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Will **Secure Customer Authentication** (SCA) Affect the Need to Screen for Fraud?

What is SCA?

SCA is the Regulatory Technical Standards of PSD2 that secures an electronic payment transaction by requiring the consumer to present at least two of the following:

***1 **Something they know**, eg. a one-time password, PIN

Something they have, eg. a token generator, mobile device, plastic card

Something they are, eg. thumbprint, voice match

When does SCA become effective?

2018

13 Jan 2018

PSD2 (revised Payment Services Directive) came into effect

2019

14 Sept 2019

SCA becomes a regulatory requirement

4

The introduction of SCA won't mean you should stop screening for fraud.

Here are 4 reasons why.

1 **Some transactions are out of scope**

SCA won't apply to all transactions. So you'll need to continue screening them for fraud, just as you do now.

2 **Liability shift is no protection**

Even when you're not liable for fraud on transactions that are in scope of SCA, a high fraud rate can count against you.

3 **You may want some control over exemptions**

To have any influence over your acquirer's exemption decisions about in-scope transactions, you'll need:

• an effective fraud screening program
• low reported fraud rates

4 **You need to safeguard your brand**

If you stop screening for fraud, your business may suffer:

• an increase in challenged or declined transactions
• a reduction in customer loyalty
• exposure to more fraud

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