## Issuers path to full compliance

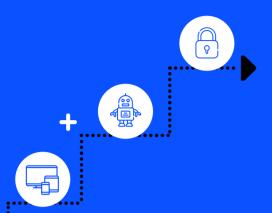
Authentication: Two concurrent paths



### Path 1 Accessible solutions

**Customers without** mobile banking





One time passcode based (possession) + another factor. Additional fallback: inherence with knowledge

#### EBA Opinion – the industry needs:

- ••• Issuer controlled behavioural biometric (such as keystrokes)
- ••• Spending data
- ••• OTP (one time passcode)

Additional fallback: knowledge factor such as passcode or question

Path 2 **Biometric and** mobile app based solutions

Digitally savvy customers

Longterm: customers will prefer authentication through biometric and mobile based solutions.

### **Dependencies:**

- ••• Mobile banking adoption
- ••• Versioning of 3D-Secure (app to app redirection needed)
- ••• Potential of biometric solutions for many issuers. (time factor!)



### One time passcode (OTP)

#### **Forms of OTPs**



SMS OTP



Landline call



Card reader



The industry was ready to implement SCA through one time passcodes.

#### **EBA Opinion**

card details and current 3D-Secure are not considered a factor – industry needs time to implement the additional factors

- 1. Industry commits to reducing fraud 2. So OTP will be phased in through
- active testing
- 3. In the meantime second factor is built 4. 3D-Secure 2.x adoption increases

These valuable risk-based data support authentication as an interim second factor

## **Knowledge factor**







Recommendation: OTP + behavioural biometrics

Additional fallback: another knowledge factor The industry needs 24 months for a future proofed behavioural biometric solution

#### **UK Finance Opinion**

use of knowledge factors (e.g. a static password) or sensitive information (e.g. mother's maiden name) add friction and risk like data breaches

### **Exemptions**

**Exemptions reduce friction and incentivise industry** and merchants

Transaction Risk Analysis (UK Finance view: 18 month period, agreed under the project management office) Trusted beneficiaries (UK Finance view: 18+ month period

# Proposed managed rollout

Overall high level timelines for the roadmap



2019

approach applies

Current

- ••• Compliance Point 1 ••• UK Finance adviced
- ••• Issuers continue to apply risk based analysis, step up transactions and will not decline non SCA compliant transactions

a managed rollout

for the deadline



Clarity on exemption flags

- ••• Step Ups Commence
- ••• Issuers begin to step up transactions (collaboration with merchants) using both risk based authentication (RBA) + OTP where available
- ••• Merchants will begin more widely flagging in an SCA





- ••• Compliance Point 2
- ••• Expectation: Wider certainty on regulatory requirements and as greater technological readiness
- ••• Issuers will be able to cater fully for 3D-Secure v2.X.
- ••• First mover merchants should be testing actively with v2.1 and 2.2 of 3DS
- ••• UK Finance proposes: Focus on informing latecomer merchants to begin their path to SCA readiness by then





2020

implementation

### ••• Compliance Point 3

readiness

- Expectation: adoption rates will continue to increase, products will begin to be rolled out on a mass scale
- UK Finance proposes: Focus on customer

### ••• EU Wide 3DS 2.2/ 2.1 Mandate:

- UK Finance proposes to mandate in September 2020 to encourage merchants towards migration (format

from 3DS v1 to 2 is significant for merchants and testing required)



2021

**Operational** readiness for Issuer behavioural solution

- ••• Operational readiness
- ••• Active supervision begins
- ••• Issuers begin declining transactions that are straight to authorisation (and not flagged or subject to exemptions
- ••• OTP solutions will be ready
- ••• Mobile banking based
- ••• Behavioural biometrics should be delivered (will be reviewed throug-
- ••• OTP (one time passcode) should be delivered (will be reviewed throughout)

**Current approach applies** 



Clarity on exemption flags



Learning period for implementation



Operational readinessIssuer behavioural solution