Network Tokenization for E-Commerce
Why & How

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Update the card on file for Recurring Subscription

Payment Information

- Credit Card Number
- Postal/Zip
- Expiration Month
- Security Code
- Expiration Year

UPDATE CARD

Secure Server
Projected Fraud Loss in the US ($ billions)

- Point of Sale (POS): 2014 - 6, 2018 - 5

Source: Javelin Strategy & Research (2015)
Balancing security and convenience is critical

Digital fraud continues to rise globally

Leading to unnecessary false transaction declines

...and lower revenue

Card Not Present Fraud on the Rise
Online card fraud to rise from $4 billion to $7.2 billion by 2020

13x

1

The amount of actual fraud

66%

stopped shopping with that retailer after a false decline

Types of e-commerce tokens

Proprietary token

Gateway (PCI) Token

Network (EMV) Token

Payment Initiation

Gateway (PSP) Acquirer/Processor

Payment Network

Issuer
Network Tokenization for E-Commerce

- Based on EMVCo specifications
- Obfuscate original PAN with Network token
- Utilize dynamic data (i.e. cryptogram) with each transaction
- Employ domain controls (i.e. specific to a device or merchant) to render an intercepted token virtually useless
Why Network Tokenization?

Security

- Enable card credentials to be tokenized during the entire transaction flow
- Require transaction cryptograms by most networks, and likely all in the near future
- Reduce risk of malware, phishing and data breaches
- Already a proven and widely supported technology for card-present transactions
Why Network Tokenization?

Higher approval rates / fewer card declines

- Network fraud scoring in concert with issuer fraud systems
- Approval rate increases of 7-10%
Why Network Tokenization?

Lifecycle Management

• Uninterrupted service when a card is lost, stolen or expired
• No effort required from consumer or merchant
• Token on file remains the same with merchant
Why Network Tokenization?

Customer Convenience

- Track where payment credentials are stored from mobile/online banking
- Disable a payment credential stored on file
In Summary: Why Network Tokenization?

**Increased security**
Token is used throughout the payments ecosystem

**Higher approval rates**
Higher approval rates lead to increased revenue

**Customer Convenience**
Enable customers to keep track of where cards are stored
What is a Token Gateway?

A single interface to all network tokenization services

Token Requestor (PSP/Acquirer/Gateway) — Token Gateway

- VISA
- MDES
- AMEX TS
- DDX
- Local debit
Thank You