



UK
FINANCE

UK Finance Revised SCA Ramp Up plan

November 2021

UK SCA Ramp Up: Sprint Ramp Up targets – Q1 2022



Ensuring SCA compliance by 14th March 2022 in a controlled manner

Overview

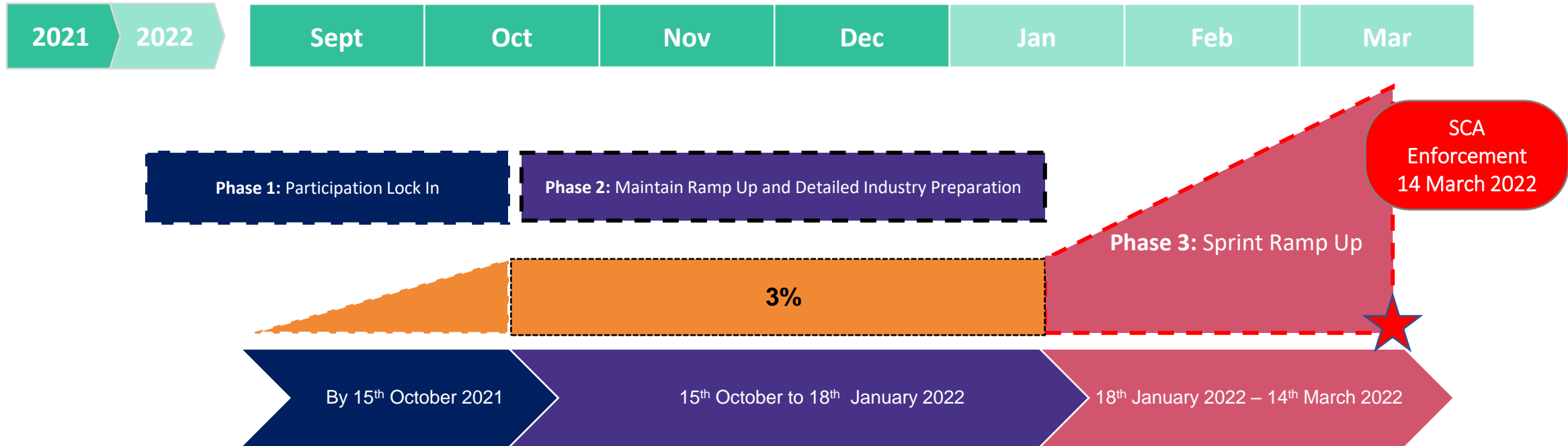
The SCA PMO have previously communicated the industry agreed Ramp Up plan, which was initiated in June 2021 and then reviewed and re-communicated to industry on 17 September 2021.

- **Phase 2** (Implementation of a maintenance Ramp Up) required card issuers to reach a **minimum 3%** Ramp Up target by 15 October 2021.
- **Phase 3** (Sprint Ramp Up) will follow the same principles with revised targets
 - Targets will be set for the authorisation flow rather than authentication flow
 - Issuers will continue to apply the revised targets regardless of their Ramp Up method (checking non-compliant transactions or sampling transactions sent to authorisations)
 - All monitoring processes in place will continue:
 - Issuer metrics – *turnaround timelines will be accelerated*
 - Scheme metrics – *data supporting industry wide visibility*
 - Acquirer metrics – *focussed on understanding merchant readiness*
 - The SCA PMO will continue working with relevant members in the ecosystem to minimise the customer impact

Revised UK Industry SCA Implementation Plan



UK Only: 2021 - 2022 activities: Enabling a controlled roll out to minimise customer impact



SCA Initiatives Live
Authentication: 3DS activated (to include usage of exemptions if applicable)
Authorisation: Correct flagging and usage of exemptions
Authorisation: Soft decline recognition (if applicable)

SCA Ramp up	
Authentication (3DS)	Authorisation
Exemptions Transaction Risk Analysis (TRA). Other exemptions could include Trusted Beneficiary and Secure Corporate Payment	Exemptions and correct flagging (MIT ongoing and other out of scope) Transaction Risk Analysis (TRA). Other exemptions include Secure Corporate Payment and Low Value Payment, MIT ongoing and other out of scope
SCA step ups All transactions within the scope of SCA (not using an exemption). This includes Merchants Initiated Transactions (MIT) set up	SCA soft declines Transactions in the SCA scope sent directly to authorisation with no exemptions flag. It includes LV soft decline when the cumulative LV limit has been reached

UK SCA Ramp Up Approach: Authorisation

Ramp Up targets have been defined to mitigate the cliff edge implementation and drive merchant readiness

Transaction flows	Issuer Action	Target by Mar 22	Risk*	Considerations
Correct Flagging	To recognise** all flagged transactions: 1. Acquirer TRA 2. LV 3. SCP 4. MIT ongoing	1. Acquirer TRA 2. Up to £25 3. 100% 4. 100%	Low	NA – As triggered by merchants/acquirers
Soft Declines* Cumulative Low Value (CLV)	Gradual introduction of CLV – Choose 1 or a combination of: • BIN by BIN • Inflated CLV • Convert into TRA	£85 (or by 5 transactions)	Medium	NA – As triggered by merchants/acquirers
Soft Declines* <i>Non-Flagged In scope with no exemption (and issuer unable to authenticate)</i>	Monthly percentage target to be achieved by 1 or a combination of: • By value • By frequency • By BIN	100%	High	Detailed plan provided (on following page)

Sprint Ramp Up targets are applicable regardless of the sampling method applied by Issuers:

1. Checking non-compliance transactions or
2. Sampling transactions sent to authorisations

*Risk of Transactions being declined if they fall in the target

UK SCA Ramp Up Approach: Authorisation

Sprint Ramp Up targets are applicable regardless of the sampling method applied by Issuers

Transaction flows	Issuer Action	Feb – 15 th Oct	Nov	Dec	18 th Jan 22	1 st Feb 22	15 th Feb 22	1 st Mar 22	14 th Mar 22
Correct Flagging*	To recognise all flagged transactions: 1. Acquirer TRA 2. LV 3. SCP 4. MIT ongoing	<ol style="list-style-type: none"> 1. As per acquirer TRA 2. Up to £25 3. 100% 4. 100% 							
Soft Declines** Cumulative Low Value (CLV)	Gradual introduction of CLV – Choose 1 or a combination of: • BIN by BIN • Inflated CLV • Convert into TRA	As per BAU	Defined by Issuer						
Soft Declines* <i>Non-Flagged</i> <i>In scope with no exemption (and issuer unable to authenticate)</i>	Monthly percentage target to be achieved by 1 or a combination of: • By value • By frequency • By BIN	As per BAU	3%	3%	<div style="border: 2px solid red; padding: 5px;"> <p style="text-align: center; color: red; margin: 0;">Sprint Ramp Up</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid lightblue; padding: 5px; text-align: center;">10%</div> <div style="border: 1px solid lightblue; padding: 5px; text-align: center;">30%</div> <div style="border: 1px solid lightblue; padding: 5px; text-align: center;">50%</div> <div style="border: 1px solid lightblue; padding: 5px; text-align: center;">75%</div> <div style="border: 1px solid lightblue; padding: 5px; text-align: center;">100%</div> </div> </div>				

*Only main exemptions used commonly across the industry are listed and in the scope of UKF PMO

**Risk of Transactions being declined if they fall in the target

▲ Top 10 Issuer Transparency Table to be issued to PMO Task Force to monitor level of impact

UK SCA Ramp Up: Understanding the impact

The Issuers transparency table (Top 10 only) will be available to the PMO a week after each milestone.
Aggregated industry data will continue to be provided to members on a weekly basis

Metrics Calendar

- Top 10 issuers will provide the metrics data every two weeks as per the table below
- *Process for all issuers is still under discussion*

Reporting Period (Single day) Based on Sprint Ramp Up Target	Deadline for Reporting	Issuer Transparency Table shared with the ETF*
Tuesday 18 th January	Friday 21 st January	Tuesday 25 th January
Tuesday 1 st February	Friday 4 th February	Tuesday 8 th February
Tuesday 15 th February	Friday 18 th February	Tuesday 22 nd February
Tuesday 1 st March	Friday 4 th March	Tuesday 8 th March
Monday 14 th March	Friday 18 th March	Tuesday 22 nd March
Further reporting post enforcement TBC		

* Dates only achievable if Issuers provide returns by deadline (no PMO chasing required) and data doesn't need PMO query or validation with Issuers

UK SCA Ramp Up Approach: Authentication

Issuers have the flexibility to define their Ramp Up pace to ensure customers, operational and systems readiness for the SCA Authentication flows

Transaction flows	Issuer action	Target by Mar 22	Risk*	Considerations	
SCA exemptions	Issuer TRA threshold	Start using an inflated issuer TRA (pre SCA enforcement)	Issuer TRA up to £85, £220 or £440	Low	An inflated TRA is expected to trigger around 2% extra challenges. Flexibility: Issuers might use other principles that allows them to prepare their customers for their target TRA
	Acquirer TRA threshold (only 3DS2.2)	Issuers to start recognising acquirer TRA acquirers: using the TRA as per SCA guidelines	Acquirer TRA up to £85, £220 or £440	Low	NA. As triggered by merchants/acquirers
SCA step ups	Above issuer TRA threshold	Step up (i.e. OTP or other 2FA) transactions above inflated TRA	Issuer TRA	Medium	An inflated TRA is expected to trigger around 2% extra challenges. Flexibility: Issuers might use other principles that allows them to prepare their customers for step ups (i.e. OTP or other 2FA) above the target TRA Linked to Issuer TRA threshold
	e-merchant request	Step up all transactions as per merchant request i.e. MIT first flag	100%	Low	NA. As triggered by merchants/acquirers

UK SCA Ramp Up Approach: Authentication

Issuers have the flexibility to define their Ramp Up pace to ensure customers, operational and systems readiness for the SCA Authentication flows



Transaction flows		Feb - Aug	Sep	15 th Oct	Nov	Dec	18 th Jan 22	1 st Feb 22	15 th Feb 22	1 st Mar 22	14 th Mar 22
SCA exemptions	Issuer TRA threshold	Risk based authentication	Issuer flexibility in using alternative strategies to prepare their customers for their target TRA (i.e. Inflated TRA) <i>(>98%)</i>								
			% of potential transactions impacted (for reference only)** Risk based authentication continues								
	Acquirer TRA threshold <i>(only 3DS2.2)</i>	As per acquirer TRA									
SCA step ups	Above issuer TRA threshold	Risk based step ups	Issuer flexibility in using alternative strategies to prepare their customers for step ups (i.e. OTP or other 2FA) above the target TRA <i>(>98%)</i>								
			% of potential transactions impacted (for reference only)**								
	e-merchant request	100%									

*Risk of Transactions Being Declined

** Based on **non-secured** volume of transactions by band. Source: Implementation TF issuers

Appendix

eCommerce Journeys impacted by SCA

Overview of all SCA transaction flows impacted by the regulation. The UKF Ramp Up only will set targets for the Authorisation flows

Transaction flows		Description	merchant/Acquirer action	Issuer action	Friction		
Authentication (3DS)	SCA exemptions	Issuer exemptions	Via 3DS	TRA Applied	Low		
		Acquirer exemption: TRA ^{LR}		TRA accepted or declined			
	SCA step ups	Above issuer TRA		Transaction stepped up	Medium		
	e-merchant request ^{LR}	Triggered by e-merchants/acquirers and recognised by issuers (e.g. first MIT, soft decline, etc)					
Authorisation	Correct flagging ^{LR}	Acquirer exemption: TRA	Authorisation with correct flag	Transaction to be decided	None		
		Acquirer exemption: LVT					
		Secure Corporate Payment exemption					
		MIT (recurring)					
		Out of scope					
	Soft declines	CLV		Total Low Value exemption (up to £90)	Triggered by issuers	Soft declined (<i>request to send via 3DS</i>) OR Declined (<i>new transaction to be sent via 3DS or correct flag applied</i>)	High
		Non-flagged		In scope with no exemptions (and issuer unable to authenticate)	Issuers will need to soft-decline or decline the transaction		

Issuer Ramp Up Guidance

There are two methods for the ramp up target. Both methods look at authorisation data only and reach to the same volume of soft-declines



Ramp Up Method	SCA Compliance	Ramp up Approach	Outcomes	Pros / Cons of Methods				
<p>Method 1</p> <p>All in-scope e-Commerce transactions</p> <p>Authentication</p> <p>(Authorisation Traffic) Transactions with 3DS flags</p> <p>Flagged correctly</p> <p>MIT not flagged correctly</p> <p>Authorisation (Direct to Authorisation)</p> <p>Non-flagged (incorrectly flagged)</p> <p>Some issuers may opt to include MIT not correctly flagged as part of their sampling</p> <p>Soft Decline Targets as per issuer approach. For example:</p> <ul style="list-style-type: none"> By value By frequency By BIN 	<p>Compliant</p> <p>Compliant</p> <p>Non-compliant</p>	<p>Issuers soft decline non-compliant transactions as per targets:</p> <p>June: soft-decline 10% of non-compliant transactions</p>	<p>1,000 in-scope e-commerce transactions</p> <table border="1"> <tr> <td>3DS 20%*</td> <td>MIT 10%*</td> <td>Exemption 30%*</td> <td>No flag 40%*</td> </tr> </table> <p>Ramp up target: 400</p> <p>Soft-declines on 18 Jan @ 10% target: 40</p> <p>SCA Soft declines as % of ramp up target: 10%</p>	3DS 20%*	MIT 10%*	Exemption 30%*	No flag 40%*	<ul style="list-style-type: none"> ✓ Targeting specifically non-compliant transactions to ensure merchants readiness by SCA enforcement date ✓ Minimising customer impact by not compliance checking all transactions ✓ Sending a clear signal to merchants on importance of exemption flagging and readiness X May not include MIT transactions not flagged correctly – resulting in large declines at enforcement date X Checks by issuers that will be required at enforcement date, would not be tested prior to enforcement
3DS 20%*	MIT 10%*	Exemption 30%*	No flag 40%*					
<p>Method 2</p> <p>All in-scope e-Commerce transactions</p> <p>Authentication</p> <p>(Authorisation Traffic) Transactions with 3DS flags</p> <p>Flagged correctly</p> <p>MIT not flagged correctly</p> <p>Authorisation (Direct to Authorisation)</p> <p>Non-flagged (incorrectly flagged)</p> <p>Compliance Targets as per issuer approach. For example:</p> <ul style="list-style-type: none"> By value By frequency By BIN 	<p>Compliant</p> <p>Compliant</p> <p>Non-compliant</p>	<p>Checking SCA compliance on all in-scope e-commerce traffic and soft-declining if non-compliant</p> <p>June: 10% of all in-scope transactions are checked for compliance</p>	<p>1,000 in-scope e-commerce transactions</p> <table border="1"> <tr> <td>3DS 20%*</td> <td>MIT 10%*</td> <td>Exemption 30%*</td> <td>No flag 40%*</td> </tr> </table> <p>Sample size on 18 Jan @10% target: 100</p> <p>Soft-declines on 18 Jan: 40</p> <p>SCA Soft declines as % of sample: 40%</p>	3DS 20%*	MIT 10%*	Exemption 30%*	No flag 40%*	<ul style="list-style-type: none"> ✓ Targeting all in-scope e-Commerce traffic could lead to more short term pain in declines (as a percentage of sample) but will provide greater readiness assurance to issuers as all journeys are being checked ✓ At enforcement date, issuers will be 100% compliant ✓ Sending a clear signal to merchants on importance of exemption flagging and readiness X May dilute message to target only non-flagged (non-compliant) transactions.
3DS 20%*	MIT 10%*	Exemption 30%*	No flag 40%*					

*Proportions based on 14 – 20 June industry SCA data