

FAQs: Discover[®] Global Network and Car IQ

Partnership

Q What is Car IQ?

A Car IQ is the first payment solution developed for vehicles and fleets that enables vehicles to transact directly, more securely and autonomously with payment networks, banks and service providers without the use of a physical card and with little to no human interaction in the transaction. This payment platform enables vehicles to automatically initiate and complete payments for services such as tolls, fuel, parking, In-Dash marketplace and more.

Q Who is the Car IQ customer?

A Car IQ's customers are primarily fleets and Fleet Management Companies (FMCs). Fleets can be rental fleets, dealerships and service fleets.

Q Who is Discover[®] Global Network?

A The global payments brand of Discover Financial Services that processes millions of cardholder transactions each day. With industry expertise, innovative technology and a unique payments infrastructure, Discover Global Network (DGN) provides effective customized solutions as needs change.

Q What is the nature of the partnership between Discover and Car IQ?

A Discover[®] and Car IQ partnered together to collaboratively co-develop the technology that enables cars to transact directly with the DGN.

Discover provides the payment processing services over the DGN using virtual prepaid and credit card services for Car IQ's product, which enables vehicles to autonomously initiate and complete payments for services. Car IQ and Discover together are launching the first payment network for vehicles.

Q How is Car IQ able to do this?

A Car IQ recognized today's legacy systems are designed for human payments, but not machine payments. Car IQ developed a new and proprietary identification verification technology called "Know Your Machine™" (KYM) process. This technology prevents friendly fraud by enabling vehicles to autonomously validate their needs, authorize payment requests, and re-validate delivery. This rule based architecture empowers fleet operators to set custom purchase controls ensuring all transactions are within fleet policy.

Q Who are Car IQ's largest competitors?

A A competitor would be defined as any company trying to enable vehicles to transact. Competitors are using legacy solutions in market today that require humans to swipe credit / debit cards to pay for service. For example, WEX, FleetCor, credit cards providers, etc. Car IQ is touchless, and enables the car to manage the transaction without a human. It's the only solution that puts the trust and the ledger at the vehicle level.

Business / Market Impacts

Q What problem is this partnership solving?

A Today, nearly \$650B is spent on vehicle services using credit cards, debit cards and ACH where people have to perform and manage the transaction. This solution removes the need for human operated payments. Human centered payments are flawed and can result in costly fraud. This solution helps lowers the risk of human fraud. Billing disputes submitted by humans cannot verify the actual vehicle, verify the service needs of the vehicle or validate that the vehicle received the service paid. This solution shifts the security and fraud risk onto the fleet operator, merchant and DGN. Overall, Car IQ's payment platform simplifies payments by enabling vehicles to connect directly to financial institutions.

How it Works

Q Who can sign up for Car IQ?

A Commercial fleets and service providers.

Q How does DGN enable the technology for Car IQ?

A Once an invoice is received by the Payer via the Car IQ Platform, services are validated against vehicle data. Thereafter DGN receives the remittance request (PIF) and starts the payment execution for the service provider. DGN processes the payment from the Payer to the Payee for the services performed on their fleets and/or vehicles over the DGN via a virtual card transaction. Additionally, DGN can apply domain controls around spend and merchant category codes for security measures.

Product / Technology

Q What functionality is Car IQ using that sets it apart?

A Car IQ's underlying technology is based on a proprietary machine identity verification process that replaces today's human-centered identity verification approach, "Know Your Customer" (KYC), with a new machine-centered process called "Know Your Machine" (KYM). Also, Car IQ's payment platform establishes trust between the vehicle, the service provider and DGN in real time, reducing costly fraud and disputes associated with typical payments today.

Q What in-vehicle transactions are available now?

A On demand fuel and service repair is currently in pilot.

Q Are in-vehicle transactions secure?

A Car IQ's KYM identity verification process provides enhanced security by enabling DGN to validate the car and its service need, then verifying the car received the service.

(1) KYM and Car IQ's unique identity coupled with (2) the service validation process of confirming completed work (i.e., fuel tank was empty, now it's full or battery was dead, now it's fully charged) all managed on (3) a single repository for service events, maintenance updates and payment data create a transaction environment with greater security. The increased security arises from having all of that rich data in a central location where it can be actively monitored and easily audited in the case of aberrant or out-of-pattern spend behavior.

Product / Technology (Cont.)

Q How is Car IQ able to more securely connect cars to Discover?

A Car IQ connects to the car and uses vehicle data to create a secure ID that can be used to send payment instructions directly from the car to DGN. This process reduces fraud, friendly fraud and disputes / chargebacks.

Blockchain Design

Q How is Blockchain used with this product?

A DGN and Car IQ use blockchain in a novel way to manage distributed workflows within this fleet-and-service-provider network. This means we are triggering events that are passed between different companies and secured using digital rights management which allows for a new type of process automation.

Q Could this be done without Blockchain?

A Yes, but the ability to independently verify the data veracity and much of the process transparency would be lost. Is that a big deal? Yes. This immutable layer provides traceability proving the vehicle requested the service and the service provider indeed completed the service. If fraudulent transactions are discovered, the immutability and traceability can help quickly determine the bad actor.