



UK Strong Customer Authentication Managed Roll Out Programme 2nd Factor to One Time Passcode – Delayed Implementation

The UK Finance Strong Customer Authentication Programme Management Office (“SCA PMO”) has previously published the Financial Conduct Authority (“FCA”) agreed SCA implementation and ramp-up plan. This plan required card issuers to have their 2nd factor to One Time Passcode (“OTP”) solutions’ in place by 1 June 2021 for commencement of SCA ramp up leading to full enforcement on 14 September 2021 (full UK regulatory enforcement date).

The SCA PMO communicated in May 2020 the industry preferred direction to use Behavioural Biometrics (“BB”) as an inherence 2nd factor to OTP. The FCA wrote to UK Finance to show support of a BB solution:

“To enable industry progress on SCA solutions we would like to confirm that our preference remains, in line with our consistent message, that issuers should develop strategic solutions that are good for customers and businesses, rather than to merely fulfil box ticking compliance. We welcome the industry’s suggestion to focus on behavioural biometrics as second factor to an OTP solution and have asked the programme to come back to the FCA with a critical path for its development to verify the feasibility of that solution within the agreed implementation timelines. We also reiterate the need to ensure that solutions for all customers are considered.”

Card issuers identified that there may be an issue relating to the interplay between BB and the General Data Protection Regulation (“GDPR”) with the possibility that card holders ‘explicit consent’ being required, thereby posing a barrier towards successful implementation of BB. The Information Commissioners Office (“ICO”) guidance has been sought by the UK Finance PMO on the use of substantial public interest argument to negate the requirement for explicit consent, comments and an opinion are due imminently.

Given the absence of clarity, many issuers have currently put on hold their BB solutions’, thereby impacting their ability to implement by 1 June 2021. The FCA have confirmed to the UKF PMO that the requirement to implement a 2nd factor to OTP can be deferred until 14 September 2021. Issuers will be expected to implement an interim solution of OTP + 3DS profiling data from 1 June 2021 to 14 September 2021, to ensure all ecommerce transactions comply with the spirit of the regulations to protect customers from fraud.

For clarity, we recognise that most issuers are developing either BB or knowledge as their 2nd factor to OTP. The deferment will be applicable to all issuers planning to deliver OTP, irrespective of which 2nd factor to OTP solution is being intended.

The FCA have strongly reiterated that they expect firms to take all reasonable steps to avoid disruptions to consumers and merchants as soon as possible before 2021. The FCA have also reiterated that they encourage all issuers to use this additional time to explore the use of behavioural biometrics over knowledge factors where possible. We will be issuing an updated implementation plan on the UK Finance SCA landing page in due course.

The UK Finance SCA PMO will be issuing a further communication on the BB industry position once the ICO have provided their opinion.

Please reach out to the SCA PMO (scapmo@ukfinance.org.uk) if you have any further queries.

Rizwan Khan on behalf of SCA PMO