



AUTHENTICATION WEBINAR SERIES

All You Need to Know About PSD2

How to navigate the new payment regulation in Europe

November 15th, 2018



Proprietary & Confidential

Today's Speakers



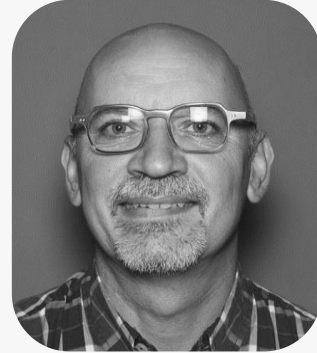
Diego Szteinhendler

VP, North America
Product Management,
Mastercard



Patrick Kelly

Director, North America
Product Management,
Mastercard



Fernand Collart

Director, Europe
Product Management ,
Mastercard

Agenda

- *What is changing with 3D-Secure 2.0*
- *What is the new Payment Service Directive # 2 (PSD2)*
- *What PSD2 exemptions can issuer and acquirers utilize*
- *How to utilize 3D-Secure for specific Payment Use Cases*
- *Mastercard Roadmap*
- *Next steps to be ready for PSD2*

What's Changing with EMV 3D-Secure (2.0)?

Global Activation: November 6th, 2018

	1.0 Standards	NEW 2.0 Standards	Benefits of 2.0
AUTHENTICATION METHOD	Static passwords & security questions	Eliminates static passwords for stronger two-factor authentication e.g., risk based, one time password, biometrics etc.	<ul style="list-style-type: none"> • Greater security • Greater convenience
INTERFACES	Browser dependent	Supports different payment channels e.g., in-app, IoT, browser, etc.	<ul style="list-style-type: none"> • Better UX • Wider applications • Great control by the merchant
DATA	Only 15 data elements available	Enables 10X more data to be exchanged	<ul style="list-style-type: none"> • Increased accuracy • Improved decisioning
USE CASES	Supports guest check-out only	Supports guest checkout with additional use cases , e.g., provisioning of Card on File, wallets, tokenization, etc.	<ul style="list-style-type: none"> • Expanded use • Greater security
DECISIONING	Merchants bound by issuer decisioning	Enhances decisioning by increased merchant flow of data	<ul style="list-style-type: none"> • Greater flexibility

What is the Payment Service Directive #2 (PSD2)?

Towards an increasingly integrated single market

The objectives of PSD2 are to make payments safer, increase the consumers' protection, foster innovation and competition while ensuring a level playing field for all players, including new ones.

Main changes brought by PSD2?

- Acknowledgement of new players accessing the customers' payment accounts
- **An increased security of Internet payments using Strong Customer Authentication (SCA)**
- A broader geographical reach

Effective in the European Economic Area (EEA):

31 = 28 Member States + Iceland, Liechtenstein and Norway

Compliance Date: September 14th, 2019

SCA is Authentication based on the use of two or more of the following elements



Knowledge
(*'something only the user knows'*)

Static password,
code, PIN



Ownership
(*'something only the user possesses'*)

Token, card,
mobile phone



Inherence
(*'something the user is'*)

Fingerprint, iris,
biometric data

- Must belong to different categories (e.g., two knowledge elements are not allowed)
- Must be mutually independent (i.e., the breach of one does not compromise the other)
- Must include elements that **dynamically link** the transaction to a specific amount and a specific payee

Strong Customer Authentication (SCA) is required when the user



Initiates an electronic payment transaction

Applicable to F2F and remote payments (e-commerce, mobile, browser-based and in-app)



Carries out an action through a remote channel which may imply a risk of payment fraud or other abuses

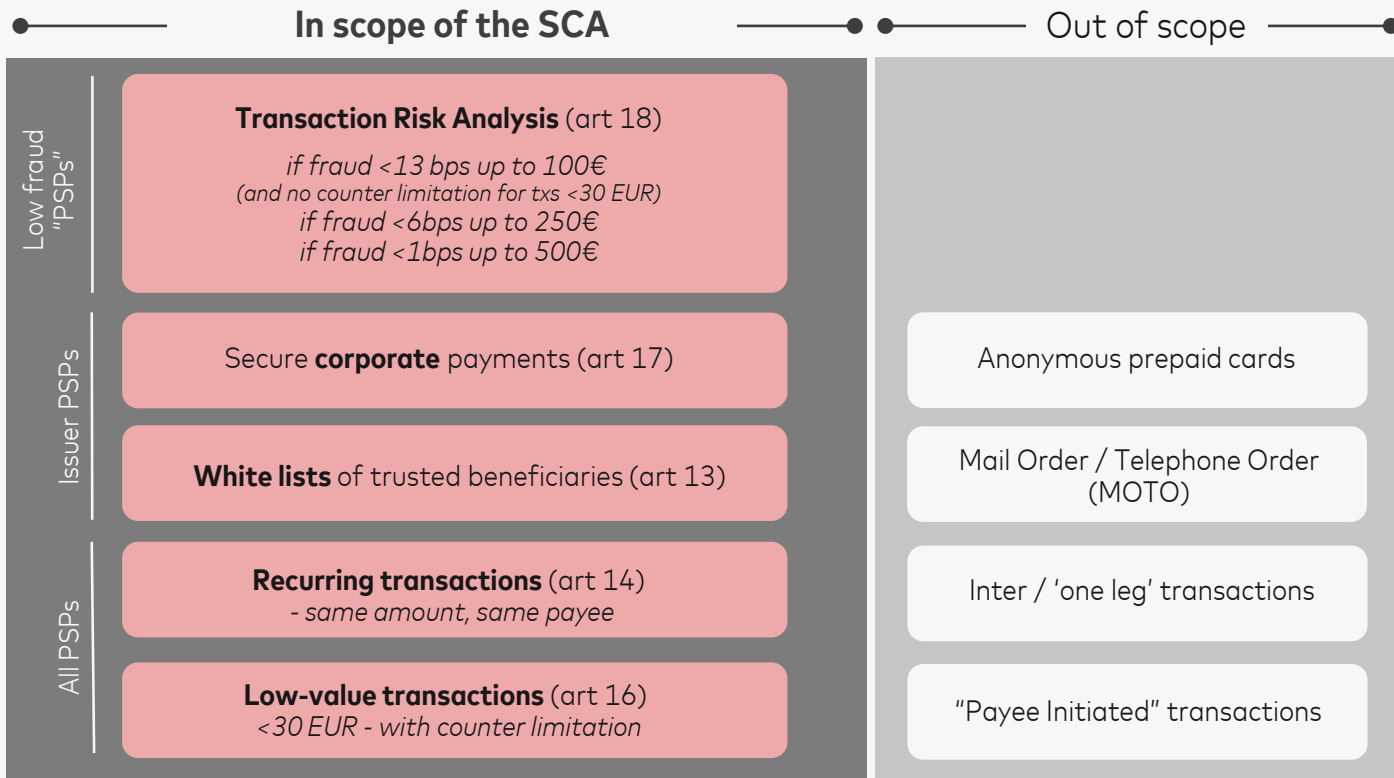
Applicable e.g. to card-on-file provisioning and e-mandate



Accesses his payment account online

Includes access to B2B accounts and through Account Information Service Providers

What Exemptions Can On-line Merchants Utilize to Bypass the Strong Consumer Authentication (SCA) Requirement?

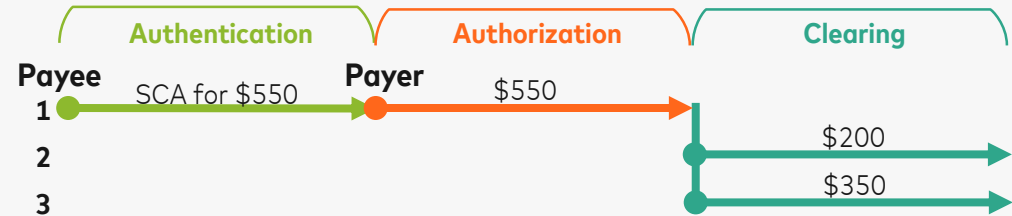


Payment Use-Cases

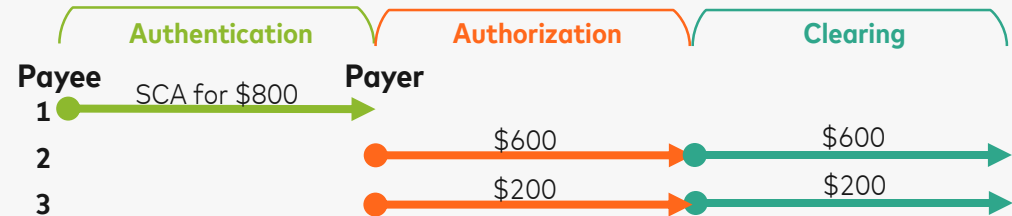
Use Case #1 : Recurring Payments – For e.g. Subscription with possibly variable amount, variable frequency, combined with one-time purchase, with fixed threshold.



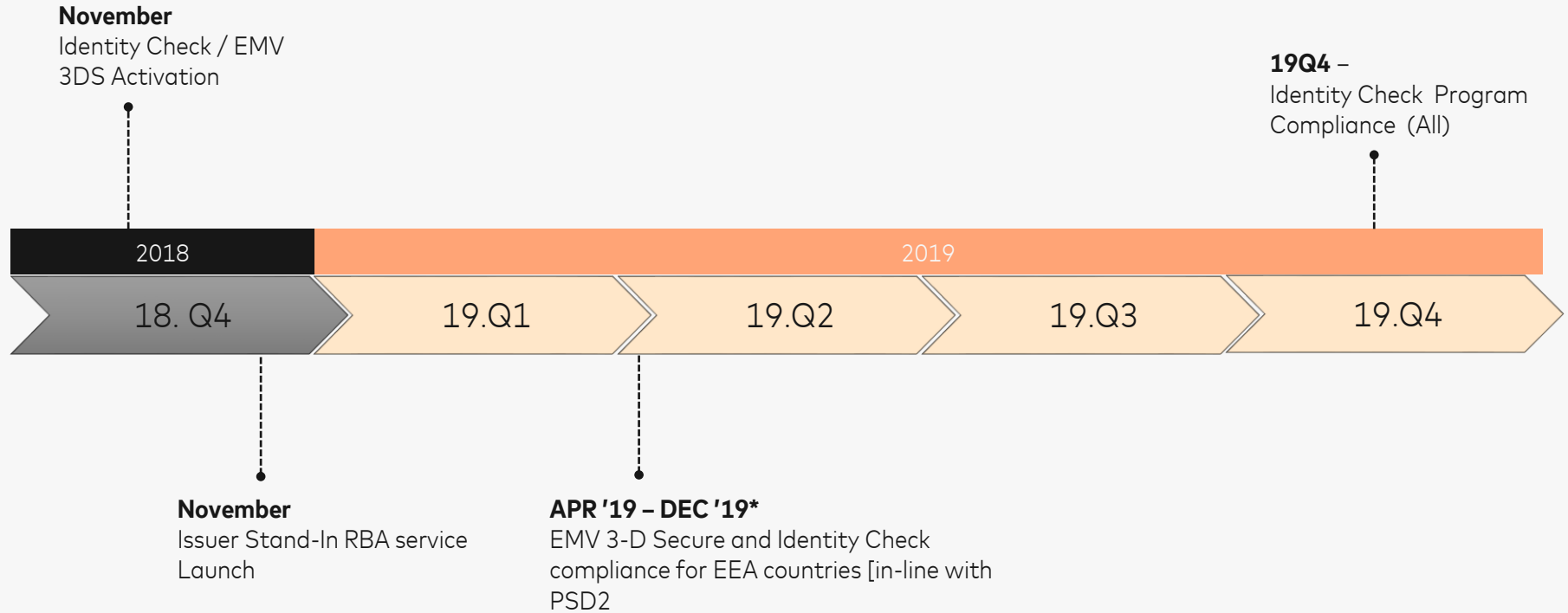
Use Case #2: Partial/ Split Shipment – For e.g. Ordered products are not all available at the same time. The Merchant decides to ship separately.



Use Case #3: Aggregator model – For e.g. Market places (e.g. Expedia) managing multiple merchants like combined travel booking of airline, hotel and car rental).



Mastercard Identity Check: 2018-2019 Roadmap



Key Focus Areas for Customers to Prepare for PSD2

Merchant

Select and deploy Merchant Integrator/PSP, 3DS SDK

Ensure all required EMV 3DS data is captured and provided

Acquirer

Ensure merchants are compliant with PSD2 RTS & Mastercard mandates

Consider acquirer TRA exemption and fraud prevention strategy

Issuer

Select and deploy ACS with EMV 3DS and White Listing, register BIN ranges with Identity Check

Implement authentication policy compliant with PSD2 RTS (with exemptions TRA, €30, White Listing) based on acquirer country

Mastercard's NuData SDK 3DS Solution



Support New Data Fields
Transaction ID and Protocol ID

Mastercard's Risk Based Authentication



Upcoming 3D-Secure Webinar



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How to Participate in EMV 3-D Secure & Increase Your CNP Approvals

With billions in annual losses from card-not-present fraud, EMV 3-D Secure has been designed to combat fraudulent transactions while safely increasing approval rates. Please join us for a discussion to get your all your questions answered!

Please join us for a one-hour panel discussion on:

- EMV 3-D Secure
- Benefits for every stakeholder
- How Mastercard can help you take maximum advantage of this new protocol

Date: November 28th, 2018

Time: 1PM - 2PM EST

REGISTER NOW: [EMV 3DS Webinar](#)

Thank You!

Please contact Patrick for any additional information



Patrick Kelly

patrick.kelly@mastercard.com

**Webinar Recording & Deck will be
Sent Out to All Participants**