

ETA Certified Payments Professional (CPP) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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SAMPLE

Questions

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- 1. What are Authorization Fees?**
 - A. Fees charged for processing refunds**
 - B. Charges to merchants for each authorization communication**
 - C. Fees that are based on monthly sales volumes**
 - D. Charges applied after transactions are completed**
- 2. What is the function of the terminal in a prepaid payment card system?**
 - A. To issue new cards to customers**
 - B. To capture transactions directly from stored value**
 - C. To verify credit limits before a transaction**
 - D. To connect to an issuer system for approvals**
- 3. What characterizes a Fat Client in computing?**
 - A. A client-centric model where software is fully installed on each client**
 - B. A thin client that relies on a server for processing**
 - C. A web-based model that requires no installations**
 - D. A mobile application that functions offline**
- 4. What does a bank routing number also refer to?**
 - A. Account number**
 - B. Transit routing number**
 - C. Financial institution code**
 - D. Bank transaction code**
- 5. In the context of card verification, what does "not processed" indicate?**
 - A. The transaction was approved**
 - B. The CVV2 was illegible**
 - C. The cardholder's account lacks sufficient funds**
 - D. The card issuer rejected the authorization**

- 6. What is a distinguishing feature of Diners Club regarding its card issuance?**
- A. All card numbers begin with "36"**
 - B. Bank-level security for transactions**
 - C. Exclusive partnership with luxury hotels**
 - D. Issued only to corporate clients**
- 7. What is a Force/Offline Transaction?**
- A. A transaction completed before authorization**
 - B. A transaction conducted without customer consent**
 - C. A transaction entered after a network service interruption**
 - D. A transaction that does not require a payment processor**
- 8. Which of the following is a critical function of a home page?**
- A. To showcase all products at once**
 - B. To act as a content archive page**
 - C. To provide links to all major sections of the website**
 - D. To only display the latest offers**
- 9. What is Customer Relationship Management (CRM) primarily focused on?**
- A. Managing company finances**
 - B. Management of relationships with clients**
 - C. Technical support for payment platforms**
 - D. Regulatory compliance in payment processing**
- 10. What does the Debit Identifier signify on debit and prepaid cards?**
- A. The card's security code**
 - B. The word 'DEBIT'**
 - C. The expiration date of the card**
 - D. The cardholder's name**

Answers

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1. B
2. B
3. A
4. B
5. B
6. A
7. C
8. C
9. B
10. B

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Explanations

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1. What are Authorization Fees?

- A. Fees charged for processing refunds
- B. Charges to merchants for each authorization communication**
- C. Fees that are based on monthly sales volumes
- D. Charges applied after transactions are completed

Authorization fees are charges imposed on merchants for each authorization request submitted to a payment processor or card network for transaction approval. When a customer makes a purchase using a credit or debit card, the merchant sends an authorization request to verify that the funds are available in the customer's account and that the transaction is legitimate. Each of these requests incurs a fee, which is typically calculated on a per-transaction basis. This is a standard practice in the payments industry and is a part of the overall cost structure that merchants consider when evaluating payment processing services. The concept of an authorization fee is integral to understanding the payment processing lifecycle, as it reflects the operational costs involved in securing transaction approvals. Recognizing these costs helps merchants manage their finances and make informed decisions about their payment processing options and agreements with providers.

2. What is the function of the terminal in a prepaid payment card system?

- A. To issue new cards to customers
- B. To capture transactions directly from stored value**
- C. To verify credit limits before a transaction
- D. To connect to an issuer system for approvals

In a prepaid payment card system, the terminal's primary function is to capture transactions directly from the stored value on the card. When a consumer engages in a transaction using a prepaid card, the terminal reads the card's chip or magnetic stripe, retrieves the stored value, and processes the transaction based on that amount. This process typically involves deducting the transaction amount from the total available balance on the card, which reflects the prepaid funds initially loaded onto it. Using a terminal in this manner allows for immediate transaction processing and real-time deduction of the funds available to the cardholder, ensuring that transactions do not exceed the balance loaded onto the card. This direct capture of transactions is fundamental to how prepaid card systems operate, focusing on ease of use and functionality for consumers who have preloaded those cards with a specific dollar amount. While other options relate to functions that may occur in different financial systems, they do not pertain to the role of the terminal within the prepaid card ecosystem. For example, issuing new cards or verifying credit limits involves processes outside of transaction capture and is not the responsibility of the terminal itself. The terminal's primary role centers on transaction processing and ensuring that the card's stored balance is accurately reflected and utilized during purchases.

3. What characterizes a Fat Client in computing?

- A. A client-centric model where software is fully installed on each client**
- B. A thin client that relies on a server for processing**
- C. A web-based model that requires no installations**
- D. A mobile application that functions offline**

A Fat Client is characterized by a client-centric model where the software is fully installed on each client device. This means that the client has the necessary processing power, storage, and resources to run applications independently, without relying heavily on a server for computation. As a result, Fat Clients can perform complex tasks, manage their own data, and provide a richer user experience by handling more processing on the client side. The motivation behind using Fat Clients typically includes enhanced performance for resource-intensive applications, greater functionality during offline mode, and reduced latency since actions can often be performed locally without constant server communications. In contrast to this, the other options describe different computing architectures. A thin client, for example, relies on a server for most processing and generally has less local capability. The web-based model mentioned does not require installations and would typically be considered a thin client approach. Lastly, a mobile application that functions offline may have aspects of a Fat Client, but it specifically targets mobile devices and does not encompass the full range of capabilities typically associated with a traditional Fat Client in computing. Thus, the defining characteristic that accurately describes a Fat Client is the complete installation of software on each client device, allowing for independent operation.

4. What does a bank routing number also refer to?

- A. Account number**
- B. Transit routing number**
- C. Financial institution code**
- D. Bank transaction code**

The correct answer is that a bank routing number is also referred to as a transit routing number. This designation is significant as it emphasizes the primary role of the routing number in identifying the specific financial institution that holds the account being referenced. Routing numbers are essential in the realm of finance, particularly for facilitating the electronic transfer of funds. They help ensure that transactions are directed accurately to the appropriate bank or credit union within the United States, allowing for smooth processing of checks, direct deposits, and automated payments. The term "transit routing number" reflects its function in the banking system—serving as a bridge or transit point for the movement of funds between financial institutions. This is particularly relevant in transactions such as Electronic Fund Transfers (EFTs) and automated clearing house (ACH) transfers, where the correct identification of the bank facilitates accurate financial exchanges. Understanding this terminology is crucial for anyone involved in the payments industry, as it underscores the importance of the routing number in the overall banking and payment processing ecosystem.

5. In the context of card verification, what does "not processed" indicate?

- A. The transaction was approved**
- B. The CVV2 was illegible**
- C. The cardholder's account lacks sufficient funds**
- D. The card issuer rejected the authorization**

In the context of card verification, when a transaction status is labeled as "not processed," it specifically indicates that the CVV2 (Card Verification Value 2) was illegible. This status typically arises when the security code on the back of the card cannot be read or is not properly entered, preventing the transaction from moving forward in the authorization process. This status is crucial because the CVV2 serves as an additional layer of security, helping to confirm that the person making the transaction has the physical card in their possession. If the CVV2 cannot be verified due to legibility issues, the transaction is marked as "not processed," highlighting the need for accurate card details to complete the verification process successfully. In contrast, other options like transaction approvals, insufficient funds, or a rejection of authorization involve different aspects of transaction status or cardholder account conditions.

6. What is a distinguishing feature of Diners Club regarding its card issuance?

- A. All card numbers begin with "36"**
- B. Bank-level security for transactions**
- C. Exclusive partnership with luxury hotels**
- D. Issued only to corporate clients**

A distinguishing feature of Diners Club is that all card numbers begin with "36." This numbering system is significant because it is part of the ISO/IEC 7812 standard, which assigns specific ranges of card numbers to different credit card companies. The "36" prefix helps identify Diners Club cards and distinguishes them from cards issued by other financial institutions. This characteristic is particularly important in the context of processing payments and helps merchants quickly recognize the card type during transactions. While other features of Diners Club may include premium services or security measures, the uniqueness of its card number range is a fundamental aspect of its identity in the payments landscape.

7. What is a Force/Offline Transaction?

- A. A transaction completed before authorization
- B. A transaction conducted without customer consent
- C. A transaction entered after a network service interruption**
- D. A transaction that does not require a payment processor

A Force/Offline Transaction refers to a transaction that is processed during a period when the payment network is down or unavailable. When merchants experience network service interruptions, they may still allow cardholders to make purchases by capturing the transaction information offline. This information is then stored and submitted for processing once the network connectivity is restored. This process is crucial as it ensures that sales can still go through even during unexpected technical outages, which can be incredibly important for maintaining business operations and customer satisfaction. Understanding the context around this type of transaction is essential, particularly in scenarios where a retailer or service provider needs to ensure continuity despite connectivity issues.

8. Which of the following is a critical function of a home page?

- A. To showcase all products at once
- B. To act as a content archive page
- C. To provide links to all major sections of the website**
- D. To only display the latest offers

A critical function of a home page is to provide links to all major sections of the website. This role is fundamental because the home page serves as the main entry point for users navigating the site. By organizing and presenting links to key areas—such as product categories, services, support resources, and other essential information—it helps users quickly find the content they are looking for. This connectivity is essential for creating a user-friendly experience, as it allows for intuitive navigation. Users would typically enter a website not necessarily knowing where to find specific information; therefore, having a well-structured home page that directs users to various sections makes the website more accessible and enhances usability. The other choices do not encapsulate the primary intent of a home page. Showcasing all products at once can overwhelm users and detract from the specific goal of navigation. Acting as a content archive is not a typical function of a home page, as archives are usually relegated to specific areas for easier management and access. Displaying only the latest offers can limit the scope of what users can see and can be less useful if they are looking for comprehensive information. Instead, the focus of a home page should be on guiding visitors to explore all available sections of the website effectively.

9. What is Customer Relationship Management (CRM) primarily focused on?

- A. Managing company finances**
- B. Management of relationships with clients**
- C. Technical support for payment platforms**
- D. Regulatory compliance in payment processing**

Customer Relationship Management (CRM) is primarily focused on the management of relationships with clients. This concept emphasizes the strategies, tools, and practices that businesses use to analyze and improve interactions with their customers throughout the customer lifecycle. The goal of CRM is to enhance customer satisfaction and loyalty, ultimately leading to increased sales and profitability. By utilizing CRM systems, a company can gather customer data, track interactions, and manage customer service issues more effectively. This leads to a more personalized experience for the customer, fostering stronger relationships. Businesses use CRM not just to maintain contact with current clients but also to identify opportunities for upselling and cross-selling products or services based on customer preferences and behaviors. While managing company finances, providing technical support for payment platforms, and ensuring regulatory compliance are all important aspects of a business operation, they do not embody the primary focus of CRM, which is decidedly centered around improving client relationships and enhancing customer experiences.

10. What does the Debit Identifier signify on debit and prepaid cards?

- A. The card's security code**
- B. The word 'DEBIT'**
- C. The expiration date of the card**
- D. The cardholder's name**

The Debit Identifier, represented by the word "DEBIT," is a key feature on debit and prepaid cards. Its main purpose is to clearly indicate to merchants and payment processors that the card being used is a debit card, as opposed to a credit card. This distinction is important because it guides how transactions are processed, specifically in how funds are accessed. When a debit card is used, the transaction typically withdraws money directly from the cardholder's bank account, thereby allowing for real-time fund availability checks. This identifier is crucial in reducing the confusion that might arise in a transaction scenario where both debit and credit cards may be in play. By prominently displaying the term "DEBIT," it ensures that all parties involved in the transaction are aware of the card's nature and functionality, thereby minimizing potential processing errors and speeding up the checkout process. Other options represent important elements associated with cards but do not define what the Debit Identifier specifically signifies. The security code is a separate form of information used for card verification, while the expiration date and cardholder's name pertain to card validity and identification respectively, but none of these elements communicate the card's payment type in the same direct manner as the word "DEBIT."