Carat

Network Token Service

Reduce fraud and create a seamless, frictionless payment experience

Network Tokens offer increased security and fraud reduction while creating a seamless payment experience for merchants. Network Tokens are offered by the card networks and used in place of the PAN during authorization. Fiserv has completed integration into the four card networks (Visa®, Mastercard®, American Express® and Discover®) and will provision Network Tokens on behalf of the merchant.

Client Benefits

- Network Tokens reduce PCI Scope by removing sensitive payment data from the merchant's environment. Network Tokens are unique to a merchant
- Declines due to fraud are reduced when using Network Tokens. Fraud on the PAN will not impact the merchant's network token
- Network Token fraud screening is performed up front during provisioning, which reduces false declines by lowering the need to screen for fraud during card-on-file transactions
- Improved Payment and Checkout Experience – Consumer enjoys a frictionless payment experience. Network Tokens are dynamically updated in real time to ensure credentials are always up to date
- Merchants can benefit from potential cost savings by leveraging Network Tokens as this will reduce the proposed increase in interchange fees by card networks

Fiserv Added Value

Fiserv provides a single integration point for Network Tokens for all four card networks. Merchants can implement the Network Token Service with little to no coding through the legacy Fiserv integration points. Network Token Service is enhanced with existing Fiserv products including TransArmor, Authorization Optimization and Least Cost Routing.

Fiserv solves key pain point with Network Tokens

Issuers must accept Network Tokens in their authentication and authorization processes. Issuers new to Network Tokens may decline them at higher rates

→ Using Fiserv Authorization Optimization with Network Tokens will reduce declines due to Issuer acceptance of Network Token. Authorization Optimization will attempt to authorize with the Network Token and PAN

Merchants give up least-cost debit routing in the U.S. for transactions with Network Tokens

→ Fiserv Least-Cost Routing service will retrieve the PAN for debit network routing

Network Tokens are only available for Card Not Present (CNP) transactions. Merchants still need to protect their Card Present (CP) transactions with encryption and tokenization. This will result in managing two token vaults for CNP and CP

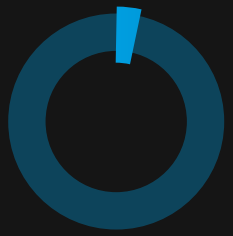
→ TransArmor® provides an Omnichannel Token that can be used across the merchant environment. The TransArmor Token will be tied to the PAN and Network Token

Network Token Stats

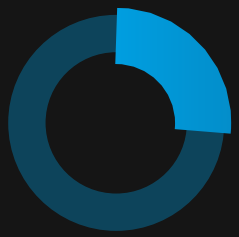
Card networks are offering incentives to adapt Network Tokens. As of April 2022, Visa will increase the interchange rate for CNP transactions initiated with a PAN

Transacting with network tokens provides an average 3.2 percent authorization uptick over using PAN for CNP transactions[1]

When merchants leverage Visa-Issued Network Tokens, fraud rates decline by an average of 26 percent[1]



3.2%
Approval Uptick



26%
Decline in Fraud Rate

Source: 1. Visa

How It Works

Network Token Provisioning Styles Network Token “On-the-Go”

Fiserv will authorize with PAN and provision a Network Token in the background. Network Token will be used for the next transaction with that PAN

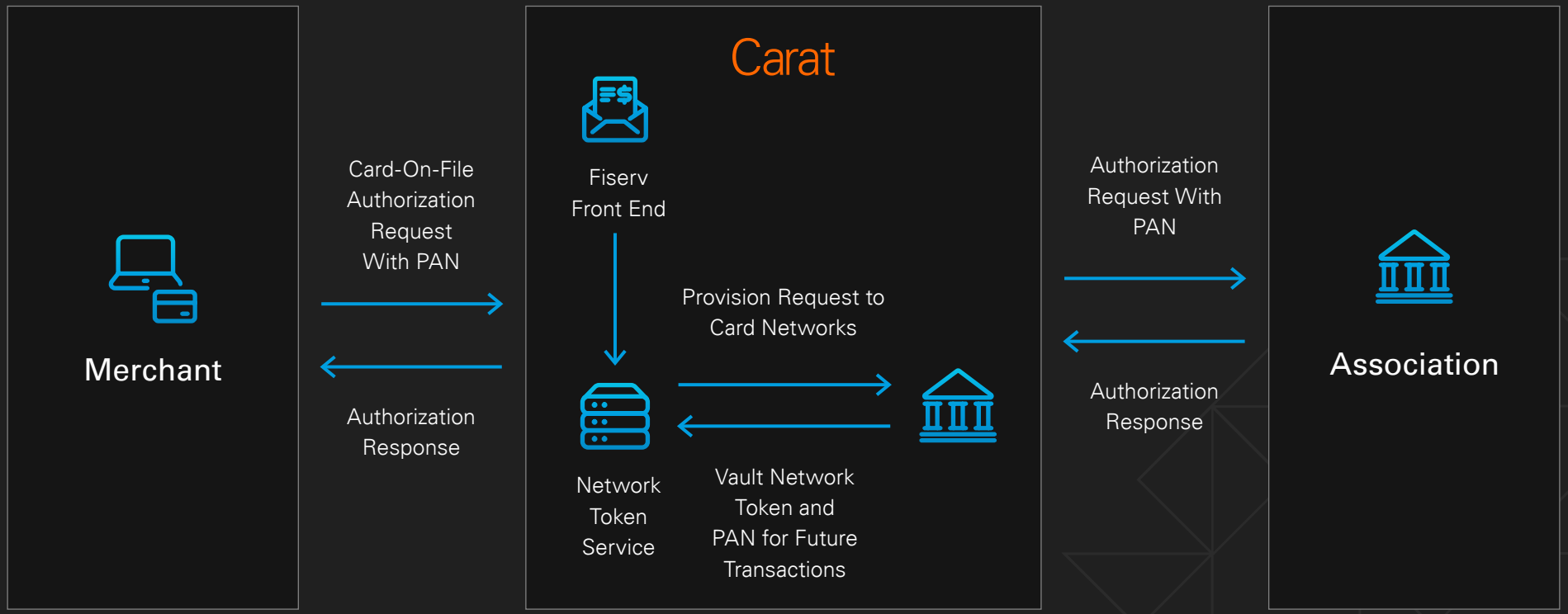
Network Token “Standard”

Merchant provisions through batch option or CommerceHub API and sends PAN or Network Token for authorization

Network Token “Hybrid”

Merchant uses a combination of provisioning options

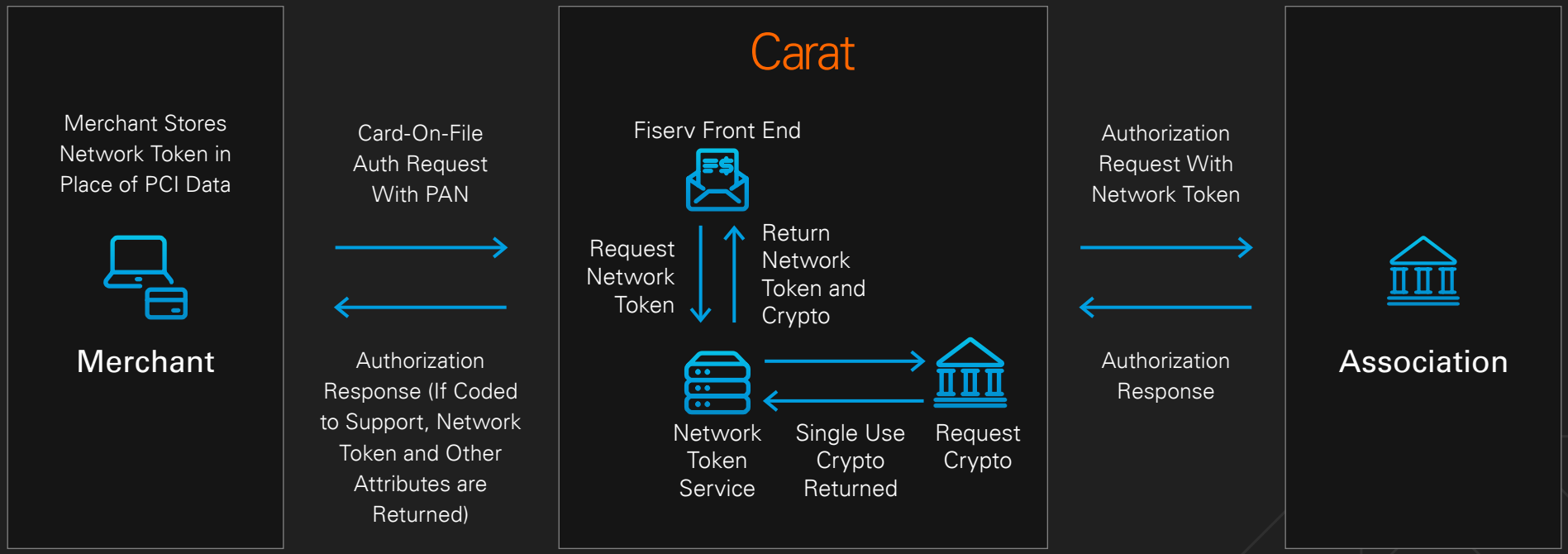
Provisioning Flow



Transaction Flow

Network Token Authorization Flow

- First transaction following Provision request with Network Tokens "On-the-Go"
- Subsequent transactions can be initiated with Network Token



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