

A risk based approach for secure and convenient online payments

On 12 August 2016 the European Banking Authority (EBA) published its draft Regulatory Technical Standards (RTS) on Strong Customer Authentication (SCA). ACCIE, the Association of Credit Card Issuers in Europe, presented its views on the draft RTS and the impact they can have on the payment sector in Europe. ACCIE fears that applying the rules on SCA as laid down in the draft RTS will harm the European payment sector as it fails to balance the need for security and consumer convenience.

Maintaining a careful balance between payment security and consumer convenience is of vital importance for an innovative payment ecosystem. Currently, a risk-based approach is used to determine the level of security to be applied to a transaction: Less stringent customer authentication procedures are applied to low risk transactions, which leads to more payment convenience for consumers (less actions necessary to complete payment). High risk transactions are subject to the highest standards of customer authentication. This risk-based approach allows for the development of innovative payment solutions that increase both consumer convenience and payment security. This has contributed to the development of the European Digital Single Market (DSM), strengthening the competitiveness of the European payment and e-commerce sector.

Imposing SCA irrespective of the actual risk associated with the transaction does not allow for consumer friendly and innovative payment solutions such as contactless payment or one-click-buying. In addition, millions of seamless (recurring) payment experiences offered, such as within iTunes, Netflix, or Spotify, will no longer be possible in the manner we experience them today. Instead of offering EU consumers the seamless experiences they want and expect, they will be faced with SCA driven, superfluous challenges to complete a payment. This would be an immense step backwards for the European DSM and will deteriorate the competitiveness of the European payment sector.

ACCIE understands the value of SCA for completing transactions with a high fraud risk. However, applying SCA to the majority of transactions, irrespective of their actual risk, as proposed in EBA's draft RTS, will significantly reduce the possibilities for innovation in the payment sector and will negatively impact consumer convenience. **ACCIE therefore calls on the EBA to re-evaluate the draft RTS to include the possibility for the application of a risk-based approach.**

About ACCIE - ACCIE represents the specialised European credit card issuing industry in its dealings with EU and Member State institutions. Its mission is to ensure that its cardholders across Europe gain optimal benefit from the credit card payment instruments offered by its members. The members of ACCIE provide services to approximately seven million cardholders in seven different EU Member States (Austria, Belgium, France, Germany, Luxembourg, the United Kingdom and the Netherlands).

