

TOKENISATION MAY AID SAFE DIGITAL TRANSACTIONS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

The Reserve Bank of India's (RBI) decision to allow card payment providers to offer tokenisation services will ensure the safety of digital transactions and reduce chances of fraud, industry players said.

Tokenisation involves a process in which a unique token masks sensitive card details like card and CVV number. The token is used to perform card transactions in contactless mode at Point Of Sale (POS) terminals, Quick Response (QR) code payments, etc.

Devaluing data

"Tokenisation is the foundational aspect of taking payment security and safety to the next level by devaluing data and replacing payment credentials with tokens," said T.R. Ramachandran, group country manager, India & South Asia, Visa that offers Visa Token Service.

According to a study by Zion Market research, global mobile payments are expected to top \$3.3 trillion by 2024, at a CAGR of 60% between 2018 and 2024. Tokenisation is expected to increase digital transactions in India.

The way the token will work is like this — the debit or credit card holder will create a code for a particular amount, say Rs. 500, through an app in the form of a number. That number will have the amount that can be spent, the merchant type where it can be spent as well as time within which the transaction needs to be completed. Then the number can be shared with the merchant who will enter it in the mobile, to get the payment for the items sold.

Advantage customer

"For the customers it is a situation to rejoice as all frauds go for a toss. Because I do not need to enter my card number, CVV, expiry date etc online, I can generate a token and make the payment. There is no risk at all for digital payments," said Anand Kumar Bajaj, MD & CEO, PayNearby — a technology provider for using Aadhaar-enabled payment services. Commenting that tokenisation is central to Mastercard's goal of achieving secure and frictionless payment experience, the global payment gateway said, "Mastercard's tokenisation service, Mastercard Digital Enablement Service (MDES) has been live in more than 50 over countries with over 1,500 banks enabled for tokenisation."

MDES has been adopted in Asia Pacific region with more than 100 banks for various token requestors such as Samsung, Google, Apple, Fitbit, Garmin and several others.

"Mastercard is working with all stakeholders in the Indian payments ecosystem — banks, merchants, PSPs and acquirers — to make sure that every card is token-ready, and can be used at a vast variety of outlets, both online and in-store," it added.

END