



UK  
FINANCE

# UK SCA Ramp Up

Revised plan – May 2021

UK Merchants and Gateways Only

# SCA UK Ramp Up

Avoiding a cliff edge implementation

## Agenda

Provide an overview of:

- Ramp Up objectives and scope
- Revised SCA implementation roadmap
- Ramp Up targets
- Summary

Note:

- The Ramp Up plan has been adjusted to reflect the new SCA enforcement date of 14<sup>th</sup> March 2022
- The issuer led Ramp Up will commence as originally intended on 1<sup>st</sup> June 2021 to avoid a cliff edge implementation

# UK SCA Ramp Up Approach

Avoiding a cliff-edge implementation to minimising the risk of customer impact

## Why a Ramp Up is needed ahead of the enforcement date

- **Avoid cliff-edge implementation** – gradual enablement of SCA flows to mitigate the risks and impacts to customers as a result of an industry wide enablement
- **Call to action** – enables messaging for:
  - Customers: to update their authentication contact details and/or allow adjustment to new authenticators
  - eMerchants: ensure SCA readiness and enable end to end live proving in a gradual and control manner to minimise any customer impact

### Issuers

#### Accountability

Areas where issuers need to maintain accountability include but are not limited to:

- **Fraud**: Risk decisioning strategies do not change
- **Usage of exemptions**: continue applying own or able to handle acquirer exemptions (*e.g. applying TRA to transactions sent directly to authorisations hitting the LV cumulative or without flags*)
- **Contact centre**: source call centres according to services standards

### Acquirers

**eMerchant SCA readiness** – Drive eMerchant SCA readiness:

- 3DS
- Correct authorisation flagging e.g. MIT, out of scope and other applicable exemptions
- Be able to process transactions after a soft-decline

### eMerchants & Gateways

#### Drive Merchants readiness

Random SCA compliance checks of transactions sent directly to authorisations

- Transactions **directly to authorisations** will be **increasingly** checked by Issuers. Non-compliant transactions will risk soft declines

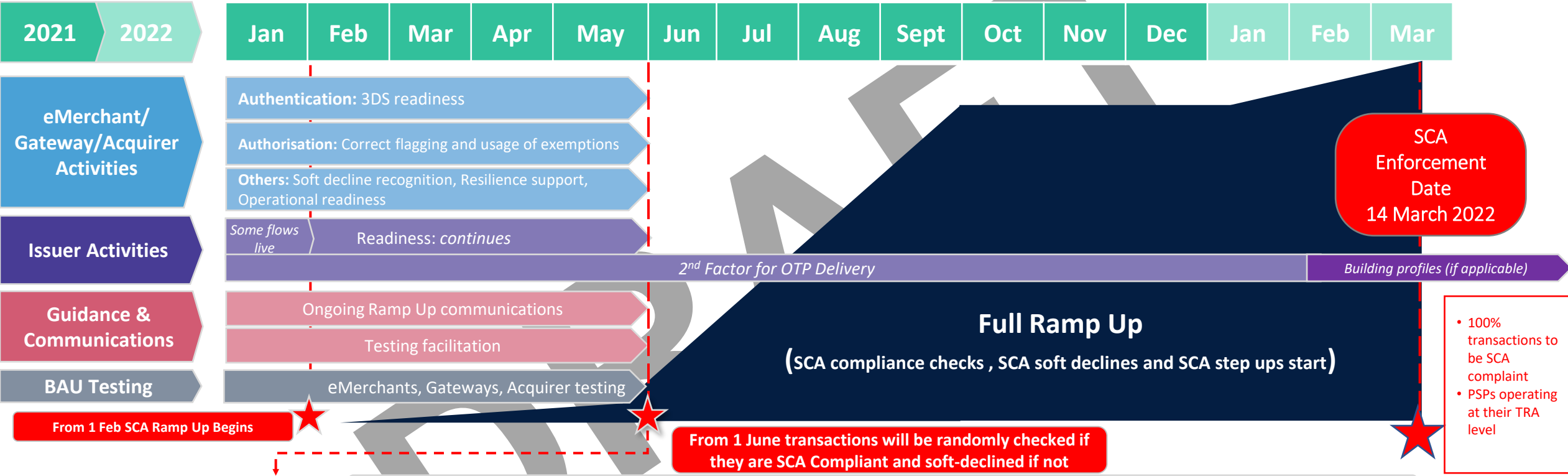
# Enabling all SCA journeys

Outlining all SCA transaction flows in scope of the Ramp Up

Transaction flows		Description	eMerchant / Acquirer action	Issuer action	Friction		
Authentication (3DS)	SCA exemptions	Issuer exemptions	<ul style="list-style-type: none"> <li>TRA thresholds: &lt;£85, &lt;£220, &lt;£440</li> <li>Others: trusted beneficiaries, delegated authority</li> </ul>	TRA Applied	Low		
		Acquirer exemption: TRA <sup>LR</sup>	<ul style="list-style-type: none"> <li>TRA (triggered by acquirers – 3DS2.2): &lt;£85, &lt;£220, &lt;£440</li> </ul>			TRA accepted or declined	
	SCA step ups	Above issuer TRA	<ul style="list-style-type: none"> <li>Triggered by issuers</li> </ul>		Via 3DS	Transaction stepped up	Medium
		eMerchant request <sup>LR</sup>	<ul style="list-style-type: none"> <li>Triggered by eMerchants/acquirers and recognised by issuers (e.g. first MIT, soft decline, etc)</li> </ul>				
Authorisation	Correct flagging <sup>LR</sup>	Acquirer exemption: TRA	<ul style="list-style-type: none"> <li>All journeys are triggered by eMerchants/acquirers and recognised by issuers</li> <li>TRA threshold based on acquirer fraud ratios</li> <li>LVT exemption up to £25</li> </ul>	Transaction to be decided	None		
		Acquirer exemption: LVT					
		Secure Corporate Payment exemption					
		MIT (recurring)					
		Out of scope					
	Soft declines	CLV	Total Low Value exemption (up to £85)	<ul style="list-style-type: none"> <li>Triggered by issuers</li> </ul>	Soft declined ( <i>request to send via 3DS</i> ) OR Declined ( <i>new transaction to be sent via 3DS or correct flag applied</i> )	High	
Non-flagged	In scope with no exemptions (and issuer unable to authenticate)	<ul style="list-style-type: none"> <li>Issuers will need to soft-decline or decline the transaction</li> </ul>	Authorisation with <b>incorrect/no</b> flag				

# UK Industry SCA Implementation Plan

UK Only – 2021 - 2022 activities: Enabling a controlled roll out to minimise customer impact  
(Deadline for the delivery of 2<sup>nd</sup> factor for OTP moves to 14<sup>th</sup> March 2022)



- 100% transactions to be SCA compliant
- PSPs operating at their TRA level

### SCA Initiatives Live

- Authentication:** 3DS activated (to include usage of exemptions if applicable)
- Authorisation:** Correct flagging and usage of exemptions
- Authorisation:** Soft decline recognition (if applicable)

### SCA Ramp Up

Authentication (3DS)	Authorisation
<b>Exemptions</b> Transaction Risk Analysis (TRA). Other exemptions could include Trusted Beneficiary and Secure Corporate Payment	<b>Exemptions and correct flagging (MIT ongoing and other out of scope)</b> Transaction Risk Analysis (TRA). Other exemptions include Secure Corporate Payment and Low Value Payment, MIT ongoing and other out of scope
<b>SCA step ups</b> All transactions within the scope of SCA (not using an exemption). This includes Merchants Initiated Transactions (MIT) set up	<b>SCA soft declines</b> Transactions in the SCA scope sent directly to authorisation with no exemptions flag. It includes LV soft decline when the cumulative LV limit has been reached

# Authentication Flows

UK Issuer Led SCA Ramp Up Plan

# UK SCA Ramp Up Approach: Authentication

Issuer led SCA Ramp Up – Pace and method will be at issuers' discretion

Transaction flows		Issuer action	Target by Mar 22	Risk	Description	Note
SCA exemptions	Issuer TRA threshold	Start preparing for issuer TRA i.e. <b>inflated</b> issuer TRA (pre SCA enforcement)	Issuer TRA up to £85, £220 or £440	Low	<b>Flexibility:</b> Issuers to prepare gradually their customers for their target TRA	<p><b>The extended Ramp Up period will focus on managing the risk of transactions via authorisations due the potential for declined transactions. <u>As a result no targets have been set up for 3DS authentication</u></b></p>
	Acquirer TRA threshold (only 3DS2.2)	<b>Issuers</b> to start recognising <b>acquirer</b> TRA acquirers: using the TRA as per SCA guidelines	Acquirer TRA up to £85, £220 or £440	Low	Switched on by issuers since February 2021	
SCA step ups	Above issuer TRA threshold	Step up ( OTP or other 2FA) transactions above TRA (as per their defined approach)	Issuer TRA	Medium	<b>Flexibility:</b> Issuers to prepare gradually their customers for step ups (i.e. OTP or other 2FA) above the target TRA <b>Linked to Issuer TRA threshold</b>	
	At eMerchant request	Step up all transactions as per eMerchant request i.e. MIT first flag	100%	Low	Switched on by issuers since February 2021	

# Authorisations Flows

UK SCA Ramp Up Plan



# UK SCA Ramp Up Approach: Authorisation

Issuer led SCA Ramp Up thresholds – setting up the minimum standard to manage the risk

Transaction flows	Issuer action	Target by Mar 22	Risk <sup>1</sup>	Description	Note
With Correct Flagging	To recognise <sup>2</sup> all flagged transactions: 1. Acquirer TRA 2. LV 3. MIT ongoing	1. Acquirer TRA 2. Up to £25 3. 100%	Low	Switched on by issuers since February 2021	<p><b>Focus will be on the impact of soft declines to minimise customer detriment</b></p>
Soft Declines Cumulative Low Value (CLV)	Gradual introduction of CLV – For example: • BIN by BIN • Inflated CLV • Convert into TRA	£85 (or by 5 transactions)	Medium	<b>Flexibility:</b> Issuers to introduce gradually the controls for cumulative low value	
Soft Declines <sup>2</sup> Non-Flagged <i>In scope with no exemption (and issuer unable to authenticate)</i>	<b>Monthly percentage target aim to identify and reject non-compliant transactions. Methods at Issuers' discretion</b> (i.e. by value, fraud rules, frequency, by BIN or other logic)	100%	High	<p><b>Targets based: Monthly targets</b> <b>Non-compliant transactions will be soft-declined</b></p> <p><b>Commencing from 1 June 2021</b></p> <ul style="list-style-type: none"> <li>Aiming to check compliance of at least 10% of transactions volume sent to authorisations</li> <li>Targets will increase steadily until September (with the aim of completing most of the Ramp Up by end of Q3 2021)</li> <li>Q4 2021 targets will remain at September levels to provide stability during peak season</li> <li>Remaining Ramp Up will be completed by 14<sup>th</sup> March 2022</li> </ul>	

<sup>1</sup>Risk of Transactions Being Declined

<sup>2</sup>Transactions with no flags might be soft-declined when SCA compliance checks are introduced from 1<sup>st</sup> June

# Summary

A controlled Ramp Up to minimise customer impact

# Key Take Away – Merchants & Gateways

Take Action Now

SCA Ramp  
Up starts:



- Transactions **via 3DS** will **gradually** start being step up; AND
- Transactions **directly to authorisations** will be **increasingly** checked by Issuers. Non-compliant transactions will risk soft declines.

## Merchants Checklist

1. Switch on **3D Secure**;
2. Maximise **exemptions** where possible;
3. **Correctly flag MIT/ MOTO**. Check your settings. Don't assume it is already correct;
4. Enable **soft decline** function;
5. **Contact centre** support: are your agents equipped to answer customer questions?

## Speak to your gateway:

1. How to switch on **3D Secure**;
2. Check **MIT/ MOTO** flagging;
3. Enable **soft decline** function.

## Speak to your Acquirer:

1. **Exemption** options;
2. **Errors** KPIs (if applicable);
3. **MIT & Resilience** framework T&Cs.

## Risks

Further delay in actions will result in:

- Transactions at **risk of decline from 1 June**
- Customers frustration from unable to complete their transactions
- Increased influx to contact centres
- Potential loss of sales