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Merchant Risk Council,
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Monday, 4th May 2020

Dear Mr. Manuel Campa,

I hope you, your family and the staff at the EBA are keeping safe and well during this difficult time.

We are writing to you regarding the deadline for completing the implementation of Strong Customer Authentication (SCA) requirements under PSD2. We have been consulting with our members (who include 85% of the largest eCommerce global retail brands (e.g. Zalando, LVMH, Inditex, Adidas, etc.), plus acquiring processors, PSPs, card issuers, card schemes and consulting firms; as well as 50+ law enforcement agencies) and wish to relay to you what we are hearing in terms of the reality of meeting a December 2020 deadline for SCA implementation, especially during these unprecedented times.

Our members have worked hard over the past few years to ensure the deadline was met by September 2019 and have been working since then to ensure a launch that will create the least amount of disruption possible, to the industry and economy. We are acutely aware the EBA has heard the collective retail industry voice over that time and has been fair and flexible with the implementation deadline. Over the past few weeks and months, customers of ours, including the largest global eCommerce brands, have been carrying out market to market testing in Europe on the required version of 3D Secure. Overall, results would suggest the ecosystem is just not ready.



While these merchants can execute to the SCA mandate, it is clear from testing that significant issues exist across many players which need to be rectified to ensure proper functionality. There is ongoing dialogue between the large actors. The same gaps are appearing, as merchants compare notes and data from their testing phase.

For most of these large merchants, such testing consumes a lot of time and resources with multiple teams and organisations involved in measuring data and producing test results. These large merchants are in the privileged position to be able to do this testing, to iron out any bugs and reduce risks. Small merchants are not so lucky. We believe, without a drastic immediate improvement, the eCommerce industry across Europe will be seriously damaged. We believe, considering these findings, the current deadline is simply not workable.

As you're undoubtedly aware, because of the COVID-19 pandemic, all our member organisations are operating on limited resources. Everyone has had to refocus their attention and redirect business strategies to remain open and in business. For most companies, this has meant operating with a much-reduced workforce either due to illness, layoffs or necessary furloughs. eCommerce merchants are experiencing greater demand than ever before. There are multiple dependencies and while this added pressure is a reality for our members, all are required to work together to implement SCA.

The impact of COVID-19 on that ecosystem is proving to be a great challenge to enable those businesses to deliver a controlled and effective implementation.

We are aware of the letter you received from EPIF last week and we are very much supportive of their message. As with EPIF, we are simply asking for a short delay to the deadline so that everyone in the ecosystem can work to meet their legal requirements effectively.



We also note last week's announcement by the FCA to extend the SCA deadline by a further six months in the UK. It's true to say an effective implementation of SCA includes a timely and managed rollout by all relevant stakeholders. Such a delay in the UK will have a knock-on effect on the rest of the EU operators.

We implore the EBA to consider appropriate measures to ensure a seamless delivery of SCA implementation across the EU. We agree with EPIF that an additional six months for the market to be fully SCA ready is a reasonable ask. As a payment organisation, focussed on fraud prevention, risk management and enabling efficiencies (e.g. avoiding a high level of declines by avoiding a poor rollout) in retail markets, MRC and our members remain committed to the implementation of SCA. We want the rollout to be done well and collaboratively. A deadline in 2021 would help our members ensure this important implementation is done well and therefore deliver its intended purpose.

We welcome your comments and are happy to take any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Una Dillon', is positioned below the word 'Sincerely,'.

Úna Dillon
Managing Director
Merchant Risk Council Europe

About the Merchant Risk Council (MRC): The MRC is a global membership organisation connecting eCommerce fraud and payments professionals through educational programs, online forums, career development, conferences, and networking events. Hear our members share the value of MRC collaboration. www.merchantriskcouncil.org

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