

## **PSD2 SCA Communication – November, 2019**

### **What is Payment Services Directive 2 Strong Customer Authentication (PSD 2 SCA)?**

PSD2 was introduced in 2015 as European Union (EU) Directive 2015/2366 throughout the European Economic Area (EEA). The directive was required to be implemented into local law within each country of the EU by 13<sup>th</sup> January 2018. SCA is a requirement within PSD2 that stipulates that subject to certain exemptions all electronic payments are performed with multi-factor authentication, to increase security and reduce fraud. The SCA requirement became effective on 14<sup>th</sup> September 2019, but see below regarding the EBA position on implementation and enforcement.

### **Who is responsible for the application of SCA?**

Payment Service Providers (PSPs) are responsible for the application of SCA. PSPs are defined as regulated Bank Issuers and Acquirers. PSPs must ensure that merchants apply SCA. In those instances where a merchant of a PSP elects not to apply SCA, the risk of loss in the case of a fraudulent transaction is shifted to the merchant.

### **When will PSD2 SCA be enforced?**

Given the significant complexity of implementing PSD2 SCA across the full payments ecosystem and in order to avoid disruption, the European Banking Authority issued an opinion on 16<sup>th</sup> October which sets the 31<sup>st</sup> December 2020 as the deadline for full implementation of PSD2 SCA by all PSPs and merchants. For more details on the EBA opinion and the milestones contained within this statement please refer to the URL below:

<https://eba.europa.eu/documents/10180/2622242/Opinion+on+the+deadline+for+the+migrati+on+to+SCA.pdf>

### **Which Fiserv services have been updated to support SCA?**

Fiserv offers 3 electronic payment services that are affected by PSD2 SCA, namely:

- I. Gateway
- II. Acquiring
- III. Processing

### **In which countries does SCA apply?**

The list of countries in scope for SCA by virtue of being in the EEA are as follows:

- Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark,

Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.

### **What is EMV 3D Secure?**

EMV 3D Secure, also known as EMV® 3-D Secure, is the updated version of 3D Secure 1.0, which has been on the market for some time within branded products like Verified by Visa®, MasterCard SecureCode®, and SafeKey by American Express®. EMV 3D Secure is a new version of authentication, designed to be frictionless, faster, and safer. EMV 3D Secure is the primary authentication method used to meet PSD2 SCA requirements for eCommerce transactions.

### **Does the Fiserv Gateway support EMV 3D Secure?**

Fiserv supports EMV 3D Secure on the Fiserv Gateway and on our payment processing platforms. Merchants can use our integrated Merchant Plug-in (MPI) through our Hosted Payment Pages or via our Web Service API. The merchant can also choose to use a 3rd party MPI provided that third-party system is SCA enabled, and simply authorise through Fiserv Gateway. We want to help our merchants and their customers have the most secure and frictionless experience possible under PSD2 SCA and correctly handling out of scope electronic payment categories is key to achieving that.

### **As a Fiserv Gateway merchant what do I do next?**

Fiserv Gateway merchants can access our EMV 3D Secure solution where they can flag out-of-scope and exempt electronic payment categories.

The Fiserv Gateway integration documentation for EMV 3D Secure is available here: <https://docs.firstdata.com/org/gateway/node/456>. We advise you to access this and make the small adjustments required to your integration in order to implement EMV 3D Secure. If you do not, you may experience a high volume of declined transactions when PSD2 SCA is enforced.

### **How can Fiserv help if you use a Third Party Gateway?**

If you do not use the Fiserv Gateway it is important that you contact your gateway provider (or PSP) as soon as possible to ensure that you ready your business for the changes that are required to continue to successfully transact once PSD2 SCA is enforced.

### **Has Fiserv seen an increase in declined transactions since PSD2 SCA became effective on 14th September 2019?**

No significant impact has been identified by Fiserv since PSD2 SCA became effective on 14<sup>th</sup> September. Fiserv continues to monitor approval rates closely and will continue working closely with merchants, NCAs, card schemes and other industry players to support a smooth migration of merchants to EMV 3D Secure.