Your source for payments education

NETWORK TOKENS
Promises vs. Reality

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Key Takeaways

- Network Tokens Overview
- Network Tokens vs. PCI Tokens
- Understanding TRIDs
- Network Token Flows
- Promises vs. Reality
    - Higher Authorization Rates?
    - Reduced Fraud?
    - Feature Spotlight: PAR
- Considerations for Using Network Tokens

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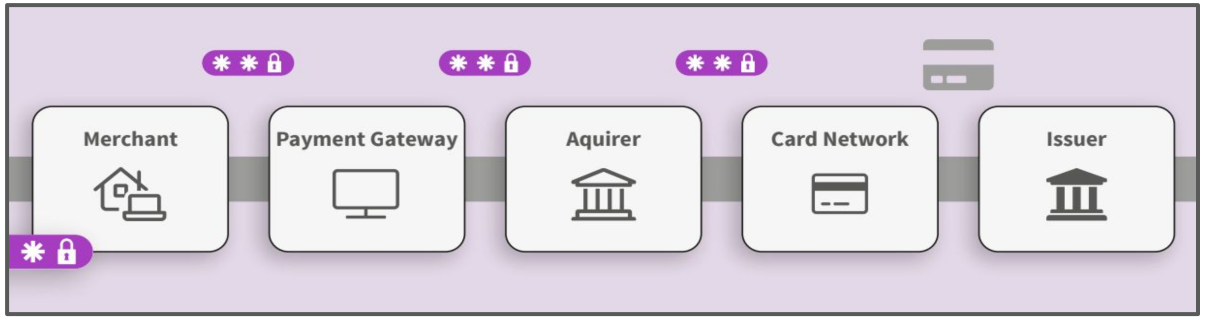
Network Tokens Overview

- Network Tokens are provisioned in partnership with the networks.
- Generate a single-use cryptogram for customer-initiated transactions.
- Unique to a Token Requestor ID (TRID) and a domain.



Reduced Fraud

Increased Authorizations

Lower Processing Costs

Improved Customer Experience

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Network Tokens vs. Universal Tokens

Network Tokens

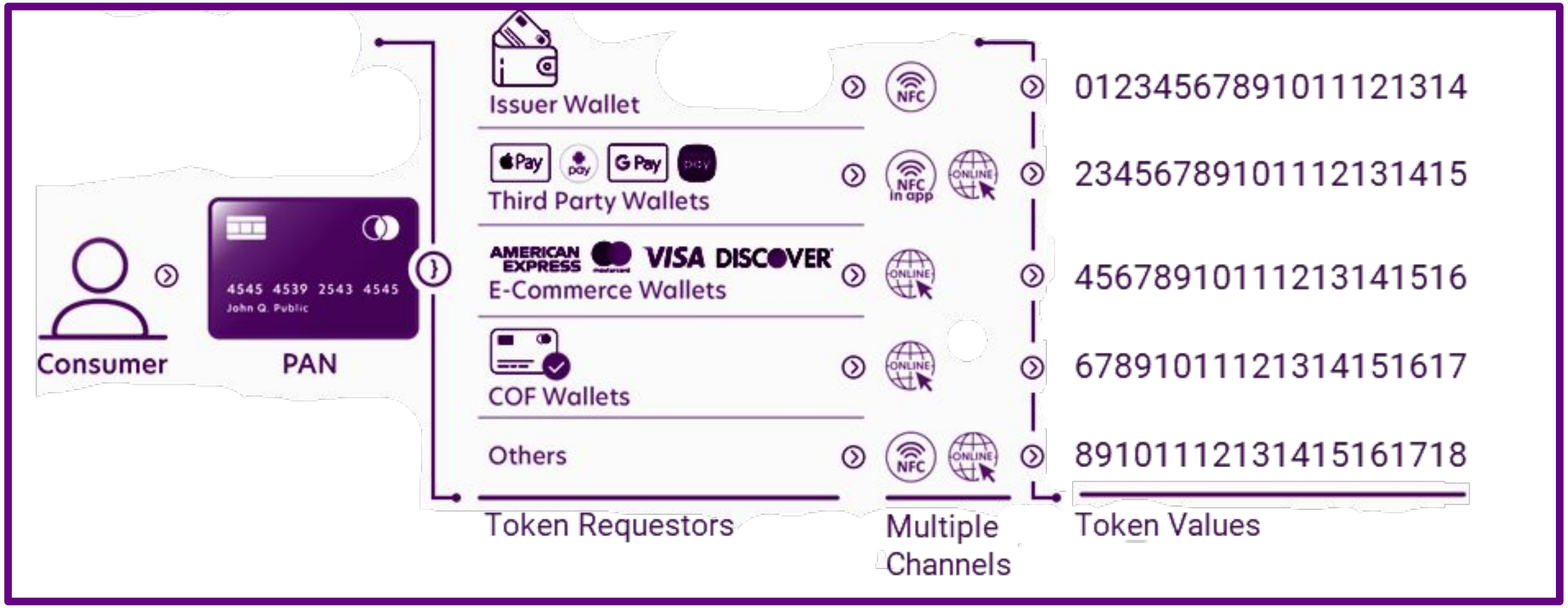
- Based on EMVCo Payment Tokenization Specification
- Generated by the card schemes - Mastercard, Visa, American Express, Discover, etc.
- Can be passed through the payments ecosystem before being de-tokenized by the card scheme
- Uses a token specific BIN range and does NOT preserve the last 4 in the token itself
- Always a Luhn compliant numeric value

Universal Tokens (PSP/PCI Tokens)

- Not based on a single industry standard & exist in the merchant ecosystem
- Generated by a payment gateway, PSP, or independent TSP like IXOPAY
- Must be de-tokenized by the gateway, PSP, or TSP before being passed into the payments ecosystem
- May retain elements of the underlying PAN in the token
- Can be alphanumeric

Examining Lower Fraud

Network tokens are unique to a Token Requestor ID (TRID) and a domain



Network tokens also are typically used for card-on-file transactions, which already have lower fraud rates.

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Network Tokens: Processing Results

On average, **2–3% uplift** in authorization rates is realistic and proven when switching to **network tokens** for Visa and Mastercard, with greater potential gains in subscription-heavy or recurring billing models.

But Keep In Mind....

- Authorization rate lifts will vary based on issuer and region.
- % uplift will vary by sector and merchant.
- Pay attention to your decline codes - network tokens can't solve for insufficient funds.

Authorization Rate Uplift with NTs by Merchant Type

Subscription Services	*+3–5%*
Retail / E-Commerce	*+1.5–2.5%*
Digital Goods	*+3–4%*
Travel & Hospitality	*+2%*

Source: Visa & Mastercard

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Payment Account Reference

Payment Account Reference

- Introduced in 2017 by EMVco to address a specific problem: **Too Many Payment Tokens** (esp. domain-specific NTs)

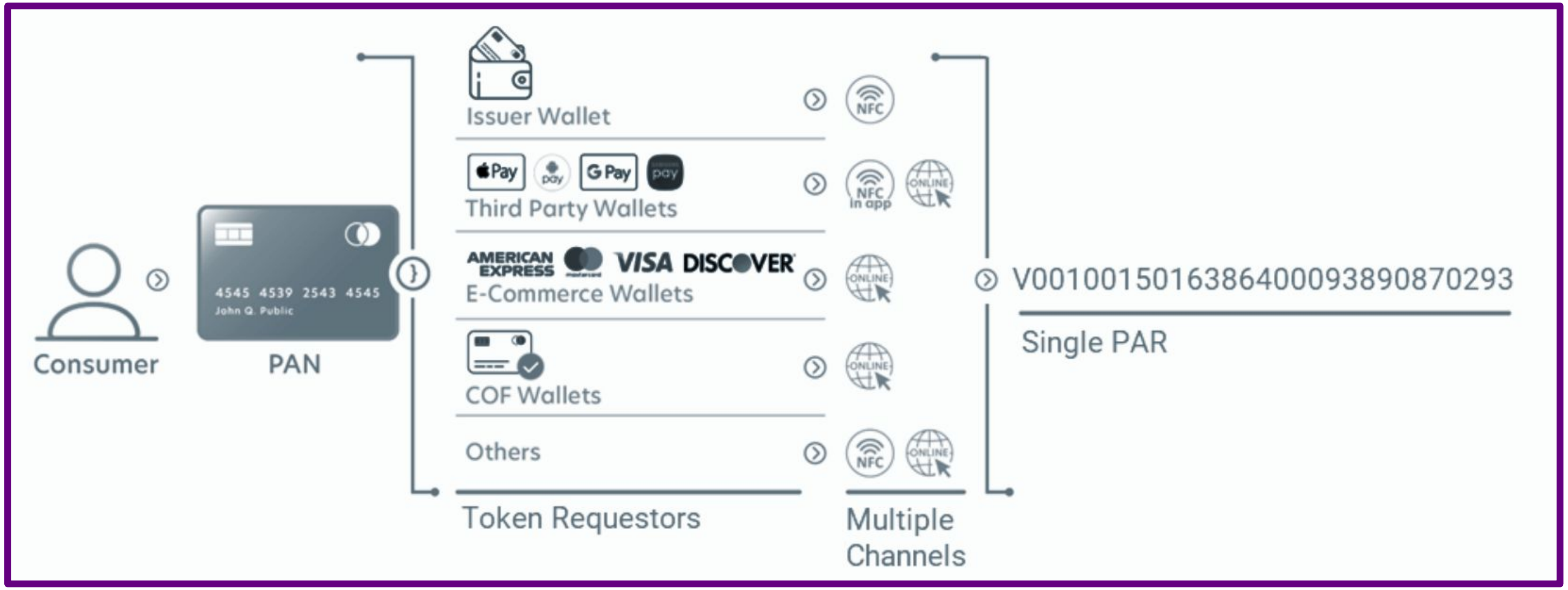
- PAR reference itself is a 29-digit alpha-numeric value.

- PAR value remains consistent to that card account through any card-updates and for any payment token based on the account.

- No PCI scope (considered “non-sensitive”)

Useful NT Features: PAR

Payment Account Reference (PAR) is a non-sensitive reference for the PAN.



With so many domain-specific network tokens, PAR values provide important visibility.

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Important Questions & Considerations

Still a Dual Universal & Network Token World

Utility & Versatility of Universal Tokens complement the usage of network tokens in the payments environment.

What Are the Cost Considerations for NTs?

Consider network fees (e.g. VDCU), usage costs, and provisioning costs. Balance with benefits, usability, & embedded features like PAR and card-art.

Uneven Gateway/PSP/Acquirer/Support For Network Tokens

Gateways may not accept 3rd-party NTs and other players may not support cryptogram. May impact fraud or refund flows.

Is it important to obtain my own TRID to Provision Network Tokens?

TRIDs are usually gained in days or weeks and offer portability.

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Thank You

- Kiel Cook, Principal Product Manager, IXOPAY
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- Don't forget to submit your session evaluation!

- Need more payment education?

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