP): A payment service provider that provides account information services to customers, aggregating information from different accounts held by the customer.

Acquirer: A financial institution or payment service provider that acts as an intermediary between a merchant and a card payment network such as VISA/Mastercard

ACH (Automated Clearing House): A network used for processing electronic payments and transfers in the United States and internationally.

API Integration: Integrating systems and services with third-party applications or platforms.

AML (Anti-Money Laundering): Regulations and procedures that payment service providers must adhere to in order to prevent money laundering and terrorist financing.

Average outstanding electronic money: Means the average total amount of financial liabilities related to electronic money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar year. (Definition in EU Directive)

Biometric Authentication: Using physical characteristics, such as fingerprints or facial recognition, to verify a customer's identity for secure access to their electronic money account.

Cross-Border Payments: payment transactions that involve the transfer of funds between individuals or entities located in different countries.

Card Issuer: A payment service provider that issues cards to its customers, enabling them to make payments and withdrawals.

Card Network: The payment network (e.g., Visa, Mastercard) that processes transactions made using cards issued by payment service providers

Chargeback: A dispute resolution process initiated by a customer with their payment service provider or card issuer when they believe a transaction is unauthorized or fraudulent.

Card Verification Value (CVV): A three or four-digit number on cards used to verify the legitimacy of card-not-present transactions.

Card Scheme: An organization that sets the rules and standards for payment card transactions, such as Visa, Mastercard, or American Express.

Central Bank of Cyprus (CBC): Licenses and supervises payment and electronic money institutions in Cyprus.

Disbursement: The process of transferring electronic money to recipients, such as disbursement of salaries, benefits, or incentives.

Digital Payments: Payments made using electronic money or digital currencies, typically through online transactions or mobile devices.

Digital Identity: A unique electronic identification that represents an individual or entity, used for authentication and access control in electronic money services.

Digital Financial Inclusion: The use of electronic money services to provide financial access to underserved or unbanked populations.

Dispute Resolution: The process of handling and resolving disputes related to payment transactions, including chargebacks.

Electronic Money (EM): means electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions as defined in point 5 of Article 4 of Directive 2007/64/EC, and which is accepted by a natural or legal person other than the electronic money issuer. (Definition in EU Directive)

Electronic Money Institution (EMI): A legal person that has been granted authorisation to issue electronic money. (Definition in EU Directive)

EMI License Passporting: The ability of an EMI licensed in one EU member state to offer its services across other EU member states without obtaining separate licenses.

Electronic Money Agent: A third-party entity appointed by an EMI to distribute or redeem electronic money on its behalf.

Electronic money Issuer: means entities referred to in Article 1(1), institutions benefiting from the waiver under Article 1(3) and legal persons benefiting from a waiver under Article 9. (Definition in EU Directive)

E-money Directive: The European directive that sets out the legal framework for electronic money services in the European Union.

E-Money Directive 2 (EMD2): An updated version of the EU's Electronic Money Directive, which further regulates electronic money institutions and digital payment services.

EMI Agent: A third-party entity authorized by an EMI to perform certain functions on their behalf, such as customer onboarding or payment processing.

EMI Platform: The technology infrastructure and systems used by the EMI to provide electronic money services to its customers.

EMI Account: An account provided by the Electronic Money Institution to its customers to store and manage electronic money.

E-wallet: An electronic wallet or digital wallet provided by an EMI to store electronic money and enable electronic transactions.

EMI License: A license granted by the regulatory authorities to an institution to operate as an Electronic Money Institution.

EMV (Europay, Mastercard, and Visa): A global standard for secure payment transactions, often used in prepaid card transactions.

Electronic Funds Transfer (EFT): The electronic transfer of funds between bank accounts, often used for loading electronic money into EMIs.

EMI Sandbox: A testing environment provided by regulatory authorities or industry bodies for EMIs to test their products and services before full deployment.

FATF: Is an inter-governmental body established in 1989 by the 'Group of Seven' industrial nations to foster the establishment of national and global measures to combat ML.

Freedom to provide services: The principle of freedom to provide services entitles economic operators who are already authorized to carry out business activities in one EU Member State to temporarily provide their services in another EU Member State without having to become established there.

Multi-Currency Wallet: An electronic wallet that allows customers to store electronic money in different currencies.

Mobile Money: A service that allows users to store electronic money and conduct financial transactions through their mobile devices, commonly used in regions with limited banking infrastructure.

Merchant Services: Services provided by payment service providers to businesses and merchants to enable them to accept payments from customers.

Mobile Banking: Providing banking services, including electronic money management, through mobile devices and applications.

Moneyval: It is the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe.

NRA (National Risk Assessment): Refers to the Cyprus National Assessment of Money Laundering and Terrorist Financing Risks of October 2018. It is an assessment on a national scale of the ML and TF risks that undermine the integrity and stability of the Cypriot economy, financial system and society in general, with a view to understand these risks and form an appropriate and targeted action plan with remediation measures.

NFC (Near Field Communication): A technology that enables contactless payments by allowing electronic devices to communicate with each other over short distances.

Occasional transaction: means any transaction other than a transaction that takes place during a business relationship.

P2P: A peer-to-peer (P2P) service is a decentralized platform whereby two individuals interact directly with each other, without intermediation by a third party. Instead, the buyer and the seller transact directly with each other via the P2P service.

Prepaid Card: A payment instrument issued by a payment service provider that is preloaded with electronic money and can be used for purchases or withdrawals until the balance is depleted.

PSD2 (Payment Services Directive 2): A European Union directive that regulates payment services, including electronic money, to promote innovation and customer protection.

Passporting: allows a firm registered in the European Economic Area (EEA) to do business in any other EEA state without the need for further authorization from that country. Passporting is particularly relevant to financial and banking firms located in the Eurozone with cross-border operations.

Payment Gateway: A service provided by EMIs that allows online merchants to accept electronic payments from customers.

Payment Initiation Service Provider (PISP): A service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider.

Payment service provider: means the categories of payment service provider referred to in Article 1(1) of Directive 2007/64/EC, natural or legal persons benefiting from a waiver pursuant to Article 26 thereof and legal persons benefiting from a waiver pursuant to Article 9 of Directive 2009/110/EC of the European Parliament and of the Council (1), providing transfer of funds services; (Definition in EU regulation 2015/847)

Payment Intermediary service provider: means a payment service provider that is not the payment service provider of the payer or of the payee and that receives and transmits a transfer of funds on behalf of the payment service provider of the payer or of the payee or of another intermediary payment service provider; (Definition in EU regulation 2015/847)

PCI DSS (Payment Card Industry Data Security Standard): Security standards and protocols for protecting cardholder data during electronic payment transactions.

PCI Compliance: Ensuring that an EMI's systems and processes adhere to the Payment Card Industry Data Security Standard to protect cardholder data.

QR Code Payments: Payments made by scanning QR codes using a mobile device to initiate electronic money transfers.

Reconciliation: The process of matching and verifying electronic money transactions to ensure accurate accounting and reporting.

Remittances: Cross-border electronic money transfers made by individuals to support family members or friends in their home countries.

Restricted Electronic Money: A type of electronic money with limitations on its usage, such as only for specific merchants or services.

Risk Management and Procedures Manual: Refers to the manual that sets out the processes and procedures to identify, assess, manage and mitigate an organization's potential risks relating to AML/CFT events or situations.

SEPA Instant Credit Transfer (SCT Inst): A service that enables instant cross-border electronic money transfers within the SEPA zone.

SEPA (Single Euro Payments Area): A payment integration initiative that allows for efficient cross-border electronic money transfers in euros within the European Union and some other European countries.

Settlement: The process of transferring funds between EMIs and other financial institutions to settle electronic money transactions.

Transaction Limits: The maximum amount of electronic money that can be transacted within a specific time period, as set by the payment service provider or regulatory authorities.

Tokenization: The process of converting sensitive data, such as card numbers, into unique tokens to enhance security during electronic money transactions.

Two-Factor Authentication (2FA): A security measure that requires customers to provide two forms of identification or verification before accessing their electronic money accounts.

Third-Party Payment Processor: A company that provides payment processing services on behalf of an EMI or merchant.

Transaction Monitoring: The process of monitoring electronic money transactions for suspicious activities to prevent fraud and money laundering.

Unrestricted Electronic Money: Electronic money that can be used without any limitations, subject to regular AML and regulatory requirements.

Visa and Mastercard principal member: Becoming a principal member of Visa and Mastercard allows a business to directly process and accept payments from customers using Visa and Mastercard credit and debit cards.

Virtual Currency: Digital currencies that are not issued or controlled by any government, such as Bitcoin or Ethereum. EMIs may facilitate transactions involving virtual currencies in some cases.

