

Definitions of Paper-Based Variables

1. Cheque:

A “cheque” is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand. **(Variable 1 of Annexure “I”)**.

Source: Negotiable Instruments Act 1881

2. Pay order:

A cheque like instrument issued by bank on the request of its customers or in payment of its own expenses or dues, drawn on itself, to pay a specified sum of money to the order of specified person. Payment orders are usually issued by the banks on receipt of full amounts involved, which means that it would not be returned unpaid due to lack of funds; it is also called banker’s cheque or cashier’s cheque. **(Variable 4 of Annexure “I”)**.

Source: Glossary Banking and Finance by Mr. Shakil Faruqi of SBP

3. Demand Draft:

An order to pay money, drawn by one office of a bank upon another office of the same bank for a sum of money payable to order on demand. **(Variable 5 of Annexure “I”)**.

Source: Negotiable Instruments Act 1881

Definitions of E-Banking Variables

1. ATM (Automated Teller Machine):

An electromechanical device that permits authorized users, typically using machine-readable plastic cards, to withdraw cash from their accounts and /or access other services, such as balance enquiries, transfer of funds or acceptance of deposits. ATMs may be operated either online with real-time access to an authorization database or offline. **(Variable 4 of Annexure “II”)**.

Source: Page No.08 of a Committee on Payment and Settlement Systems (CPSS) Glossary-March 2003.

2. Real Time Online Branch for Online Transactions Processing :

Online in electronic money systems, indicates that a direct connection is made to a centralized computer system for authorization or validation before a transaction can be executed. **(Variable 3 of Annexure “II”)**.

Source: Page No.35 of a Committee on Payment and Settlement Systems (CPSS) Glossary-March 2003.

Online in the context of payment and settlement systems, this term may refer to the transmission of transfer instructions by users, through such electronic means as computer-to-computer interfaces or electronic terminals, which are entered into a transfer processing system by automated means. The term may also refer to the storage of data by a transfer processing system on a computer database such that the user has direct access to the data (frequently in real time) through input/output devices such as terminals.

Source: Page No.35 of a Committee on Payment and Settlement Systems (CPSS) Glossary-March 2003.

Real time is the processing of instructions on an individual basis at the time they are received rather than at some later time.

Source: Page No.40 of a Committee on Payment and Settlement Systems (CPSS) Glossary-March 2003.

3. Offline/Computerized Branch:

Offline in the context of payment and settlement systems, the term may refer to the transmission of transfer instructions by users, through such means as voice, written or telefaxed instructions, that must subsequently be input into a transfer processing system. The term may also refer to the storage of data by a transfer processing system

on media such as magnetic tape or disk such that the user may not have direct and immediate access to the data. **(Variable 2 of Annexure “II”).**

Source: Page No.35 of a Committee on Payment and Settlement Systems (CPSS) Glossary-March 2003.

4. Credit Card:

A card indicating that the holder has been granted a line of credit. It enables the holder to make purchases and/or withdraw cash up to a prearranged ceiling; the credit granted can be settled in full by the end of a specified period or can be settled in part, with the balance taken as extended credit. Interest is charged on the amount of any extended credit and the holder is sometimes charged an annual fee. **(Variable 9 of Annexure “II”).**

Source: Page No.16 of a Committee on Payment and Settlement Systems (CPSS) Glossary-March 2003.

5. Debit Card:

A card enabling the holder to have his purchases directly charged to funds on his account at a deposit-taking institution. **(Variable 10 of Annexure “II”).**

Source: Page No.19 of a Committee on Payment and Settlement Systems (CPSS) Glossary-March 2003.

6. ATM Card:

A payment card issued to a person for activating Automated Teller Machines--computer terminals which allow consumers to make deposits and withdrawals. **(Variable 11 of Annexure “II”).**

Source: Federal Reserve Bank of New York (FRB).

7. SMART Card:

A card-based payment system that stores values for transactions on a computer chip instead of a magnetic stripe. As the card is used for transactions, the amounts are subtracted from a balance on the chip. As the balance approaches zero, the chip can be "reloaded" through a number of methods. These cards are often used in closed-systems for specific types of purchases but do not have to be so restricted. The chip also allows the owner to keep a variety of information with them at all times. **(Variable 12 of Annexure “II”).**

Source: Federal Reserve Bank of New York (FRB).

8. Point of Sale (POS) Network:

A network of banks, debit cardholders, and merchants that permit consumers to electronically make direct payment at the place of purchase. The funds transfer directly from the account of the cardholder to the account of the merchant. (**Variable 8 of Annexure “II”**).

Source: Federal Reserve Bank of New York (FRB).

Clarifications of Paper-Based Variables

- 1) Transfer payment is a transfer of value from one account to another account maintained with the same bank. It does not involve settlement with another bank. **(Variable 2 of Annexure “I”)**.

- 2) Refund cheques are paid by organizations for the purpose of refund e.g. refund of tax by CBR or any other refund. **(Variable 8 of Annexure “I”)**.

- 3) Dividend Warrants mean profit payments on shares by public limited companies. **(Variable 9 of Annexure “I”)**.

- 4) Coupons are payments made on deposit of coupons attached with Government Securities. **(Variable 10 of Annexure “I”)**.

- 5) Direct debit is a preauthorized debit on the payer’s bank account initiated by the payee. **(Variable 12 of Annexure “I”)**.

Clarifications of E-Banking Variables

- 1) Excluding cash replenishment means cash replenishment which normally does not exceed more than 5 minutes time. However, information needs to be displayed on ATM. **(Variables 1 and 2 of Annexure “III”)**.
- 2) Down time of ATM means the time for which ATM has become non-operational excluding duration scheduled maintenance with appropriate notification/guidance/information to customers. **(Variables 1 and 2 of Annexure “III”)**.
- 3) List of reasons of down time includes power break down, communication breakdown and ATM functional breakdown only. **(Variables 1 and 2 of Annexure “III”)**.
- 4) Intra-bank means transactions executed within the same bank. **(Variable 4 of Annexure “III”)**.
- 5) Intra-switch means transactions executed by the member banks of either 1-Link or MNet. **(Variable 5 of Annexure “III”)**.
- 6) Inter-switch means transactions executed by the member banks of 1-Link over MNet and vice versa. **(Variable 6 of Annexure “III”)**.
- 7) Account to account funds transfer means e.g. transfer of funds from current account to saving account and vice versa of the same customer. **(Variable 5 of Annexure “IV”)**.
- 8) Third party account to account funds transfer means e.g. transfer of funds from the account of customer X to the account of customer Y and vice versa. **(Variable 6 of Annexure “IV”)**.
- 9) Payments at POS mean the payments made to merchant connected with a point of sale terminal. **(Variable 7 of Annexure “IV”)**.