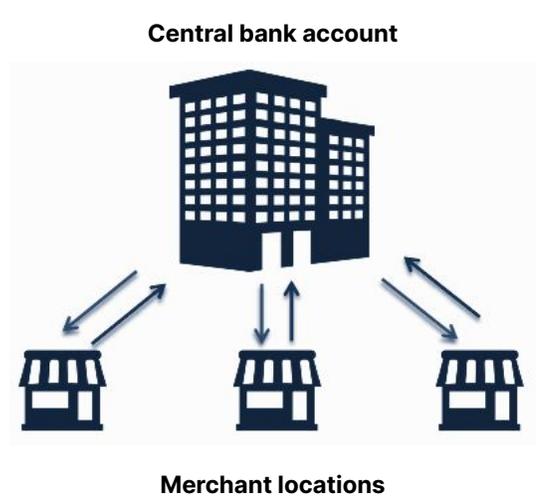


ACH Settlement Overview

Merchants with more than one location and/or more than one owner or franchise business need to track gift card loads and redemptions that occur at different locations in order to reconcile funds between locations.

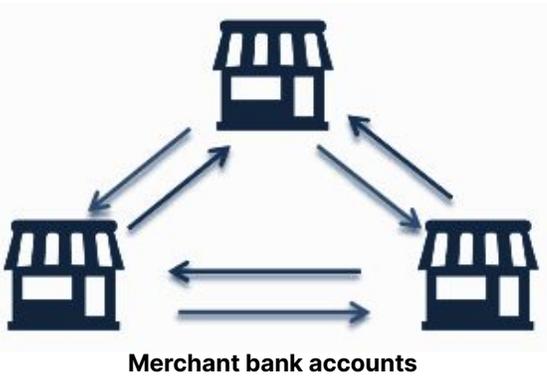
When gift cards are loaded, they are treated as a liability. Cash is being collected from the customer to purchase the gift card, but the money hasn't actually been spent; so the amount loaded onto a gift card isn't counted as revenue, until it is redeemed—thus paying back the loan, so to speak.

This funds-reconciliation process is known as ACH Settlement, often referred to as “pooling” across the industry.



Centralized Settlement

In Centralized Settlement, funds for all gift card loads are moved to the “central” bank account from all locations during each scheduled settlement. These locations are simultaneously reimbursed from the “central” bank account for all redemptions performed during the same period. Funds not yet redeemed are held in the “central” account until they are redeemed. Thus they are available to reimburse a redeeming location at any time regardless of the current status of the loading location. Centralized Settlement is the best option to protect the long-term interest of all owners and franchisees.



Decentralized Settlement

In Decentralized Settlement, funds for gift cards loaded at a particular location remain at that location until they are redeemed. If the gift card is redeemed at a different location, the redeemed amount is moved from the loading location to the redeeming location directly at the next scheduled settlement. This gives each location the option to use funds for cards purchased there for other purposes in the short run. However, this creates increased risk for individual owners in the event that a card is presented for redemption that was loaded at a now-closed location. The funds can no longer be reimbursed to the redeeming location since they became unavailable when the original purchase location closed.