TOKENIZATION

2 truths and a lie

WHAT IS TOKENIZATION?

Tokenization is the foundation for secure, digital payments and is the first step to enabling a mobile wallet. It's a critical tool to modernizing your payments platform.

FIS provides accurate information when discussing why tokenization is important for your financial institution.

TRUTH – BY TOKENIZING YOUR BIN, YOU PROVIDE A BETTER CARDHOLDER EXPERIENCE.

- Tokenizing your BIN allows your cardholders to move their payment credentials into the retailer and payment platforms in a secure, fast and convenient manner.
- Tokenization empowers mobile contactless payments, which is quickly becoming the most convenient way to pay – in as little as one second. And with recent pandemic events, and an increased focus on hygienic payment options, this behavior is likely to take hold.
- Now more than ever, flexibility in the way cardholders pay is critical. There are many popular mobile apps that let a consumer to either directly key enter or scan a debit or credit payment card and store on file, or link their account and load money into the digital wallet for use in paying in app and online.
- The wallet feature in a retailer branded app is merely a way for the retailer to drive smoother and more efficient checkout process while remaining close to their most valuable customers.
- This provides an easy, frictionless way for your cardholders to use your card no matter what app they're in.

61% of consumers prefer a frictionless checkout process due to the slower check-out process that resulted from addition security measures *(According to Celent poll, from "Debit in the new decade" by Jay Weber; 2/10/20)*

TRUTH – BY NOT TOKENIZING YOUR BIN, IT COULD RESULT IN REDUCED TRANSACTION VOLUME.

Cardholders who receive in-app messages of "not supported" for wallets such as Apple Pay, Samsung Pay and Google Pay may choose another card in their wallet. This is especially true for those who have already experienced a great mobile app experience, or have experienced a quick, single click checkout.

- Not supporting tokenization could result in reduced transaction volume, lost interchange income, disrupted brand loyalty and reduced deposit balances over time. Broader relationship erosion may soon follow.
- If cardholders lose your trust, they will go elsewhere.

59% of consumers said a data breach had a negative impact on their trust in the affected company. The legacy payment card experience we have grown accustomed to may be vulnerable to becoming disconnected from the financial institution, and top-of-wallet status among cardholders could be in jeopardy. *(From 2018 CA Technologies/Frost & Sullivan study)*

LIE – TOKENIZATION IS NOT SAFE TO USE.

By tokenizing your BINs, your cardholder's mobile payments have multiple layers of dynamic encryption. This makes it extremely secure to pay online or at a store. They're safer than magstripe payments, and use the same security as EMV chip card payments plus more. In fact, if you're using a mobile payments app with biometrics, it's arguably *more* secure than an EMV chip card payment. And tokenization can reduce the scope of systems that fall under PCI DSS, the Payment Card Industry Data Security Standard.

- Tokenization helps protect your shopping activities. The retailer may never actually see or store the payment card number. A unique token is generated for each retailer — so if a retailer has a security breach, all tokens issued to that retailer can be disabled without you having to replace your card, or disrupt all the other places your payment card has been stored and tokenized.
- With tokenization, actual card numbers are protected in the general payment stream, greatly reducing the liability and exposure that a security breach can cause.
- Without tokenization, actual card numbers are seen and stored by multiple entities in the payment stream.

Isn't it time to modernize your payments platform?

LET US HELP YOU EVALUATE WHERE YOU SHOULD BE ON YOUR JOURNEY TO PAYMENTS MODERNIZATION.

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