

POSITION PAPER ON STRONG CUSTOMER AUTHENTICATION: INDUSTRY READINESS

- *As Europe is facing an unprecedented public health crisis, Payments Europe's members are committed to continuously providing safe and efficient card-based payments.*
- *Payments Europe calls upon the European Banking Authority (EBA) and National Competent Authorities (NCA) to give the industry and businesses more time to the adopt Strong Customer Authentication (SCA) requirements, beyond the current 31 December 2020 deadline for implementation.*
- *We also call upon a harmonised approach by regulators. This harmonised approach would allow payment providers to currently focus their abilities and resources on guaranteeing the functionality and availability of secure payments, a necessity for consumers, merchants and the wider economy.*

INTRODUCTION

Europe is facing an unprecedented public health crisis as it seeks to address the Covid-19 pandemic. Governments and financial institutions are investing resources to mitigate the impact of the outbreak on the economy, citizens and businesses, and to respond effectively and efficiently to society's new needs.

Payments Europe's members are committed to continuously providing access to safe and efficient card-based methods of payments. In these exceptional circumstances, our focus is on guaranteeing stable and reliable service to consumers and merchants across Europe. This crisis has substantial implications on most industries, including for the payments sector, as companies are trying to allocate their resources where they are most needed.

SCA READINESS

Today more than ever, Payments Europe's members are focused on protecting consumers and guaranteeing the secure and orderly functioning of payment services across Europe. To date, our members have made great effort to adopt compliant SCA solutions.

Request to extend the deadline of SCA implementation

Payments Europe is fully supportive of timely SCA implementation, as this will contribute to payment safety and security for consumers and retailers. SCA readiness and smooth transactions depend on the preparedness of all players in the payments value chain, including issuers, acquirers and merchants. If certain actors are not ready, transactions will get declined for no reason, which will hamper e-commerce – a tool vital to keep the economy going, especially during today's crisis.

While working hard towards the deadline, the payments value chain has expressed challenges about the difficulty to implement safe, tested and functional two-factor authentication by year-end. To this extent, the EBA already removed all their obligations to report about readiness to meet SCA requirements for e-commerce card-based transactions by 31 March 2020. The impact of the current public health crisis is however having an enormous impact on businesses in Europe, requiring them to invest efforts and resources to where it is most needed to survive. Payments Europe takes notes of the calls of different industry groups, including the European merchant associations to ask for extending the current deadline of 31 December 2020. In particular, the merchant community is hit particularly hard during the crisis. In a letter, European merchants called on authorities to consider “granting a harmonized extension to the current deadline of December 31, 2020 for the migration to SCA, in order to allow businesses to focus on keeping their businesses running as efficiently as possible”.

Payments Europe welcomes the recent EBA decision and believes in a further pragmatic approach, that - in light of the current circumstances - does not put businesses at further risk. Taking the circumstances into account, we join other industry groups in inviting the EBA and NCAs to give the industry and businesses more time to the adopt Strong Customer Authentication requirements, beyond the current 31 December 2020 for implementation. Payments Europe highlights the importance to have a harmonised approach across Europe. The UK Financial Conduct Authority has currently set a deadline for 31 March 2021. A non harmonised approach, where the dates are not aligned between European countries, may result in transactions being declined.

Payments Europe welcomes further discussion with all stakeholders to ensure a smooth SCA migration to the benefit of merchants and consumers, and the European economy in general.

ABOUT PAYMENTS EUROPE

Payments Europe is an association of global and European card-based payment solutions providers created to strengthen the voice of the industry. Payments Europe’s members are active throughout Europe representing card issuers, card acquirers, four-party card schemes and other stakeholders active in the ecosystem that offer card-based payment solutions. Our mission is to promote a better understanding of the complexity of card payments and the inherent value it brings to society. We support a vibrant, innovative, and competitive European payments market, that is based on a balanced regulatory framework and puts consumers and consumer protection at the heart of everything.

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