

# Frequently Asked Questions – PSD2/SCA Changes September 2019

## General Questions

### 1. What's PSD2?

The Payments Service Directive 2 is a set of Europe wide regulations impacting various aspects of banking and how payments are made.

### 2. What's the purpose of PSD2?

The original Payment Services Directive (PSD) looked to regulate payments, and create a consistent payments experience across Europe. PSD2 looks to build on this by increasing security, consumer protection and payment options.

### 3. How does PSD2 effect card processing?

One of the ways in which PSD2 effects card processing is that it mandates Strong Customer Authentication for all electronic payments, whether face to face or remote. This becomes law in all EEA countries (including the UK) from 14 September 2019.

### 4. What's Strong Customer Authentication (SCA)?

SCA requires a customer to authenticate themselves for a transaction using at least two independent factors. These factors can be:

- Something the customer knows (for example, a PIN number or password)
- Something the customer is (biometrics, such as a finger print or voice recognition)
- Something the customer is in possession of (for example, a card or a mobile phone)

For ecommerce transactions, 3D Secure (3DS) version 1 meets the basic criteria to support SCA but 3DS version 2 has more functionality allowing it to provide a better SCA experience.

### 5. What will SCA look like?

The expectation is that for ecommerce, the cardholder will receive a one-time password, either by text or email, which they'll input into the 3DS window instead of the static password used today.

For most face to face transactions, chip and PIN will continue to operate the same as it does today, although Contactless transactions may step up to chip and PIN validation more often, at the request of the card issuer.

### 6. What happens if I don't make any changes?

Under PSD2, card issuers are obliged to challenge and potentially decline non SCA transactions to protect their cardholders. All merchants will be effected.

After 14 September 2019, a card issuer has the choice to approve, decline or request SCA (if it hasn't been done already) for a transaction.

### 7. Are all transactions required to be completed using SCA?

No. Some transactions, where SCA isn't possible, are out of scope and some transactions can be exempt.

### 8. What transactions are out of scope?

- In a face to face environment, unattended parking and transport terminals don't need to support chip and PIN.
- Mail Order and Telephone Order (MOTO) transactions and subsequent recurring and Merchant Initiated Transactions (Credential on File Transactions – see Q11) are out of scope.

- For 'one leg out' transactions, UK based customers may not be able to apply SCA to transactions when the card issuer isn't located in the EEA. However, they should still attempt SCA for all transactions.
- Anonymous transactions on pre-paid cards aren't subject to the SCA mandate.

#### **9. What's a Merchant Initiated Transaction?**

This is defined as a transaction that's initiated without any involvement from the cardholder. They're also known as Stored Credential Transactions or Credential on File Transactions, for example, Recurring Transactions or Instalment Payments. See Q18 to find out where to find more information.

#### **10. What if I can't determine what type of transactions I accept?**

Generally, if there's any action or involvement with the cardholder, SCA needs to be undertaken.

### **Implementation Questions**

#### **Face to Face Transactions**

##### **11. I rent my terminal from Global Payments – do I need to do anything?**

For chip and PIN and mobile phone payments, nothing is changing. We'll make the necessary changes to the terminal for the SCA requirements for Contactless transactions (see Q14).

##### **12. My terminal is from an alternative supplier – what do I need to do?**

If you own or rent your terminals from someone else then you need to contact the supplier and ensure that it'll meet the new regulations from 14 September 2019.

##### **13. Are Contactless transactions compliant with SCA?**

Contactless transactions have been made exempt from the regulation, but will have increased security. Card issuers may request cardholders to do a chip and PIN transaction instead of approving the Contactless transaction, more often.

##### **14. Doesn't that already happened today?**

Today some card issuers have counters on the card chip that request 'step up' to chip and PIN. The request happens the moment the card is tapped and it doesn't happen very often.

From September, it'll be required for all card issuers to do this and they'll do it from their issuing systems (so there may be a short delay before you get the message). The rules about when they are obliged to request SCA are quite stringent and it's likely to happen more often than before.

##### **15. What do I need to do?**

Ensure that you and your staff understand what is happening and be ready to reassure customers there is no problem with their card or their account, just that it is an extra security check requested by their card issuer.

#### **MOTO and Merchant Initiated Transactions**

##### **16. I process MOTO and/or Merchant Initiated Transactions – does that mean I don't have to do anything?**

While MOTO and Merchant Initiated Transactions (Stored Credential Transactions, also known as Credential on File Transactions, where card details are stored for future use – see Q18), are out of scope for SCA, if the card issuer doesn't know they're one of these kinds of transactions, they may request SCA. If the cardholder is unable to provide the necessary authentication, the transaction will be declined. So, it's important that these transactions are properly flagged.

##### **17. How do I know if my transactions are flagged correctly?**

If you use our terminals or our E-Commerce Platform, then your transactions will be flagged correctly providing you follow the instructions we provide on the screens.

If you own or rent your terminal from another source or use a third party provider for your ecommerce service, contact them to ensure your transactions are flagged correctly. Ensure they've made the necessary updates for the Credential on File changes and have the SCA changes in hand.

**18. Where can I find the information about Credential on File?**

Visit our website at <https://www.globalpaymentsinc.com/en-gb> for more information and the guides to implementing those changes. You'll find these within our Customer Centre, under the Stored Credential Transactions tile.

**Ecommerce Transactions****19. I'm an ecommerce merchant - what's changing for me?**

SCA will be required for all ecommerce transactions. Merchants that haven't adequately authenticated their customers will run the substantial risk that card issuers will decline their transactions.

**20. What do I need to do?**

At a minimum you need to support 3DS1. You may wish to adopt 3DS2 to take advantage of extra functionality available to improve the customer experience and possible SCA exemptions.

**21. I don't support 3DS today, what do I need to do?**

Contact your Payment Service Provider (PSP) urgently and ensure that you can submit 3DS authentication requests before September 2019.

**22. I support 3DS1 today – do I need to do anything?**

You don't need to do anything before September 2019 to meet the minimum requirements but you may wish to contact your PSP to discuss adding 3DS2. Only 3DS2 supports improved functionality and exemptions.

**23. When will I have to support 3DS2?**

The Card Schemes haven't yet mandated 3DS2 nor issued a specific end date for 3DS1, but they have clearly stated that in the future they intend to issue a sunset date for 3DS1.

**24. What are the advantages of supporting 3DS2?**

3DS2 has more functionality. It allows merchants to pass much more data to the card issuer to give them greater confidence in the authentication of their cardholder. It also gives card issuers and merchants more ways of authenticating customers. The extra information gives a card issuer the confidence to exempt a transaction from SCA. This could be because the merchant has requested it or the issuer doesn't feel it is necessary.

**25. How do I implement 3DS2?**

We're developing the capability to support 3DS2 from September 2019. If you don't use our E-Commerce Platform, you'll need to speak to your solution provider to understand how this is implemented on your website.

If you use our E-Commerce Platform (previously Realex Payments), please email [ecomsupport@globalpay.com](mailto:ecomsupport@globalpay.com) if you have any questions about the changes you need to make to comply with SCA.

**Technical Changes****26. Where do I get the technical specifications from to provide to my equipment provider/PSP?**

The technical specifications for SCA are in our *PSD2 and Strong Customer Authentication Technical Implementation Guide*, which is on our website in the Customer Centre, under the Strong Customer Authentication tile.

If they also need to implement the changes for Credential on File, these technical specifications are in our *Stored Credential - Technical Implementation Guide*, which is also in the Customer Centre, under the Stored Credential Transactions tile.

## Fee Changes

### **27. Are there any fee changes for SCA?**

There are no fee changes as a result of SCA, however, if you process 3DS transactions, Visa are introducing a new fee for Verified by Visa authentications, their 3DS solution.

### **28. Will the fee apply to me?**

This fee will only apply if you process Visa ecommerce transaction via 3DS.

### **29. Do only Visa charge for using their 3DS service?**

Mastercard already charge for using their SecureCode authentication service.

### **30. What's changing?**

Now that both Mastercard and Visa are charging for authentications, we're changing the current Mastercard SecureCode fee to include Verified by Visa authentications. The fee itself will remain the same amount but you'll see the new description (VISA & MCARD AUTHENTICATION FEE) on your invoice from September 2019, which you'll receive at the start of October 2019.

### **31. Can I turn off 3DS to avoid this charge?**

The SCA requirement means you must support 3DS. 3DS can also help reduce fraud and transaction abandonments, making transactions more secure. Transactions where 3DS isn't used may be declined by the card issuer as SCA hasn't been provided. Ecommerce transaction that are taken without using 3DS also attract Non-Secure Fees.

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