Visa Business News

Commercial Solutions

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Reminders for Preparing Commercial Cards for SCA and Support for the Secure Corporate Payment Exemption

Europe | *Acquirers, Issuers, Processors*

Visa Network; Europe Processing

Overview: Visa is reminding Commercial card issuers of the actions required to support strong customer authentication (SCA). It is also providing information to issuers, acquirers and their merchants about how to use the secure corporate payment exemption, which is key for mitigating the risk of declined authorizations in situations where Commercial card transactions cannot be authenticated and the exemption is applicable.

Effective from 1 January 2021, SCA for e-commerce is now being enforced by national regulators in much of Europe. From the regulatory enforcement date in a given market, transactions originating online must have SCA applied when they are in scope of the SCA regulation, unless an exemption applies.

Mark Your Calendar:

- SCA enforcement date in the UK **(14 September 2021)**

As a reminder, regulatory enforcement dates, and the conditions for any enforcement delay, may differ between markets as determined by national regulators. For example, SCA enforcement for e-commerce will begin in the UK on **14 September 2021**.

With the commencement of SCA enforcement for e-commerce, Visa is reminding Commercial card[1] issuers of the requirements for supporting SCA and informing issuers, acquirers and their merchants how to use the secure corporate payment (SCP) exemption.

[1] Refer to the *PSD2 SCA Commercial Cards Guide* for a specific list of Commercial card types.

SCA and the SCP Exemption for Corporate Payment Processes and Protocols

Commercial card transactions are within the scope of the requirement to apply SCA and therefore must now either have SCA applied when a cardholder is available, or fall under an applicable exemption. However, some types of Commercial cards are not issued to individuals, and others are used to initiate transactions with systems and processes that mean the cardholder may not be available to authenticate. These unique situations create a risk that valid transactions could be declined due to SCA not being applied.

Under Article 17 of the SCA Regulatory Technical Standards, payment service providers (PSPs) are allowed not to apply SCA for payments made by payers who are both legal persons and not consumers. This is only the case where the payments are initiated electronically through dedicated payment processes or protocols that are not available to consumers. In addition, it is a requirement that the relevant regulators are satisfied the particular process or protocol offers appropriate levels of security. This is referred to as the secure corporate payment

exemption, or SCP exemption. The use of this exemption is essential to mitigate the potential declines to valid transactions highlighted above.

Subject to the views of local regulators, Visa considers that the exemption could apply to transactions undertaken with Commercial cards used in a secure corporate environment (such as a travel management company booking tool or a corporate procurement tool) that are initiated in the following ways:

- Through a virtual card, Central Travel Account (CTA) or lodged card
- Using physical Commercial cards issued to employees (also commonly referred to as "walking plastics")

The use of physical, employee-issued Commercial cards in circumstances where a secure dedicated payment process and protocol is not used (e.g., where online purchases are made via a public website) does not qualify for this exemption, and SCA would need to be applied unless the transaction qualifies for another exemption or is otherwise out of scope of the SCA requirement.

Issuer Preparedness for SCA

Visa is reminding issuers of the following actions for SCA preparedness:

- Issuers need to ensure that **all** Commercial cards are enrolled in 3-D Secure (3DS) to enable SCA to be applied when required.
- Issuers should take steps to maximize the application of all qualifying exemptions to minimize friction where the SCP exemption cannot be applied. That is, when issuers receive a transaction from a Commercial card product that they determine does not qualify for the SCP exemption, they should seek to apply another qualifying exemption before requesting or applying SCA. For more information on the application of exemptions, please refer to the *PSD2 SCA Optimisation Best Practice Guide* and the *PSD2 SCA for Remote Electronic Transactions Implementation Guide*, available on the Payment Services Directive 2 (PSD2) Overview page at Visa Online.
- Issuers should consider adopting SCA challenge methods that minimize checkout friction for physical Commercial cards, while being appropriate to the needs and card usage patterns of Commercial cardholders.
- Issuers should engage with their corporate clients to make them aware of SCA requirements and the need to authenticate, and provide guidance on how to take advantage of the SCP exemption where it is applicable to minimize the risk of declined transactions. Corporate customers should be made aware of the following implications:
    - Sharing physical Commercial cards between multiple employees, including personal assistants booking travel with an executive's card, is incompatible with SCA. Issuers should encourage their clients to move to alternative solutions that either will allow cardholder authentication to take place, or can correctly use the SCP exemption from a secure corporate environment.
    - Employees using physical Commercial cards (cardholders) should have suitable mobile devices available to allow SCA to be completed when required. This includes ensuring that any corporate-provided mobile device supports the issuer's authentication app and that the device number is registered with the issuer in order to receive authentication messages. Alternatively, cardholders who are not issued a corporate mobile device will need to consider alternative methods, such as downloading the authentication app to their personal device and registering the number with the issuer.
    - All cardholders should be made aware of when, why and how they will need to authenticate.

More details on Commercial card issuer preparedness is available in the *PSD2 SCA Commercial Cards Guide*, which is dedicated to help issuers navigate the complexity of Commercial card usage in the context of SCA and provides best practice guidance.

Issuer Preparedness for the SCP Exemption

Visa recommends that issuers support the application of the SCP exemption. In order to apply the SCP exemption, issuers should:

- Demonstrate to their National Competent Authorities (NCAs) that applicable processes and protocols meet the requirements of the regulation. Visa recommends that issuers liaise with NCAs over the procedure for this as required. This is to ensure that NCAs are satisfied that the processes or protocols guarantee at least equivalent levels of security to those provided for by PSD2. NCAs may each have their own procedures or processes for assessing use of this exemption.

- Ensure dedicated account ranges within Commercial card issuing Bank Identification Numbers (BINs) are utilized for CTAs, lodged cards and virtual cards. This will enable the exemption to be applied by the issuer for all qualifying transactions within these ranges, whether received via straight to authorization or 3DS.

- Ensure all Commercial card issuing BINs / account ranges are enrolled in 3DS.[1]

- Be ready to receive and use the SCP indicator from acquirers to apply the exemption where it is applicable when it is included in either the 3DS or the authorization message.

- Communicate with Commercial card clients to make them aware of the new regulations and the steps in place to allow transactions to continue. Clients should be made aware that any intermediaries that process card transactions on their behalf (e.g., travel management companies) must ensure that they are securely passed on to other intermediaries in the transaction process, introducing appropriate contractual safeguards where necessary.

More details about how to use the SCP exemption, and its associated required safeguards, are available in the *PSD2 SCA Secure Corporate Payment Exemption Guide*.

[1] Even if the SCP exemption is used, the merchant may not be able to recognize these card types and may want to direct transactions to 3DS. To avoid responses that may result in merchant confusion, these card types should be supported on 3DS like any other card.

Acquirer and Merchant Preparedness for the SCP Exemption

When physical Commercial cards are used via secure corporate payment processes, issuers must be informed by merchants / acquirers that the exemption may apply, if the transaction qualifies. For this reason, Visa has made available an SCP exemption indicator in both EMV 3DS and in the authorization system. Acquirers must be able to explain the impacts of SCA to merchants that accept bookings and purchases made using Commercial cards and that originate in a secure corporate environment, and must also be able to explain the availability of the SCP exemption indicator, which can be used to tell issuers that the SCP exemption may apply. Further details on indicating the exemption and its conditions are available in the *PSD2 SCA Secure Corporate Payment Exemption Guide*.

Acquirers should also ensure that merchants that use travel booking portals and corporate procurement tools are made aware of the impact of SCA and how the SCP exemption may be used if their portals or procurement tools qualify as a secure corporate environment. Acquirers and their merchants should identify appropriate strategies with their portals and procurement tools to implement support for the SCP exemption indicator.

Client Resources for SCA, Commercial Cards and the SCP Exemption

The following guides are available on the Payment Services Directive 2 (PSD2) Overview page at Visa Online:

- The *PSD2 SCA Secure Corporate Payment Exemption Guide* explains the SCP exemption in the SCA regulation, as well as guidance on how and when to use it.
- The *PSD2 SCA Commercial Cards Guide* helps issuers navigate the complexity of Commercial card usage in the context of SCA and provides best practice guidance.

Additional Resources

Refer to the Payment Services Directive 2 (PSD2) Overview page at Visa Online for PSD2 webinar materials and the following resources:

- *PSD2 SCA Regulatory Guide*
- *PSD2 SCA Challenge Design Best Practice Guide*
- *PSD2 SCA Optimisation Best Practice Guide*
- *PSD2 SCA for Remote Electronic Transactions Implementation Guide*
- *PSD2 Strong Customer Authentication for Remote Electronic Commerce Transactions—European Economic Area and United Kingdom—Visa Supplemental Requirements*

Refer to the Visa Secure page for the *Visa Secure Program Guide*.

Note: For Visa Online resources, you will be prompted to log in.

For More Information

Contact Visa customer support on your country-specific number, or email CustomerSupport@visa.com.