Strong Customer Authentication - out of scope and exempt transactions

Strong Customer Authentication (SCA) is a European regulatory requirement under PSD2, designed to make paying online more secure.

SCA requires customers to authenticate themselves using two factors prior to making an online payment. However, SCA does not need to be applied to all transactions; some transaction types are out of scope, and exemptions may be applied in some other cases.

Identifying out of scope and exempt transactions

By correctly identifying out of scope transactions and applying exemptions, merchants and issuers can minimise friction and reserve SCA for when it is needed.

Step 1 | Is the transaction out of scope of SCA?

There are 4 key out of scope transaction types:

- Merchant Initiated Transactions (MITs)
- Mail Order, Telephone Order (MOTO)
- One leg out Transactions (where one of the issuer or acquirer is outside of the EEA)
- Anonymous Transactions

In scope - further checks required

If the transaction is in scope, it still could be exempt from the requirement for SCA.

Out of scope - no SCA required

Where a transaction is flagged as out of scope, SCA is optional, but merchants may still choose to apply it.

Step 2 | Can the transaction benefit from an SCA exemption?

There are 4 exemption categories that can be applied by the acquirer or issuer:

- Transaction Risk Analysis (TRA)
- Low Value Payments
- Trusted Beneficiaries
- Corporate Payments

Issuer and merchant responsibilities

- Merchants/acquirers: It is important that merchants and acquirers are able to identify and clearly flag transactions that match the criteria for being out of scope or exempt. When in scope, authentication must be performed and EMV 3DS must be supported.
- Issuers: Issuers should not request authentication (“soft decline”) while authorising transactions which are flagged as out of scope, as the customer will not be able to authenticate themselves. It is recommended that issuers consider applying exemptions on low risk transactions where exemptions may apply.

To learn more about transactions that are either out of scope or exempt from SCA, please contact your Visa Representative or refer to our PSD2 SCA Optimisation Best Practice Guide.