

A Business Travel perspective and the impact of SCA

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ALL THE WELLER

HRS

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PSD2 (Revised Payment Services Directive) Objectives of PSD2





PSD2 (Revised Payment Services Directive) Rollout Timeline

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2018 PSD2 STARTS

- Transition period between 2016-2018
- Updated rules for SEPA (Single European Payments Area)
- Defines market players & rules
- Requires higher payment security (i.e., BaFin registration, license, supervision)

2019 1st DEALINE

- PSD2's Regulatory
 Technical Standards (RTS)
 extended until 14/9/2019,
 market unprepared
- Includes Strong Customer Authentication (SCA); biggest challenge for market
- Establish key work streams

2020 EXTENSION(S)

- SCA implementation date extended to 31/12/2020
- Some markets have extended deadline into 2021 (France, Switzerland, UK, possibly more)
- Confusion led to some banks planning to reject all non-SCA transactions

Core problem: Uncertainty on SCA implementation: how to do it, who needs to do it, when does it need to be done by?

- > Banks and Third-Party Providers (TPP) asking for extensions, possible it will be pushed again
- Non-compliant transactions could be rejected starting 1 January 2021
- > Undermines PSD2 purpose making digital payments secure and convenient

Upshot: HRS' use of VCC makes payment solution exempt from SCA

- VCCs limit exposure of consumer account info
- VCCs are universally excepted as being one of the most secure means of payment
- HRS clients don't need to worry about SCA

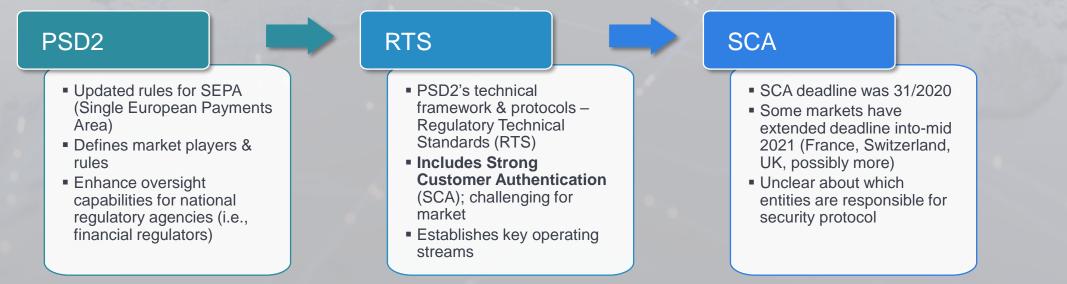
PSD2 (Revised Payment Services Directive) Introducing SCA

Modernizing Europe's payment infrastructure

EU's goals:

- Establish a standard framework & enhance payment integration within the EU
- ✓ Set new technological requirements, information sharing protocols and security standards for consumer protection
- ✓ Foster innovation and competition between banks and FinTechs (like e-money institutions, online lenders, etc.)

What does this law say and how is it implemented?



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PSD2 (Revised Payment Services Directive) SCA and beyond

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SCA applies when an individual or entity:



Makes an electronic payment

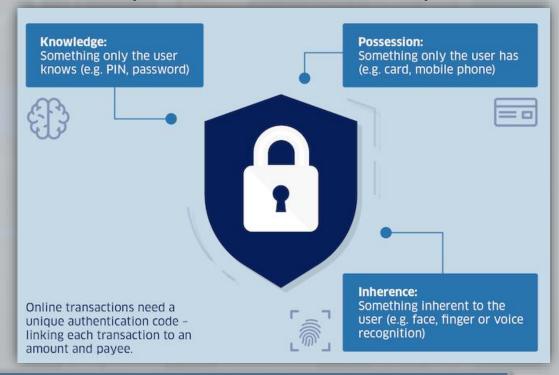


Accesses payment information online



Performs any online action that risks payment fraud

Uses 2 of 3 elements to authorize payment (2 Factor Authentication, 2FA)



VCC payments could be exempt from SCA as they are already extremely secure.

HRS uses VCCs in its Invisible Pay solution, providing the highest level of security for clients worldwide.

PSD2 (Revised Payment Services Directive) Where is it enforced?



Cardholder country 2020									2021													
	Ма	Ap	Ма	Ju	Ju	Au	Se	Oc	No	De	Ja	Fe	Ма	Ap	Ма	Ju	Ju	Au	Se	Oc	No	De
France		Amex FR gradual enforcement							Gradual enforcement							Full enforcement						
Belgium		Gradual									enf.	nf. Full enforcement										
Netherlands		Gradual enf.									Full enforcement											
Germany											Gradual e. Full enforcement											
Italy											Gradual enf. Full enforcement											
Ireland										Gradual enf. Full enforceme							ent					
Rest of EEA											Full enforcement											
UK + Switzerland																G	iradual	enf.		Full en	forcem	ent

PSD2 (Revised Payment Services Directive) What has been the reaction?







PSD2 (Revised Payment Services Directive) HRS approach to solving SCA for hotels & corporates



When using our central payment solution powered by VCC technology, the hotels do not need to worry about SCA as it is not applicable in this case.

For corporates using their own payment methods – As the man-in-the-middle, we are not required to initiate an SCA (we do not act as a merchant, nor are we a travel agency or any kind of reseller).
 We only capture the card details and pass it along to the hotels.

Then the transaction initiated by the hotel is no longer an online transaction – so no SCA required!

PSD2 (Revised Payment Services Directive) What is next?



Article 108 of the PSD2 stipulates that the European Parliament, the Council, and the European Economic and Social Committee was expected a report on the application and impact of the Directive by 13 January 2021.

Is that the preliminary work for PSD3?

