Payliance™

Network Tokens for Card-on-File Payments

Turn Issuer Scrutiny Into Approval Lift



The Hidden Tax on Subprime Lending: Declining Good Payments

Your borrowers qualify. Your underwriting is sound. But payment approvals tell a different story.

In subprime and near-prime lending, **card declines aren't just fraud protection, they're revenue leakage**. Every legitimate payment that fails costs you money, creates servicing friction, and damages borrower relationships. The problem isn't your borrowers' willingness to pay. It's that **issuers don't trust the credentials you're using**.

Static card numbers stored in your system trigger heightened fraud controls. Expired cards create payment gaps. Reissued cards break recurring payment strings. The result: **approval rates that don't reflect the true quality of your portfolio**.

The Solution: Network Tokens

What Issuers Trust, They Approve

A network token replaces your stored card number with a credential that **Visa, Mastercard, Amex, and Discover vouch for directly**. Instead of presenting a static PAN that issuers view as higher-risk, you present a network-validated token that signals:

- **Domain-restricted security** (works only for your business)
- **Network-level authentication** (verified by the card brand)
- **Automatic credential freshness** (survives card reissues and expirations)

The effect is designed to be immediate: issuers are more likely to approve tokenized transactions because the network itself has certified the credential as lower risk.

Why This Matters to Lenders Serving Credit-Challenged Borrowers

Subprime portfolios already face issuer skepticism. Traditional card-on-file storage compounds the problem by adding **credential risk on top of credit risk**.

Network tokens separate the two. Your borrower's credit profile doesn't change, but **the issuer's view of the payment credential does**. That shift has the potential to move marginal declines into approvals, especially in environments where incremental improvements in approval rates translate to material revenue.

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Payliance Network Token Options

We offer flexible implementation paths to match your current infrastructure and strategic timeline.

Option 1:

Bring Your Own Tokens

Available Immediately

How It Works:

- You provide network tokens from your existing token provider
- Payliance provisions and processes transactions using those tokens
- Tokens remain network-managed throughout their lifecycle

Best For:

- Lenders with existing token sources
- Organizations wanting immediate approval lift with minimal operational change
- Teams maintaining current tokenization relationships

What You Get:

- Immediate 2-4% approval rate improvement on tokenized transactions
- Automatic updates when cards expire or are reissued
- Reduced fraud exposure and PCI scope for tokenized credentials
- Zero impact on borrower experience

Option 2:

Payliance-Provisioned Tokens

Available Immediately

How It Works:

- Payliance converts PANs to network tokens at payment origination
- Full lifecycle management across all recurring transactions
- End-to-end token coverage for your entire card portfolio

Best For:

- Lenders without existing tokenization infrastructure
- Organizations ready to transform their entire card payment stack
- Teams seeking comprehensive, managed tokenization

What You Get:

- Portfolio-wide 2-4% approval optimization across all card transactions
- Complete elimination of expired-card payment failures
- Stronger network trust signals on every transaction
- Future-proof security architecture with no token management overhead

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How It Works

When a customer enters their card:

1. Merchants send the card number to either their token provider or Payliance.
2. The card network generates a token instead of sharing the real card number.
3. The merchant stores and uses the token for future transactions.
4. When a payment is submitted, the token is sent to the network with a cryptogram specific to that merchant.
5. The network detokenizes it behind the scenes and routes the transaction to the issuer for authorization.

Because the networks control the token lifecycle, they can automatically update tokens when cards expire or are reissued, reducing declines and improving security without the merchant ever handling the raw card number.

Value by Decision Maker

CEO:

Protect Revenue, Grow Lifetime Value

Every declined payment is a borrower who wanted to pay you but couldn't. Network tokens are designed to convert those lost opportunities into captured revenue.

Impact:

- 2-4% approval rate improvement on legitimate card-on-file transactions
- Reduced borrower churn from payment friction
- Higher lifetime value as payments succeed more consistently
- Differentiation in portfolio performance

Bottom Line:

The same underwriting, better revenue capture.

CFO:

Better Unit Economics on Every Transaction

Payment failures cascade into costs: retry fees, exception processing, write-offs on avoidable delinquencies. Network tokens are designed to reduce those costs at the source.

Impact:

- Lower retry and transaction failure costs
- Reduced fraud losses and chargeback exposure
- Fewer manual interventions in payment operations
- Improved cash flow predictability

Bottom Line:

More margin on the same volume.

COO:

Less Noise, More Scale

Payment failures create operational drag: servicing calls, dunning campaigns, collection workflows triggered by system problems, not borrower intent. Network tokens are designed to eliminate an entire category of operational exceptions.

Impact:

- Automatic card credential updates (expired cards no longer create payment events)
- Fewer "card declined" escalations to servicing teams
- Cleaner reporting and fewer false delinquency signals
- Infrastructure that scales without adding complexity

Bottom Line:

Operations designed to run cleaner at higher volume.

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Why Network Tokens Drive Higher Approvals

Issuers evaluate every transaction through a risk lens. When you submit a payment using a traditional PAN stored in your system, that transaction carries **credential risk signals:**

- Static data vulnerable to compromise
- Unknown storage security
- Potential for card reuse after issuer intended replacement

Network tokens reverse every signal:

- **Dynamic credentials** managed by the network
- **Domain-restricted** to prevent unauthorized use
- **Automatically updated** when cards change
- **Network-authenticated** before they reach the issuer

Result: The issuer sees a lower-risk transaction and is more likely to approve, even when the borrower's credit profile is unchanged.

This isn't about changing your borrowers. It's about changing what issuers see.

Why Payliance

We built our business understanding the realities of subprime and near-prime consumer lending. We know:

- Approval rates directly impact your bottom line
- Your borrowers' payment behavior doesn't match their credit scores
- Your operations need to scale without adding headcount
- Your revenue depends on turning "yes" underwriting decisions into collected payments

Network tokens aren't a security feature we're selling. They're a **revenue feature** that happens to improve security as a byproduct.

The Opportunity

Network tokens represent a structural advantage in approval rates. The question is when to capture that advantage.

For lenders operating in high-scrutiny segments, the network trust signal has the potential to shift marginal declines into approvals.

Next Step

Model the approval lift potential across your current card portfolio.

We can help you estimate what a 2-4% improvement in approval rates could mean to your P&L, and how quickly you could begin capturing that value.

To learn more, scan the QR code and complete a brief form to get started.

About Payliance

Payliance, founded in 2007, simplifies lending and borrowing by optimizing payment acceptance, reducing processing costs, and mitigating fraud risk. Serving 350+ lenders and 40,000+ merchant locations, they process 203 million transactions annually worth $92 billion. Their Payments-as-a-Service platform boosts payments performance by increasing approvals, streamlining transaction processing, and reducing charge-offs.