

# Card-Not-Present transactions: Trends, tips, and takeaways

Card-Not-Present (CNP) transactions have become a cornerstone of modern commerce. Their rapid growth reflects the value consumers place on convenience and simplicity.

CNP transactions can benefit merchants big and small as it diversifies how current and potential customers can pay for goods and services, and makes it easier to sell to customers globally.

## UNDERSTANDING CARD-PRESENT VS. CARD-NOT-PRESENT TRANSACTIONS



### A card-present transaction

A transaction conducted with physical card or cardmember's mobile device equipped with payment function, which is presented by a cardmember, and the merchant terminal at a merchant location.



### A card-not-present transaction

A transaction conducted with transmitting information such as card number, expiration date, cardmember name, address, phone number, etc. to a merchant by verbal, phone, fax, mail, internet, etc.

## COMMON CNP TRANSACTIONS



01 Ecommerce



02 Telephone order purchases



03 Mail order purchases



04 Subscription billing



05 Cloud wallet

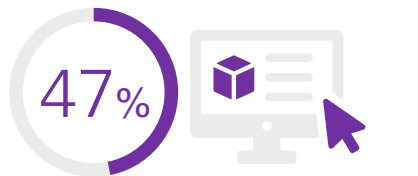
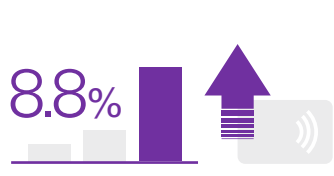


06 Recurring payments



07 Invoices that are paid online

## THE RISE IN CNP TRANSACTIONS IS LARGELY DRIVEN BY THE GROWTH OF ECOMMERCE.



## Regulatory framework and compliance requirements are evolving globally to make these types of payments more secure.



### State-led privacy legislation

20 U.S. states have comprehensive data privacy laws, with more to follow<sup>3</sup>.



### PCI DSS

Version 4.0 came into effect in April 2024<sup>4</sup>.



### Cross-border regulation

Accepting payments from non-US markets? Comply with local regulation like India's RBI Guidelines and the Philippines' ITA<sup>5</sup>.

## GLOBALLY, ONLINE SPENDING WITH MERCHANTS, AND CONSEQUENTLY CNP TRANSACTIONS, HAS INCREASED IN MAJOR JCB CARDMEMBER MARKETS BETWEEN 2023-2024<sup>6</sup>

1 +408%

India

2 +110%

Philippines

3 +70%

Taiwan

4 +26%

Thailand

5 +21%

Vietnam

6 +18%

South Korea

7 +9%

Indonesia

## As JCB Cardmember transactions increased, three categories experienced dramatic growth in the U.S<sup>7</sup>:



Women's Fashion

+726%



Cruises

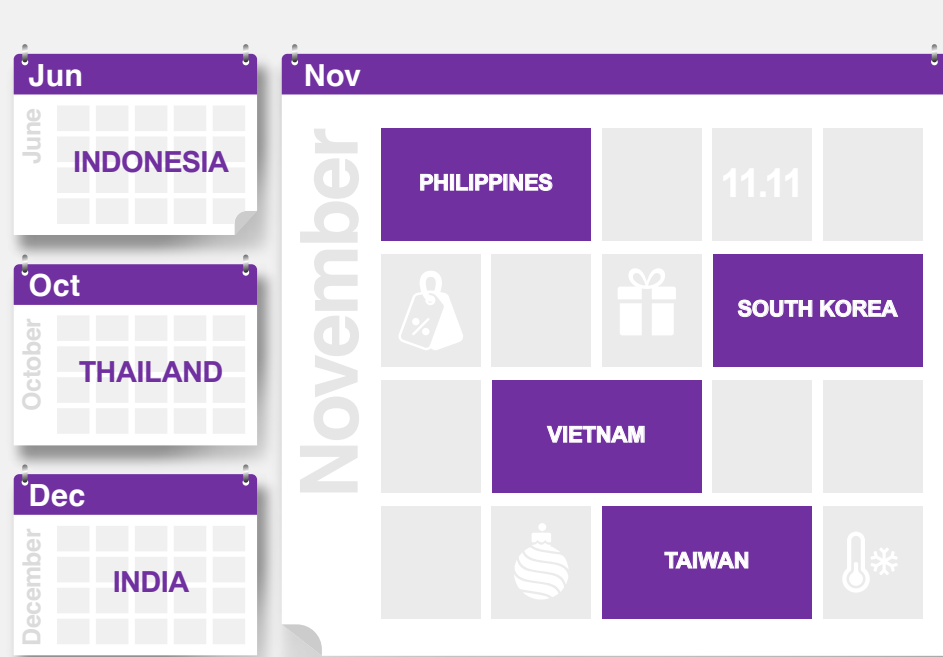
+440%



Online Gaming

+404%

## TRANSACTIONS PEAKED AT DIFFERENT TIMES IN DIFFERENT REGIONS<sup>8</sup>:



As a merchant, you may leverage these regional transaction peak insights to optimize marketing strategies and inventory management for maximum sales impact!



Yutaka Nakazawa  
JCB International  
President & CEO

There is real potential for U.S merchants when it comes to CNP transactions from Asian consumers in particular as this sector grows. Whether it's individuals booking vacations and lodging, or people making recurring purchases from American online retailers, merchants can embrace cross-border transactions and tap into this affluent consumer base. This is particularly true as ecommerce has become customary, if not the norm, for many regions and countries.

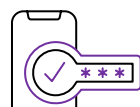
To cater to this upswing, merchants need to ensure their CNP transaction process is robust and secure. This starts with integrating technology, such as 3DS authentication, and adhering to the most recent region-specific regulations. It's just as important to assure that the online shopping experience is as appealing and seamless as the in-store experience. This includes understanding and accommodating varying regional expectations and purchase trends.

## 5 main tips for merchants to deliver effective CNP transactions / reduce fraud risk



### Multi-factor authentication

e.g. codes sent to phone/email, biometric scanning, 3DS allowing frictionless verification.



### Tokenization

Replacing a primary account number (PAN) with a unique payment token.



### CVV/CVC

The Card Verification Value (CVV) or Card Verification Code (CVC) is the three or four-digit security code printed on the card. Requiring customers to enter this code during online transactions adds an extra layer of security.



### Collect customer data where necessary

e.g. billing address. Checking the billing address against the address on file with the card issuer can help flag suspicious transactions if they don't match.



### Monitor Transactions

Regularly monitor transactions for any unusual patterns or high-risk indicators, such as multiple failed attempts, unusually large orders, or purchases from high-risk countries.

## Call-out to Merchants!

1



Make sure you accept all global payment schemes to maximize sales opportunities from cardmembers worldwide.

2



List out your card brand lineup at all portals. (e.g. web, app, mobile, digital wallet, etc.)

3



Check your card brand line up across all customer touchpoints. (e.g. reservation booking page, checkout page, recurring order page, etc.)

4



Conduct test runs to ensure transaction functionality, including 3DS. Test cards are available from acquirers or card schemes.

5



Display all card scheme logos on your digital interfaces and list them in the FAQ section.

6



Reach out to your acquirer / card scheme (you're most welcomed at JCB!) for any inquiries.

## Call-out to Acquirers and Processors!



Offer comprehensive information, multiple-currency options, reliable technologies & tools, and excellent services to merchants. JCB will support you every step of the way.



At JCB, we prioritize making the payments experience safe, secure, and seamless for our cardmembers and merchants. Visit [www.jcbusa.com](https://www.jcbusa.com) for more information and insights.

JCB is a major global payment brand and a leading credit card issuer and acquirer in Japan. JCB launched its card business in Japan in 1961 and began expanding worldwide in 1981. Its acceptance network includes about 49 million merchants around the world.

JCB Cards are now issued mainly in Asian countries and territories, with more than 158 million cardmembers.

As part of its international growth strategy, JCB has formed alliances with hundreds of leading banks and financial institutions globally to increase its merchant coverage and cardmember base. As a comprehensive payment solution provider, JCB commits to providing responsive and high-quality service and products to all customers worldwide.

For more information, please visit: [www.global.jcb/en/](https://www.global.jcb/en/)

### Sources

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8. JCB Cardmember data – as of March 2024