



EWPN
MAKING DIVERSITY MATTER IN FINTECH

EWPN Germany - Webinar

European Women Payments Network

“Delegated Authentication for Merchants to Improve the Checkout Experience”


September 14th, 12:00pm – 1:00pm

ONLINE

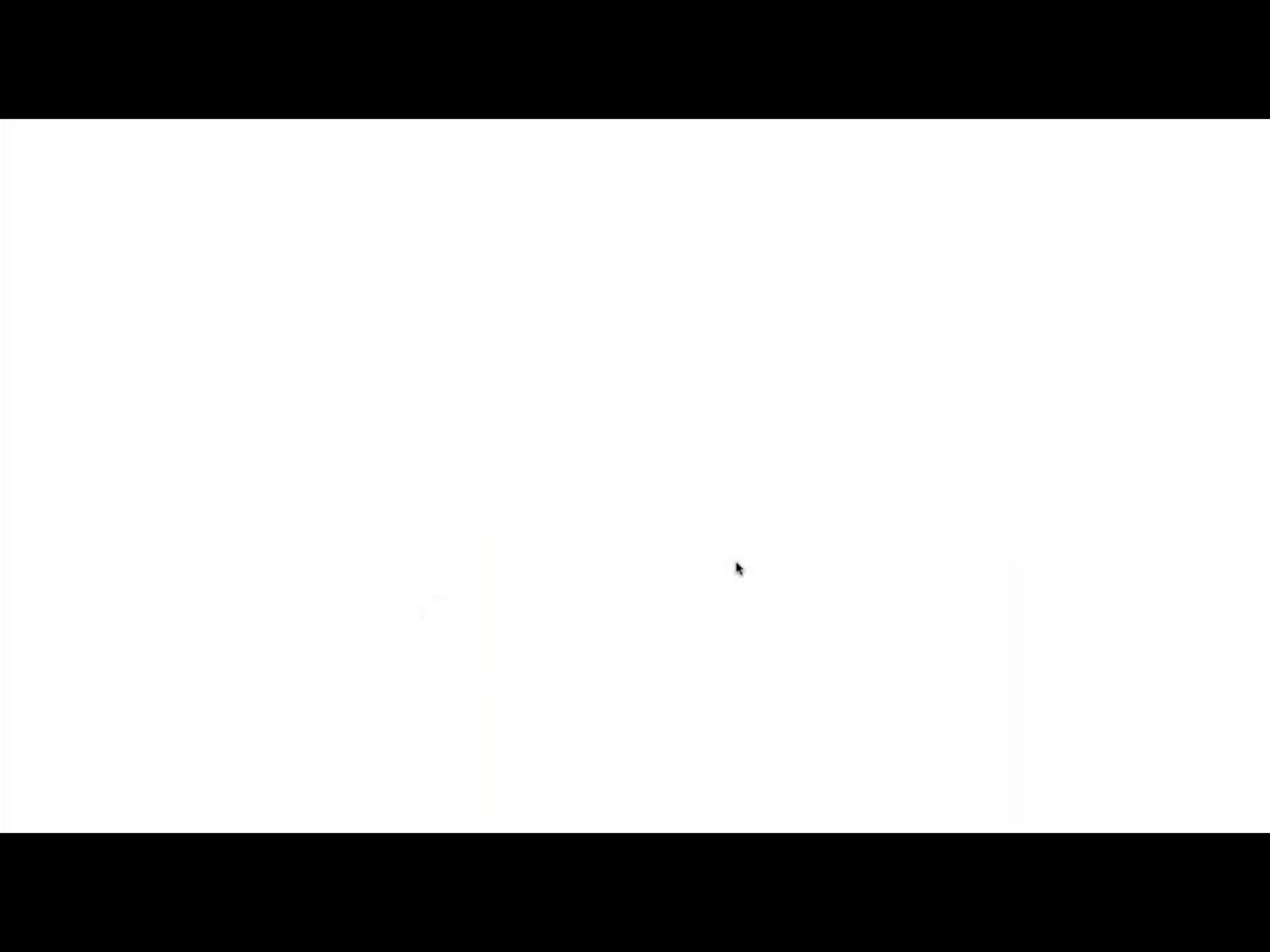
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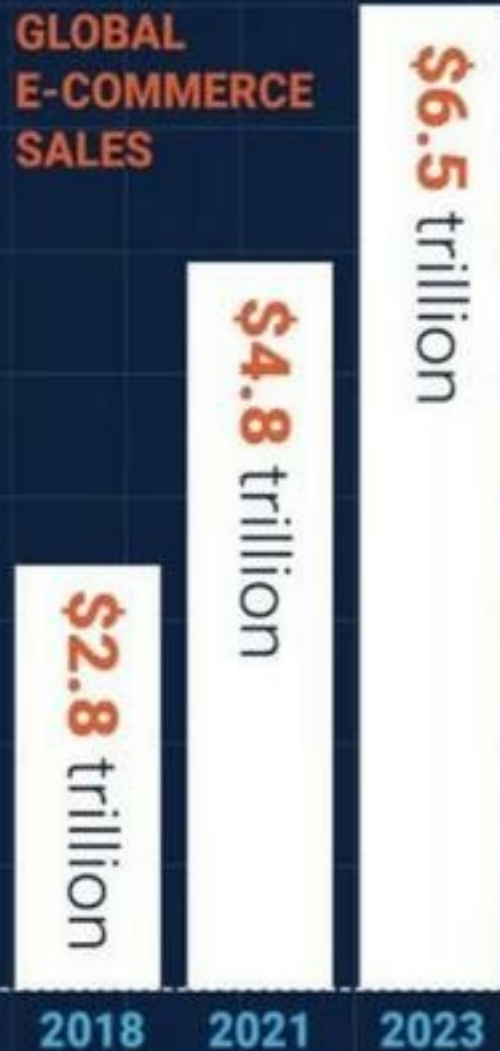
 **mastercard.**





E-commerce market trends.

GLOBAL
E-COMMERCE
SALES



VOLUME OF PAYMENT
AUTHENTICATION
REQUESTS IN 2020



65%

of customers
abandon carts
due to friction

\$100s
OF BILLIONS

in sales foregone
due to friction at
checkout

User experience

is the differentiator.

DELEGATED AUTH UNDER PSD2

The PSD2 RTS allows to **delegate SCA** to third party providers (e.g. merchants or wallets), in order to offer a smooth consumer experience while being **PSD2 compliant...**

...but delegating SCA should imply certain conditions, including:

- bilateral contract
- evidence of the certification
- security measures is documented, periodically tested, evaluated and audited

PSD2 = Second Payment Services Directive RTS = Regulatory Technical Standards



Mastercard Authentication Express allows the management of every aspect of SCA delegation in a **compliant and effective** way



Mastercard Authentication Express

A contractual multilateral legal framework & platform provided by Mastercard, removing the need for bilateral agreements, and defining a set of rules and minimum standards to enable Issuers to delegate SCA to merchants or wallets



E-Com Merchants



Wallet Provider

Issuers



OPT IN

OPT OUT



The multilateral framework of Mastercard Authentication Express is available since 14 September 2019 and **covers all components needed for bilateral agreements**, to meet the requirement of PSD2 regulation



Authentication Express provides the choice of two delegated authentication options – using any PSD2 compliant SCA and/or using device biometrics with ID Check Express

INDEPENDENT OF FRAUD LEVELS

Merchants using device biometrics & Identity Check Express

They use a device biometrics solution based on a standard approved by Mastercard e.g. FIDO

They (or their solution provider) certify the authentication solution in a security lab approved by Mastercard/EMVco

1

After ID&V with Issuer SCA, they authenticate consumers with the approved device biometrics solution and send device biometrics results to Mastercard for validation (no call to Issuer or the Issuer ACS)

Joining Authentication Express brings the following benefits to each party



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Merchant



- Maintain **control** over customer user experience
- Provide **low friction challenge**, per program terms and rules, to cardholders, **minimizing cart abandonment** and **increasing transaction approval rates**

Joining Authentication Express brings the following benefits to each party

Merchant



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Issuer



- Delegation **compliance with PSD2** without needing bilateral agreements with multiple merchant authenticators, device authenticators or wallet authenticators
- **Visibility of security** and functional measures taken by authenticator (RTS article 3)
- **Assurance** that delegated SCA solutions comply with PSD2 and Mastercard standards
- Gain **additional transaction insight** through data contained in EMV 3DS message

Cardholders



- Improved **checkout experience**
- Potentially **avoiding multiple SCAs** for a single transaction (for example, performed by both the merchant and the issuer)
- **Secure transactions** using strong customer authentication (two-factor) to minimize fraud

DELEGATED AUTHENTICATION VISA

DELEGATED AUTHENTICATION VISA

Qualifying delegates

Delegates, including participating merchants & Token Requestors, must demonstrate that they meet initial qualification criteria to participate in the Program



Capable of performing **Strong Customer Authentication**



At least **12 months** of Visa transaction history



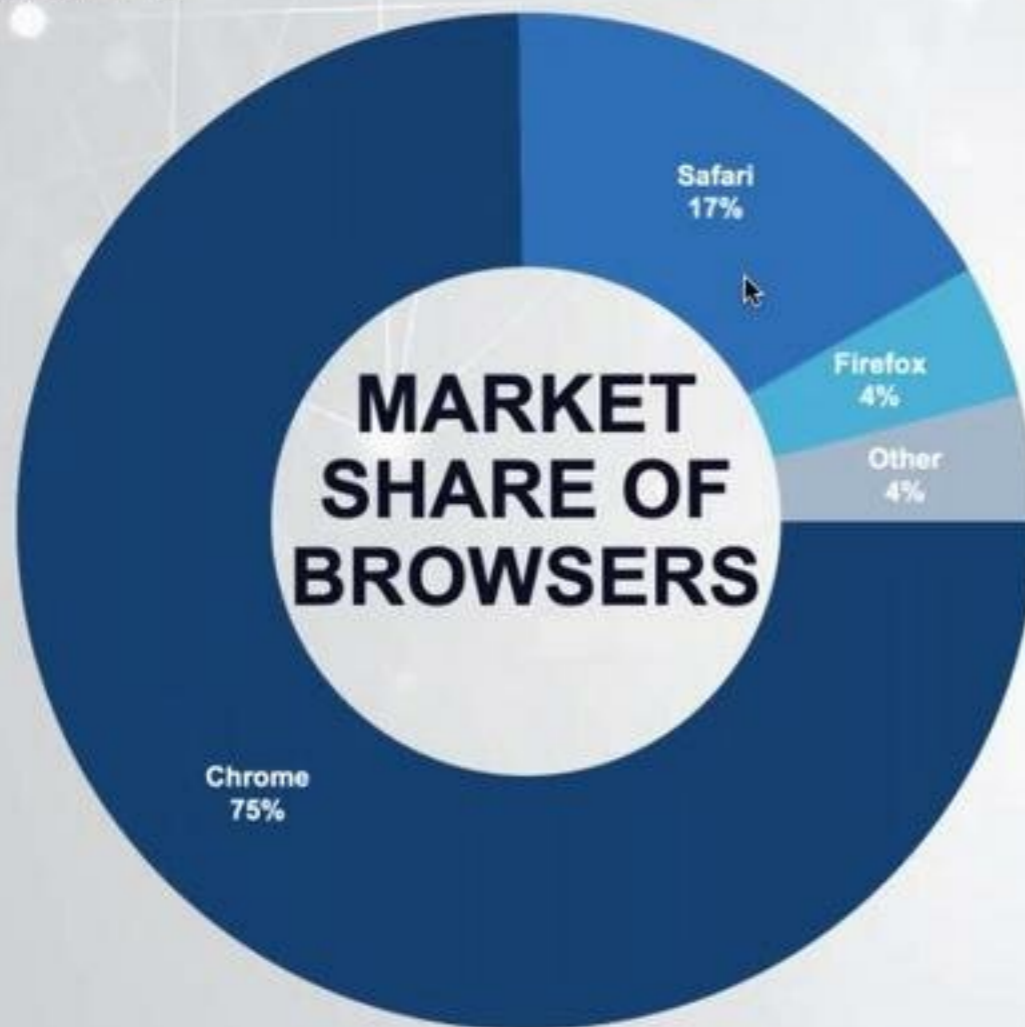
CNP fraud entry criteria of below **15 bps** for **6 consecutive months**
evaluated at the entity level for Europe transactions only



No history of Visa fraud or chargeback program breaches

DELEGATED AUTHENTICATION – THE ROLE OF FIDO

WHAT DOES THE BROWSER LANDSCAPE LOOK LIKE?



Only 3 remain...



Chromium (Google)
75 %



Safari (Apple)
17%



Firefox (Mozilla)
4%

OPERATING SYSTEMS HAVE ALSO SEEN SIMPLIFICATION

Mobile OS



Apple iOS



Google Android

Desktop (or laptop) OS



Apple MacOS



Microsoft Windows

Only Microsoft, Google and Apple remain as players

WHY IS THIS IMPORTANT?

FIDO ALLIANCE

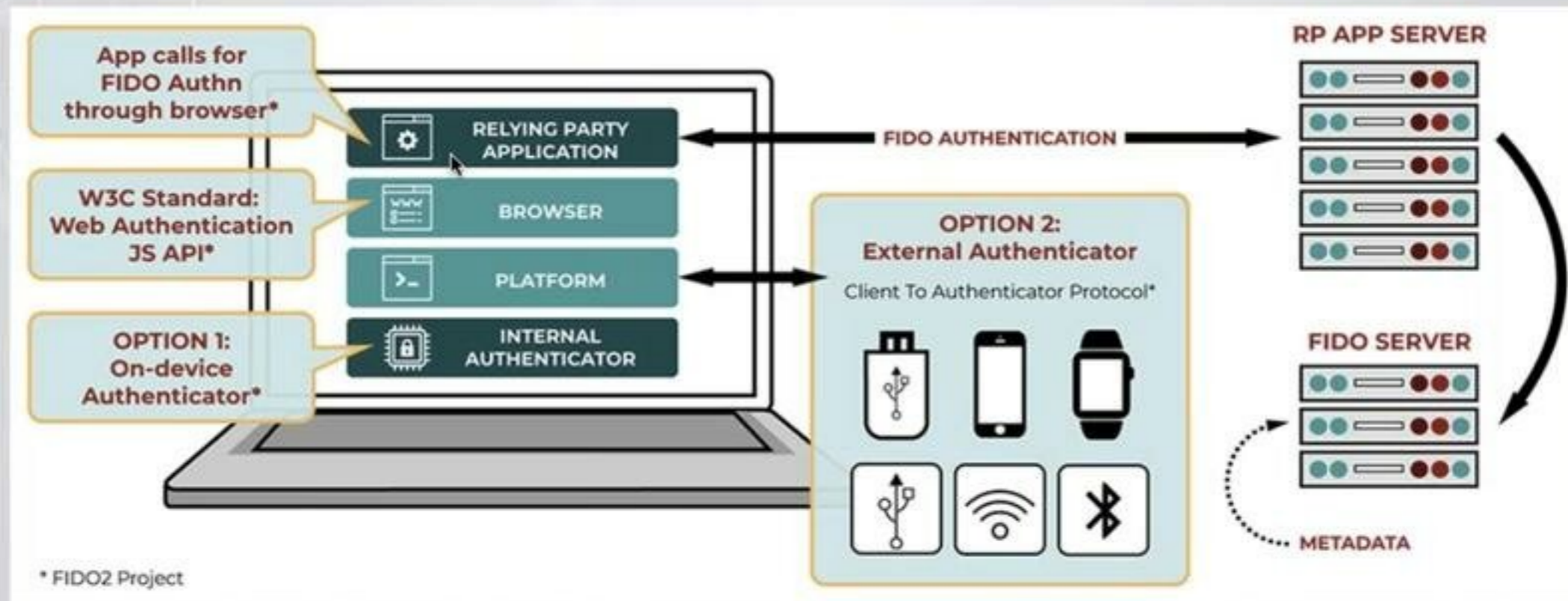
SOLVING THE WORLD'S PASSWORD PROBLEM

fidoTM
ALLIANCE | simpler
stronger
authentication

- FIDO (Fast Identity Online)
- The FIDO Alliance is an open industry association
- **Mission:** Authentication standards to help reduce the world's over-reliance on passwords.

FIDO2

LEVERAGING COMMON DEVICES



- W3C Web Authentication specification (WebAuthn)
- Client-to-Authenticator Protocols (CTAP)

FIDO AUTHENTICATORS



**ROAMING / EXTERNAL
AUTHENTICATORS**
Implemented off device

FIDO AUTHENTICATORS



**ROAMING / EXTERNAL
AUTHENTICATORS**
Implemented off device



**PLATFORM
AUTHENTICATORS**
Built into a device platform



WHAT MERCHANTS CAN DO NOW

WHAT MERCHANTS WANT: A SIMPLE, INTUITIVE ONE-TOUCH EXPERIENCE



- Gain back control over user experience
- Frictionless Experience
- Avoid Card-Abandonment
- Easy implementation

TYPES OF 'SCA' DELEGATION FOR MERCHANTS

THERE ARE 2 TYPES OF MERCHANT DELEGATION



Generic SCA



SCA with FIDO 2FA



THE 3DS CHECK-OUT PROCESS WITH THE ISSUER STEP-UP

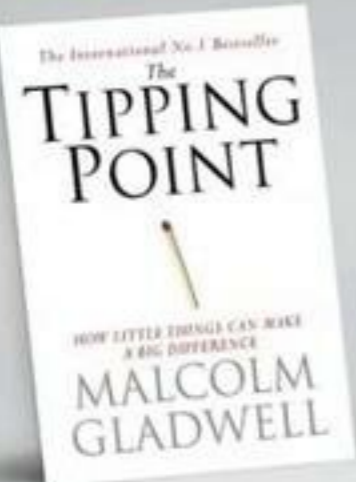


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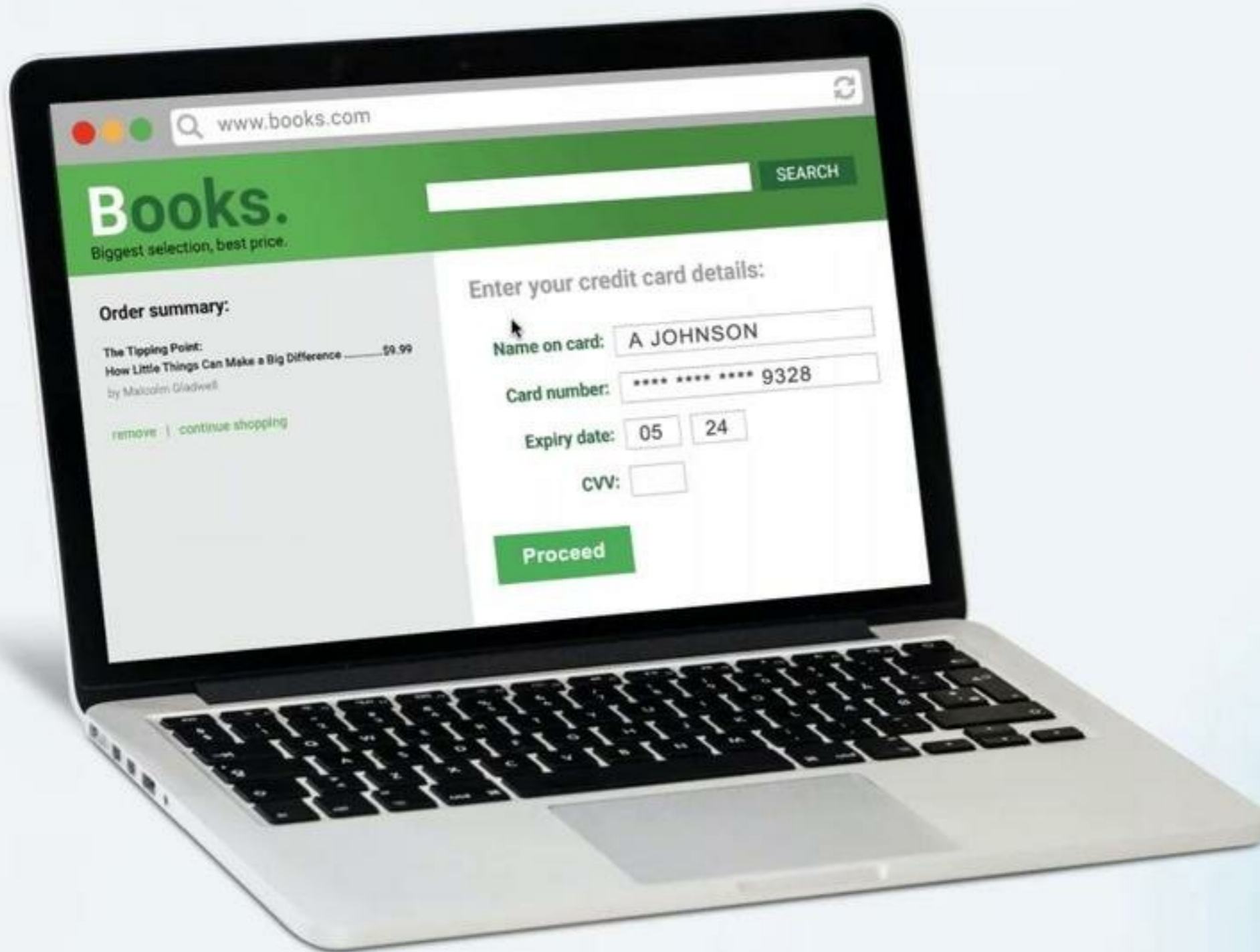
The Tipping Point: How Little Things Can Make a Big Difference

Paperback - January 7, 2002
by Malcolm Gladwell (Author)

\$9.99

The tipping point is that magic moment when an idea, trend, or social behavior crosses a threshold, tips, and spreads like wildfire. Just as a single sick person can start an epidemic of the flu, so too can a small but precisely targeted push cause a fashion trend, the popularity of a new product, or a drop in the crime rate. [\[Read More...\]](#)

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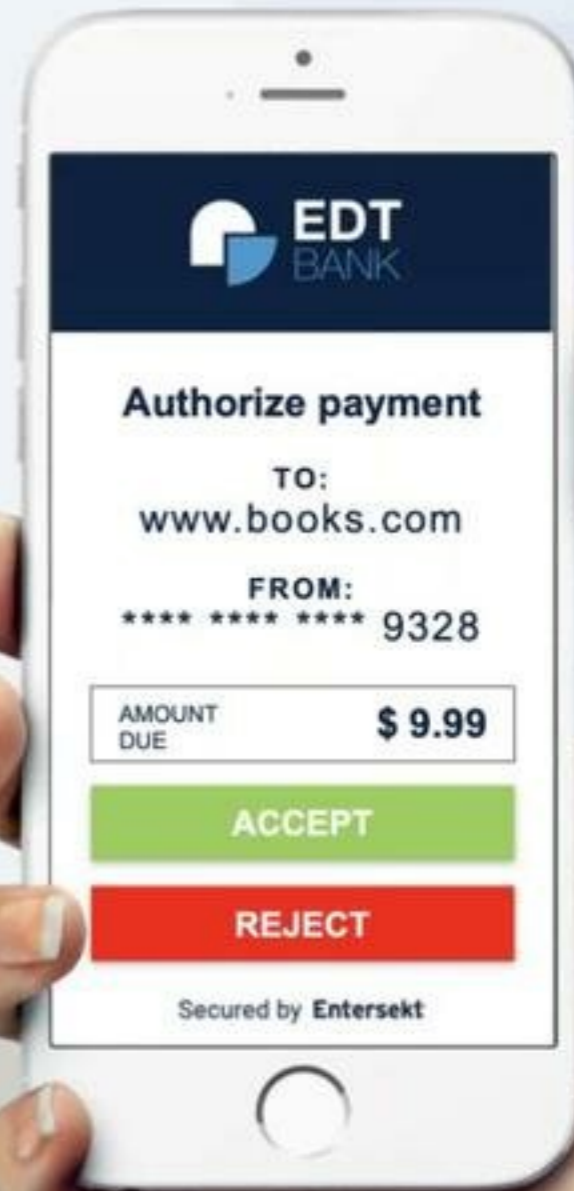
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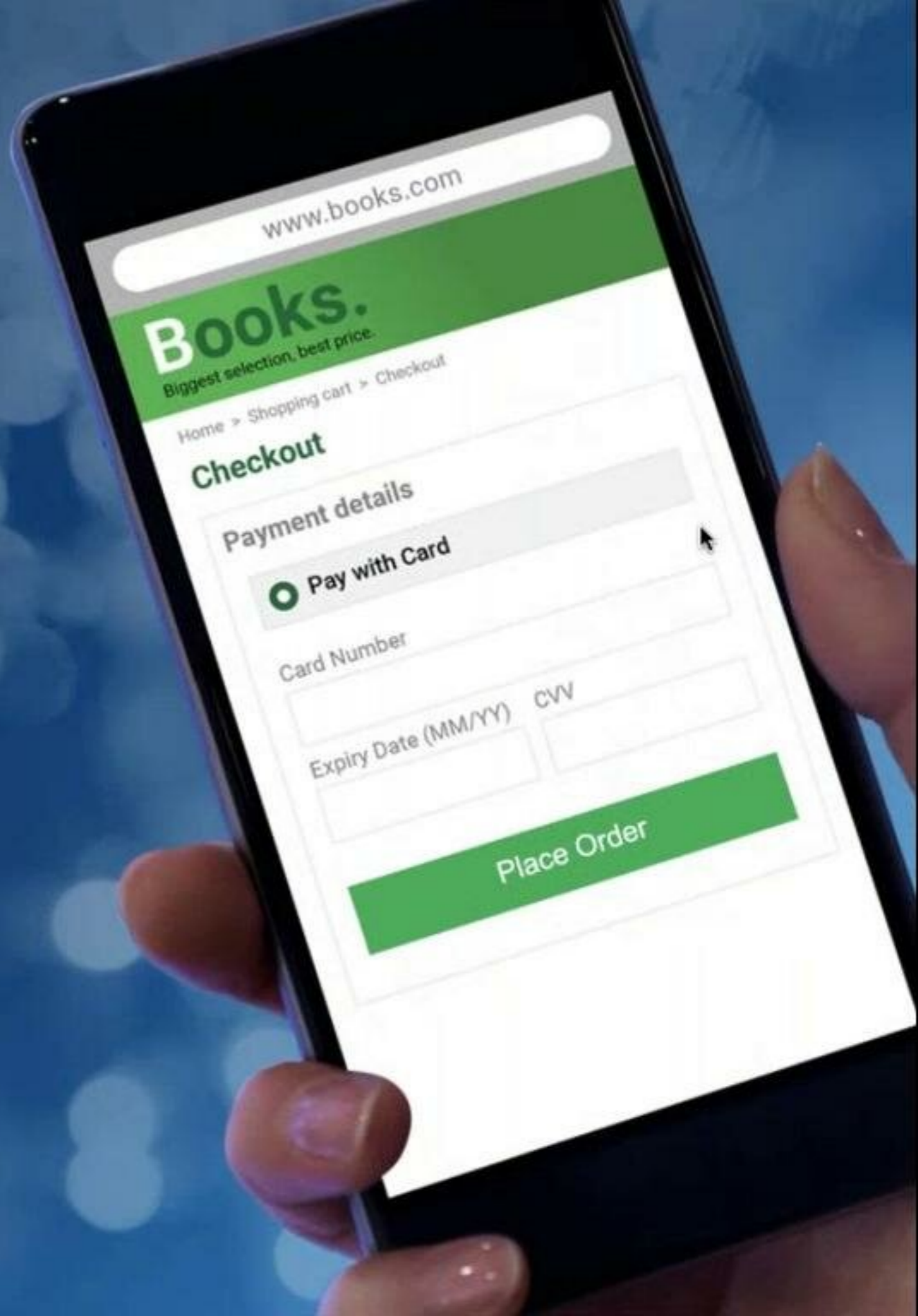
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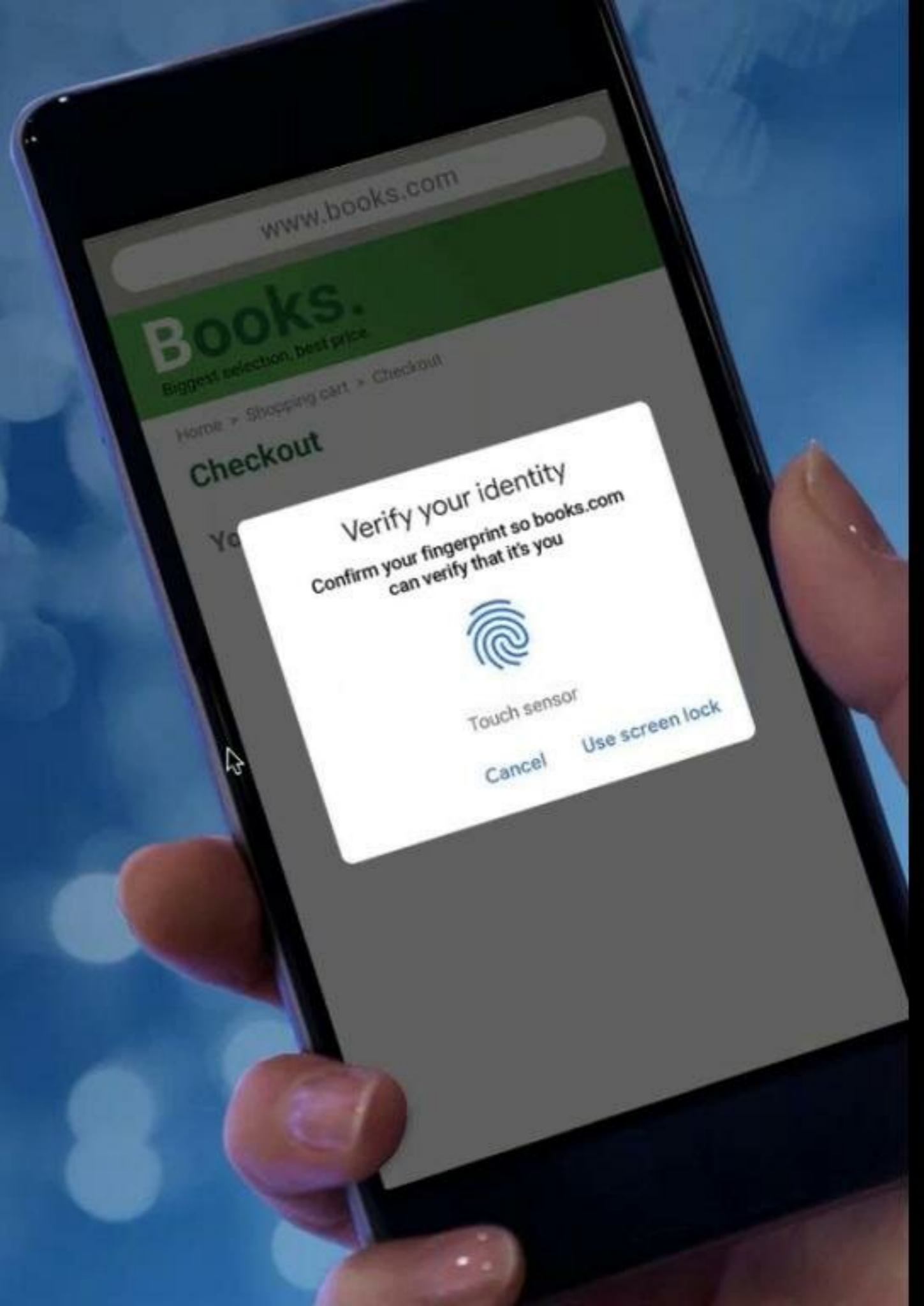




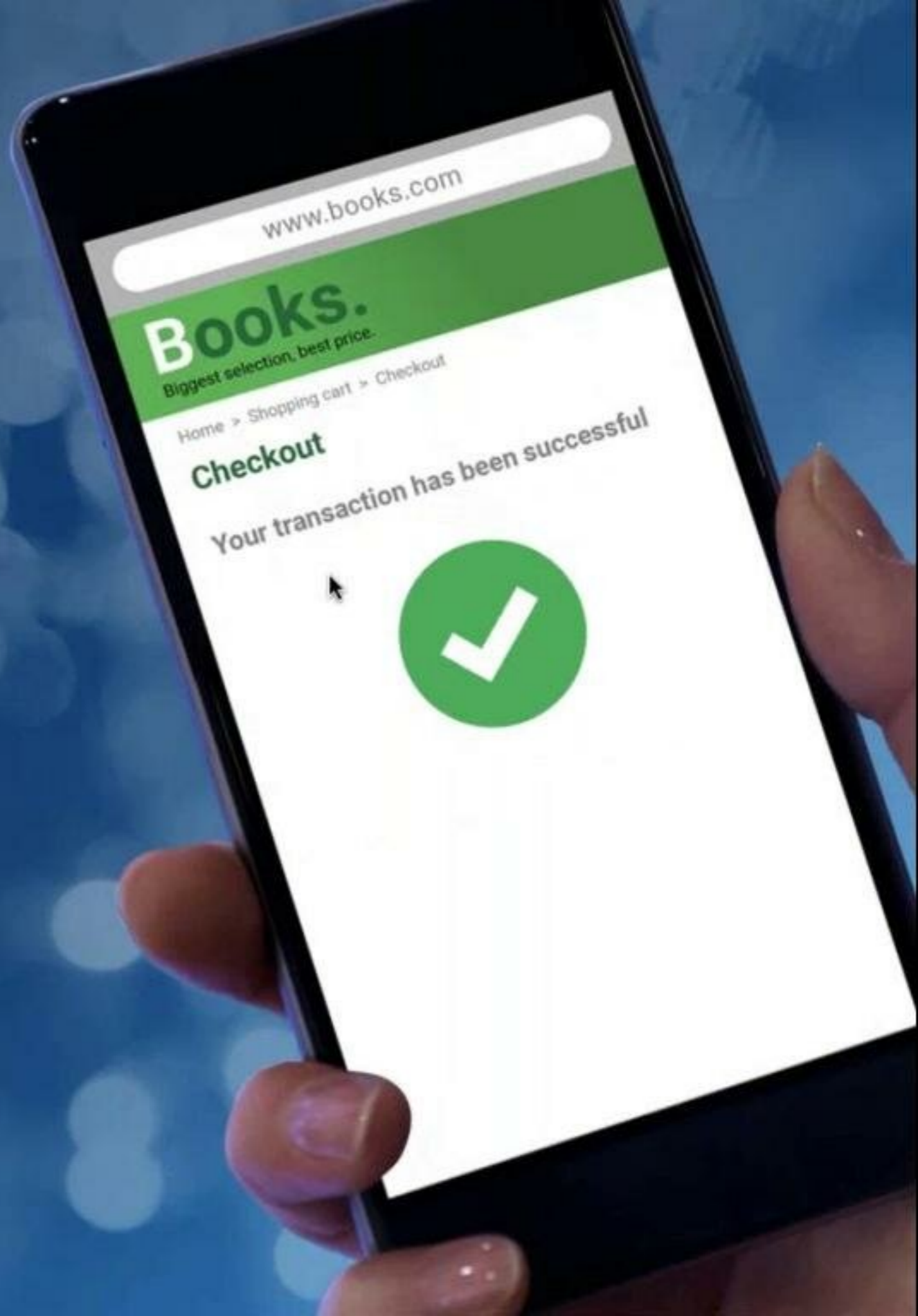
Pay with card.



Pay with card.



Pay with card.



DELEGATED AUTHENTICATION FOR MERCHANTS



KEY TAKEAWAYS

- Beyond Exemptions and Whitelisting **Delegated Authentication** is one option for merchants to gain back control over the user experience
- Mastercard and Visa offer programs for Delegated Authentication
- The FIDO standards enable better experiences on mobile and browser

THANK YOU



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