

Important SCA Update: Preparing for 14 September and Beyond

Europe | Acquirers, Issuers, Processors

Visa Network; V PAY; Europe Processing



Overview: In preparation for a transition to strong customer authentication (SCA), Visa is advising all clients to continue to keep pace on making progress on implementing SCA technology. However, to avoid large-scale disruption to European e-commerce, it is important that clients continue to monitor purchase activity to avoid unnecessary declines due to lack of overall market readiness across the European Economic Area.

Although the industry is making progress towards implementing SCA, the European Banking Authority (EBA) has acknowledged the need for a transition period that allows more time for all parties to be ready. A growing number of local regulators have publicly stated that SCA compliance will not be enforced on September 14.

During this transition period, it is critical that the payments industry avoid unnecessary and large-scale disruption to e-commerce and European payments. Many merchants across the European Economic Area (EEA) are not fully ready for SCA, which has been widely acknowledged by the industry and referenced in the recent [European Payment Institutions Federation \(EPIF\) statement](#). We expect issuers to continue to use legacy solutions for authentication and fraud mitigation strategies to avoid unnecessary declines. Visa will actively monitor authorization responses to identify issuers that are reporting an increased number of declines, and will work with them to find solutions that allow customers to make seamless payments.

For UK clients, the Financial Conduct Authority (FCA) has publicly announced an 18-month transition period supported by an industry roadmap to full implementation. The FCA has agreed that during this time it will not enforce the SCA requirements for card-not-present e-commerce transactions. In a letter to industry, the FCA sets out its expectation that firms should continue to take appropriate steps to manage their fraud risk while also minimizing any disruption to payments. This includes providing alternative means of authenticating customers who do not possess a mobile phone.

Visa recommends that all stakeholders continue to make progress in adopting SCA technology, taking into account that this adoption will occur at different times across the EEA markets.

With the overall goal of reducing fraud, banks will more selectively request strong authentication, particularly on higher-risk transactions such as cross-border or high-value purchases. Visa recommends that all merchants continue to adopt two-factor authentication technology, such as 3-D Secure, to avoid having an increase in declined transactions from issuers that desire stronger authentication.

Visa will use its overview of the payments ecosystem to support local regulators with information around ongoing progress with SCA implementation and the impact on European payments.

Visa also continues to engage with European and local regulators to seek an appropriate transition for contactless transactions, allowing for card reissuance and terminal updates. As stated in the 8 August 2019 edition of the *Visa Business News*, Visa strongly recommends that POS acquiring clients set up an activation project with Visa as soon as possible to implement new authorization response codes, which have been introduced to enable a host-based solution for contactless transactions.

For More Information

Merchants and third party agents should contact their acquirer.

© Visa. All Rights Reserved.