

MOBILE

## Visa introduces token service to top off mcommerce's fruitful year

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*Visa is going global with tokenization efforts*

By STAFF REPORTS

Visa is collaborating with United Overseas Bank to roll out its first tokenization service in Asia Pacific, underscoring the need for enhanced digital security as mobile payments cement their top status in the world of commerce.

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The Visa Token Service replaces personal account information located on credit cards, such as the 16-digit account number and security code, with an individual digital identifier that acts as a token. This token will digitally process payments and keep account details secure while the tokenized card links to the user's mobile wallet application and smartphone.

"Tokenization is the lynchpin of Visa's strategy in a commerce ecosystem that is increasingly influenced by connected devices," said Jordan McKee, senior analyst of mobile payments at [451 Research](#). "Visa will inevitably bring the Visa Token Service to all geographies where it has a presence in hopes of enhancing the security of every digital transaction that involves a Visa card."

"Tokenization brings heightened security and ease of use to consumers, thus removing critical hurdles on the path to adoption of mobile payments."

Anchored to mobile

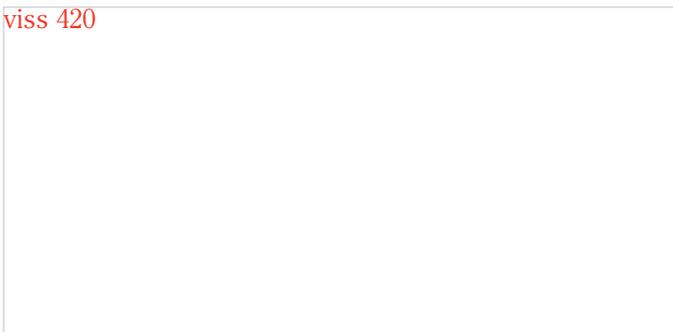
Tokenization is increasingly becoming a must-have feature for any financial marketer boasting mobile payment options. Visa cards that are tokenized also have the status of being domain-controlled, resulting in a linkage between the card and the customer's smartphone and mobile wallet of choice.

This ensures that personal credit information remains secure and readily available on users' devices. Tokenized cards will be validated in real-time thanks to VisaNet, the brand's global payment processing program.

Consumers in the Asia Pacific region will now be able to enjoy access to this feature, which was first introduced in 2013 by Visa and other similar marketers.

United Overseas Bank is integrating the Visa Token Service into its UOB Mighty digital wallet, enabling Visa debit or credit cardholders to engage in contactless payment transactions with NFC-enabled Android devices.

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## *Visa's tokenization service will promote greater payments security on mobile*

To use the service, consumers must open the UOB Mighty app, choose the "Pay" function, enter their PIN code and tap to complete a purchase at all NFC-equipped terminals in Singapore and other overseas locations.

While other financial brands have previously introduced tokenization for mobile apps, such as MasterCard, Visa is attempting to secure widespread usage of its service by branching out to new markets.

This past June, MasterCard launched tokenization for merchants using its Digital Enablement Services to help these businesses assure their customers of the safety of their mobile programs, as security has moved to the forefront of concerns regarding smartphone shopping ([see story](#)).

However, merchants must ensure that their adoption rates are high and that the NFC terminals function to the best of their abilities.

"While initial consumer uptake has been reasonably strong by millennials and high income individuals, ongoing use has been much lower because few merchants today accept NFC payments," said Tim Sloane, vice president of payments innovation at [Mercator Advisory Group](#). "When consumers are unable to make the mobile payment work, they simply resort to the card, which works almost every time."

Biometrics has also been a key area of focus for both MasterCard and Visa, proving that safeguarding customer data is a top concern for marketers seeking to retain current customers and also gain new ones.

Additionally, Visa expanded its tokenized transactions to reach a variety of major retailers earlier this year. More than 110 merchants with Visa Checkout integration are now able to provide token services to mobile users, with participants including brands such as Pizza Hut, Gap and Neiman Marcus.

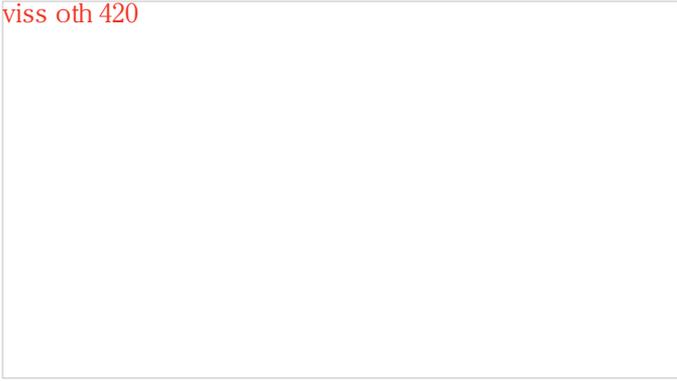
Visa may have a leg up on its competitors by branching out to foreign markets, especially ones with high smartphone usage. United Overseas Bank's Singaporean customers will be able to make contactless payments at the point-of-sale terminals in gas stations, supermarkets and other shops.

### **Simplifying purchases**

Visa hopes to offer more streamlined purchasing experiences for its consumers, with the added benefit of increased security. While many mobile users have become less wary of privacy issues surrounding their smartphones, the protection of personal financial data is still of paramount importance to each individual.

Consumers can also expect to see other major financial institutions play catch-up when it comes to launching tokenization tools.

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### *NFC-enabled terminals are gaining steam among merchants*

"Tokenization will be a mainstay in commerce as more and more transactions migrate to digital channels," Mr. McKee said. "Financial institutions offering digital wallets and related services would be wise to implement tokenization in the near-term in effort to curb rising fraud rates."

"Fraudsters migrate to the point of least resistance, meaning those financial institutions that have neglected to implement tokenization will be at increased risk as time goes on."

### **Final Take**

*Alex Samuely, staff writer on Mobile Commerce Daily, New York*

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