

A Brief Introduction

EU's revised Payment Services Directive (PSD2) is coming in place in September 2019 and is introducing the new SCA requirements.

What is PSD2?



The Payment Services Directive (PSD2) is an EU legal framework for more open and secure payments within the EU/EEA community.

Its second revision from 2018 addresses the security of the EU users' bank account information in terms of remote payments and online banking where now an additional authentication step will be required to approve payments.





Why was PSD2 created?

PSD aims to harmonise the European payment framework and help new players enter the payment market, by supporting open banking and third-party solutions.

penetration rates and a strong shift towards digital banking services "80% preference rate for UK SME users

With high mobile



better open banking.

However, open banking would require third-party providers to access user banking information, which called for PSD's second revision to bring core changes to the way payment providers approach customer authentication.

Key points of the upcoming **PSD2** Regulation

within the EU/EEA will be required to apply multi-factor Secure Customer Authentication (SCA), based on the following revised multi-factor authentication criteria:

On the 14th September this year, all payment providers



Something the customer knows: x Password

- x PIN
- xSecret question

x Mobile phone x Wearable

- x Token
- x Badge





x Facial recognition x Voice pattern

Something the customer has:

x Fingerprint

- x Iris scan x DNA signature

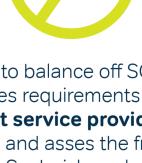
methods proceed with payment.

to combine at least two of the



Low-risk transactions up to €500

exempt from SCA.



Besides, to balance off SCA requirements with customer experience, PSD2 introduces requirements for transaction risk analysis (TRA), where payment service providers (PSPs) observe transactional behaviour in

transaction

and transactions under €30 will be

real-time and asses the fraud risk levels, validating which transactions are 'low risk'. Such risk analysis includes monitoring for:



payment

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SIM Swap location patterns

JT Fraud Protection Services jtglobal.com/international/contact/

For more information, please contact:



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