



## Strong Customer Authentication – what you need to know

Dear Customer,

From **14 September 2019**, the Strong Customer Authentication (SCA) element of the Payment Services Directive 2.0 (PSD2) regulations takes effect.

**You will likely need to do some development work to prepare for this change, so please ensure this is added to your roadmap.**

These regulations apply to all contactless face-to-face and electronic payments, where both the card issuer and acquirer are within the European Economic Area (EEA), and in practice, mean that you must apply SCA to every one of these transactions from **14 September 2019**.

### What changes are needed?

1. To avoid a significant increase in issuer declines, you **must have authenticated** every PSD2-applicable transaction from 14 September 2019. Some per-transaction exemptions may be possible; see below. Worldpay recommends that you integrate to 3D Secure Version 2, for the best user experience and to gain optimal acceptance rates.
2. Some transactions are **excluded** from the PSD2 mandate, for example, where the issuer or acquirer is outside the EEA, or MOTO, Merchant Initiated Transactions (MITs) and unattended parking terminals. You can send these, and only these, transactions through unauthenticated and without an exemption flag and **we will pass these straight through to the issuer**.
3. **Point Of Sale contactless transactions are excluded** automatically from needing authentication. However, please note that authentication is required following five consecutive contactless transactions, or transactions of a cumulative value of €150 or £150. In this event, a soft decline will be returned, and the transaction must be retried by switching to contact interface (in offline PIN countries), or prompting the cardholder to enter their PIN (in online PIN countries).
4. It is possible to avoid having to authenticate some transactions through the use of exemptions. These exemptions are:

- Low-value transactions of less than €30 or £30
- Low-risk transactions that have been assessed as low-risk in real-time

If you would like to make use of exemptions, you must **subscribe to one of Worldpay's exemption products**. These products are:

- Exemption Engine

- Exemption Control

Exemption Engine is built on Worldpay's gateway, so requires gateway use to subscribe. To find out more, please speak to your Relationship Manager.

Exemption Control status may be available to select customers. To qualify, you must subscribe to the service and also prove and maintain your fraud rate below 6bps, and conduct transaction risk analysis, to the standard mandated in the Regulatory Technical Standards, on each exemption request. You will also need to code to send the relevant exemption flag in your payment request, and must be prepared to receive a soft-decline back, should the issuer require authentication.

5. Please note, if you send us an exemption request and you use Worldpay acquiring without a Worldpay gateway, without a subscription to Exemption Control, your transaction will receive a request for authentication in the form of the new soft-decline mechanism.

## Next steps

Strong Consumer Authentication represents a significant change to the way you take payments. As one of the World's largest acquirers, Worldpay is here to help you understand the changes, and we'll provide you with the tools to sell more, while keeping your customers safe.

We'll continue to be in touch with more developments in the coming months. If you have any concerns or questions in the meantime, please speak to your Worldpay support team, who will be happy to assist you.

[www.worldpay.com](http://www.worldpay.com)

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