



PSD2 & beyond

**From imagining the future
to filling in the gaps**

About Alan Moss



Alan Moss is currently [Managing Director for Western Europe at Newland Payment Technology](#), a top international supplier of secure payment devices and associated infrastructure.

Alan has over [20 years' experience in the electronic payments business](#), working with industry leaders such as Hypercom, Miura, Thales and Verifone, in a variety of roles from business development and product marketing to global relationship management. Alan also worked in international sales for De La Rue's security holographics and security print divisions.

Prior to working for Newland, Alan was [VP of Marketing at Miura Systems](#), a pioneer in mobile acceptance solutions. During his time at Verifone, Alan was also a [board member and Chairman of the General Assembly of Nexo](#), a leading pan-European standardization initiative promoting the interoperability of card payments.

About Daniel Belda



Daniel Belda is Ekata's [Director, Market Strategy for Payments](#).

Daniel has been working in payments companies such as GlobalCollect and Worldpay for over a decade delivering and bringing to market key strategic products. Setting up a Brazilian acquirer from the ground up to establishing a new digital bank has exposed him to multiple facets of the industry, allowing him to bring a unique perspective to discussions.

Perspectives he usually delivers in an easy-going manner with a good dose of dry humor peppered with food analogies making the most complex of subjects easy to digest by the audience.

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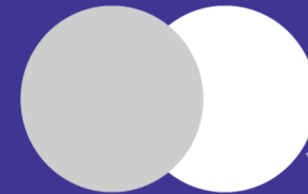
Meet Ekata: Global provider of identity verification data



200 global employees
2,000+ global customers



Offices in Seattle,
Amsterdam, Budapest and
Singapore



mastercard.
Acquired in 2021



20+ integration &
business partners



- 5B+ digital interactions
- 7B+ identity elements



EKATA

Global Data Provider

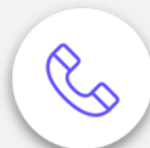
Identity verification & insights



Name



Email



Phone



IP



Address

The Ekata Identity Engine

Identity Graph

Database that validates digital identity elements and how they are linked

7B+
identity
elements

2B+
identities

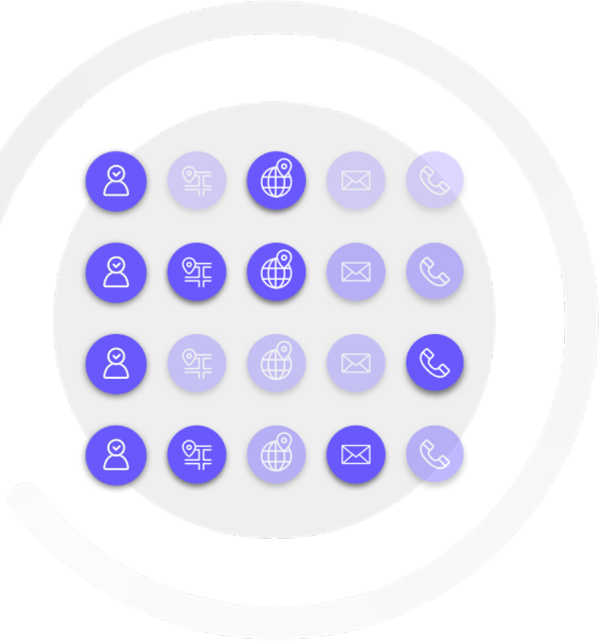



Identity Network


Anonymized database that surfaces patterns of how hashed identity elements are being used online


5B+
digital interactions

50M+
identity elements
elements added
per day




**Name**
























**Email**

**Phone**

**IP**

**Address**

Trusted by Global Enterprise Organizations

Online Lending	Global Payments	Marketplaces	Travel	eCommerce	Fashion	
<div>Goldman Sachs</div> <div>Klarna</div> <div>DISCOVER</div> <div>affirm</div> <div>AVANT</div>	<div> checkout.com</div> <div>stripe</div> <div> Square</div> <div></div> <div> Alipay</div>	<div>lyft</div> <div> airbnb</div> <div>match</div> <div> POSTMATES</div> <div> Nextdoor</div>	<div> Expedia</div> <div>Booking.com</div> <div></div> <div> Emirates</div> <div>FINNAIR</div>	<div>amazon</div> <div></div> <div> Microsoft</div> <div></div> <div>NESPRESSO</div>	<div></div> <div>FARFETCH</div> <div>YOOX NET-A-PORTER GROUP</div> <div>MYTHERESA</div> <div>THEHUTGROUP</div>	
Partner and Resellers						
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Acquirers reduce friction, improve conversions and combat fraud

CONSUMER RISK

Enhance Fraud Platforms

- Help merchants combat fraud and eliminate false positives
- Use GDPR-compliant PII data to identify good customers in real-time, during authorization process

Optimize Transaction Risk Analysis

- Fine-tune TRA risk models
- Offer your consumers SCA exemptions
- Support conversion increase & reduce friction in PSD2 compliance

B2B RISK

Streamline Merchant Onboarding

- Support quick onboarding of good merchants with high confidence
- Deliver increased conversion rates & lower acquisition costs
- Validate sole proprietors & small merchants

Market pressures are shaping acquirer business strategy



COMPETITION

New entrants are innovating faster without legacy shackles. Increased specialization in value added services.

225

fintech in Europe & US

300 Billion

total valuation



FRAUD

Fraud is constantly attacking any weak spots in the payments system & beyond. Fraudsters are becoming ever more sophisticated leveraging easily obtained data from breaches.

4.2 Trillion

Annual global cost of fraud

\$130 Billion

Lost by online sellers thru 2023



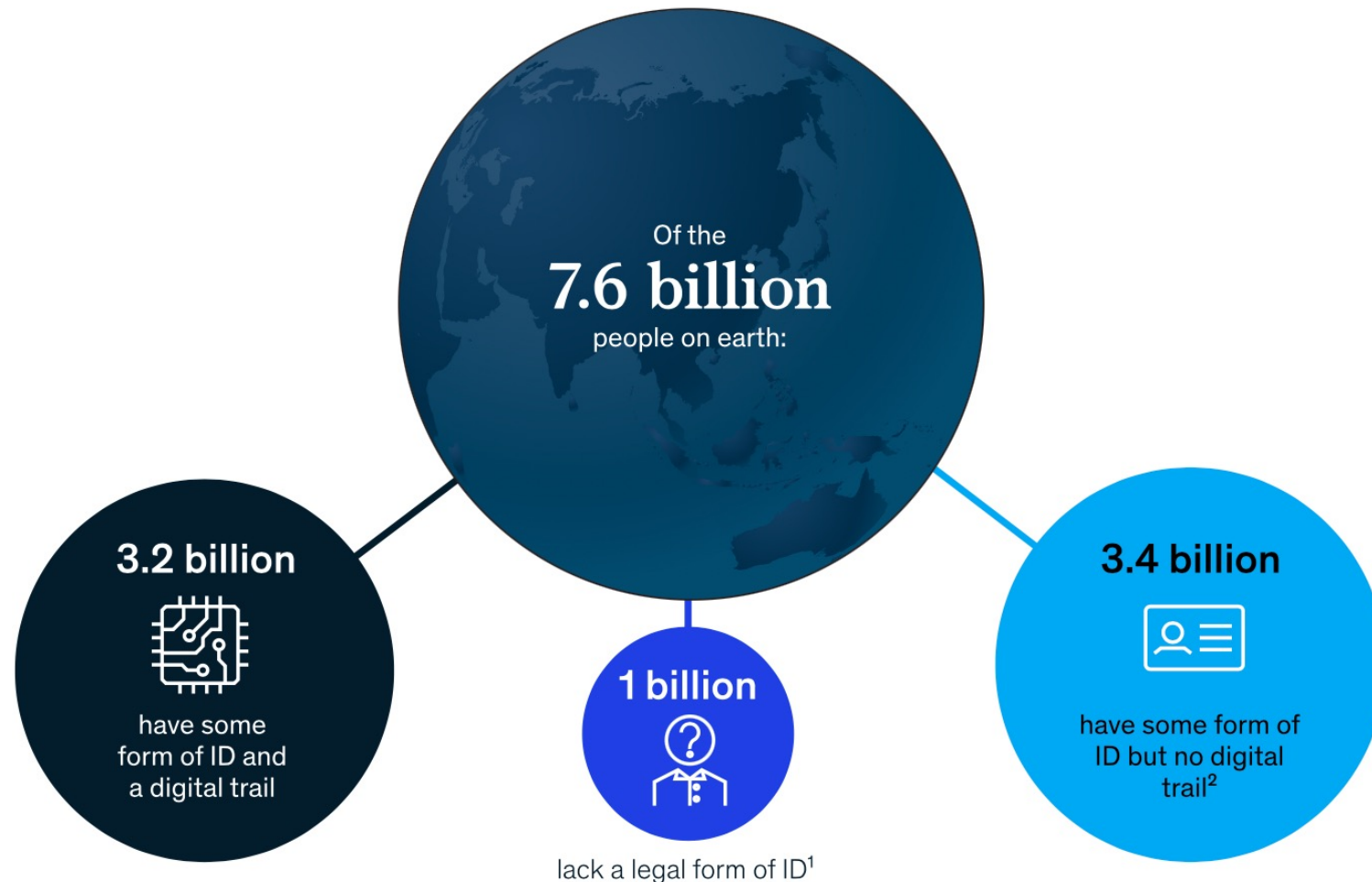
REGULATIONS

PSD2, KYC, AML: solving for consumer protection because Payments companies and merchants have not prioritized this quickly enough.

8.1 Billion

2019 AML penalties

Digital identity verification is vital in safeguarding the entire global payments ecosystem



PSD2: An opportunity to lead in customer experience & trust

PSD2 INTENT

- Make payments safer
- Increase consumers' protection
- Foster innovation and competition while ensuring a level playing field for all players, including new ones

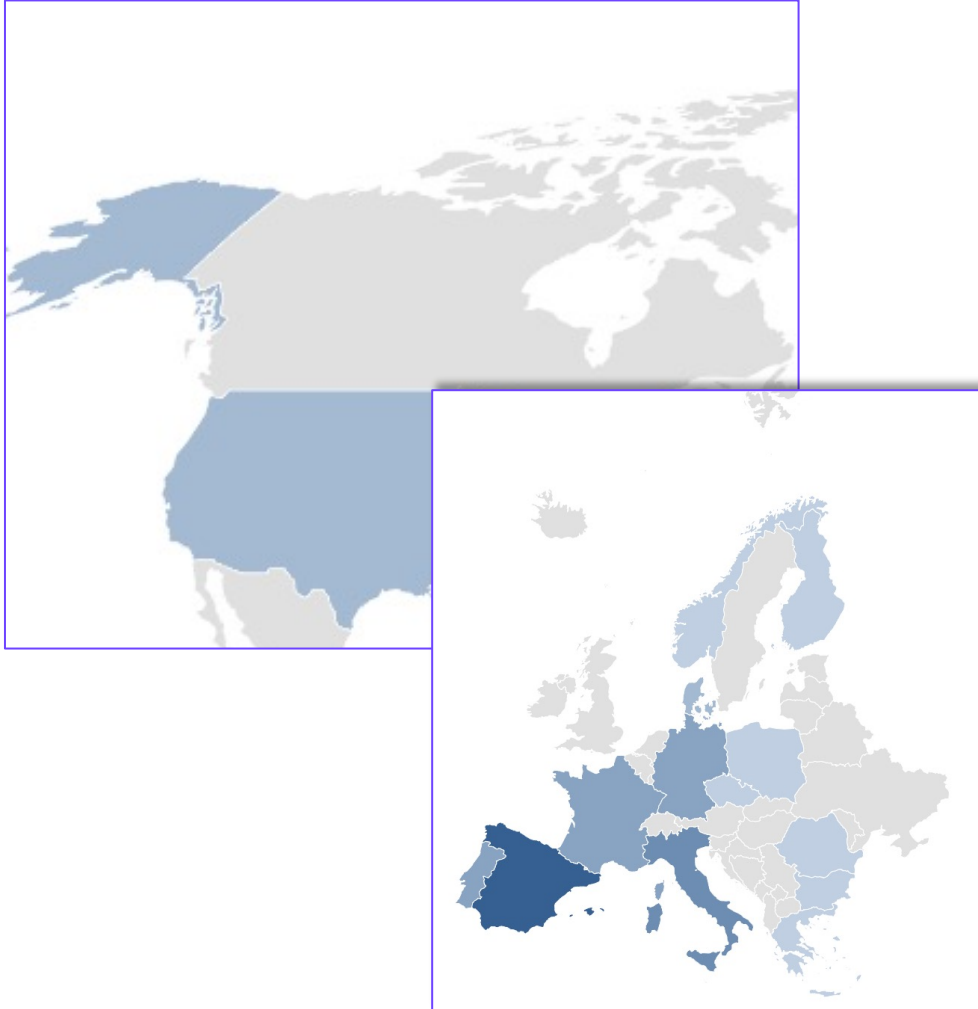
OPPORTUNITIES TO DIFFERENTIATE

- **Utilise rich data** to inform & drive business decisions
- **Apply exemptions** to reduce customer friction
- **Manage fraud in real-time** instead of dealing with chargebacks and impact on reputation
- **Optimise for revenue**, ticking compliance boxes alone is not enough

Allyiz – Ekata Insights

Overview

2021 Acquirer Report Allyiz – Ekata



Goals:

- Understand perception, trends and key data points on SCA adoption

Respondents:

- 15 acquirers with strong merchant eCommerce base
- Representation from UK, DE, ES, FR, LU, NL, PT, US

Roles:

- Mainly Product & Risk Managers
- Sales & Account Managers - increased expertise on SCA
- 1 in 3 participants had product roles related to SCA

Highlights

2021 Acquirer Report Overview

33% see SCA as a positive change in the ecosystem

40% say the change has been marginal

53% feel that authorization rates have fallen

- Some leading European markets are showing poor performance on 3DS 2.0 and certain merchants are reverting to 3DS 1.0.
- Still seeing performance fluctuations, but trends are overall positive.
- Many perceive auth rates are dropping because of the constant firefights.

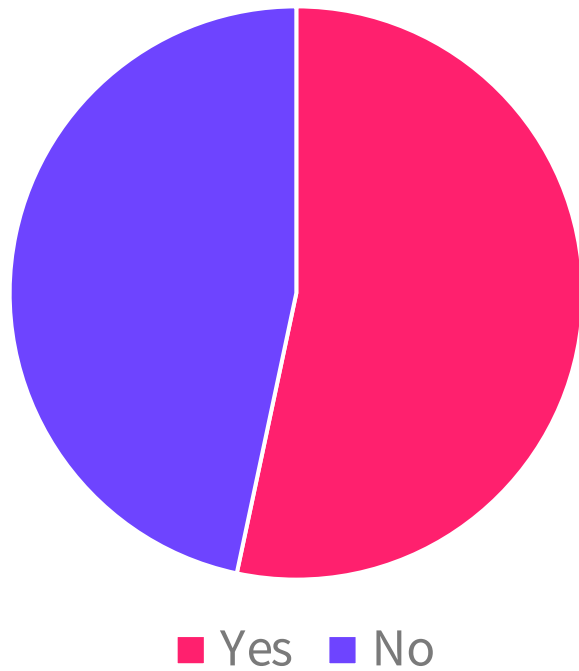


Some drawbacks: UX, friction and the dropped revenue that merchants feel. Some merchants are not impacted, while others are significantly impacted.

The system of identity verification has improved significantly from the beginning of the year.

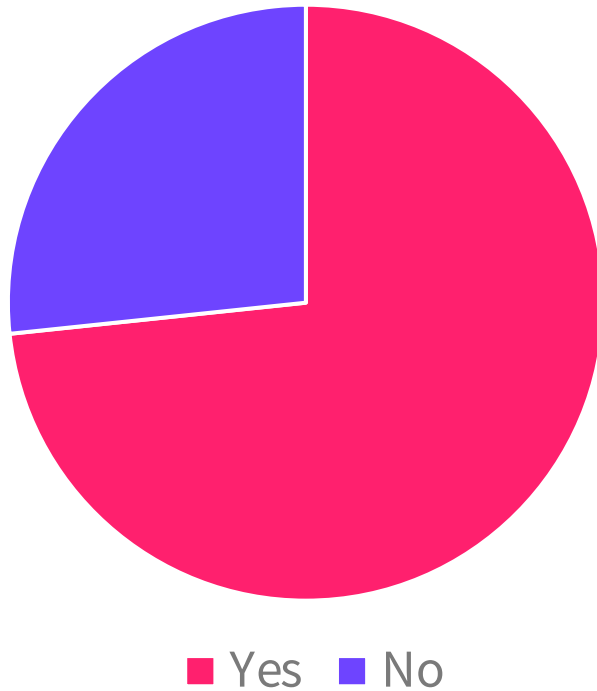
Italy and Spain have been the most challenging – merchants returning to 3DS 1.0 has impacted acceptance levels.

Did SCA reduce overall fraud?



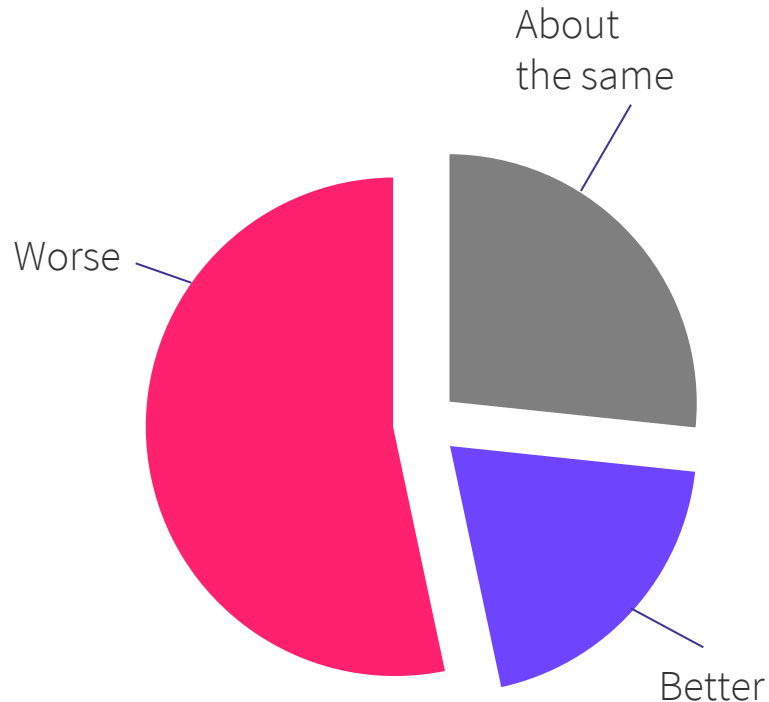
- Fraud may have migrated elsewhere, but very few data points available to put together broader context.
- Also, little data of how fraud has changed outside of the EU context (due to regional focus).
- 40% of participants consistently feel that fraud trends are of high importance & see their response to be a market differentiator.

Has fraud migrated?



- 63% feel that fraud has migrated to new methodologies since SCA came into force.
- For those who do not believe that fraud has migrated, 75% are on the Iberian peninsula.
- Likely that fraud has migrated to non-payment fraud -> PSPs don't have direct visibility / insights into non-payment related fraud.

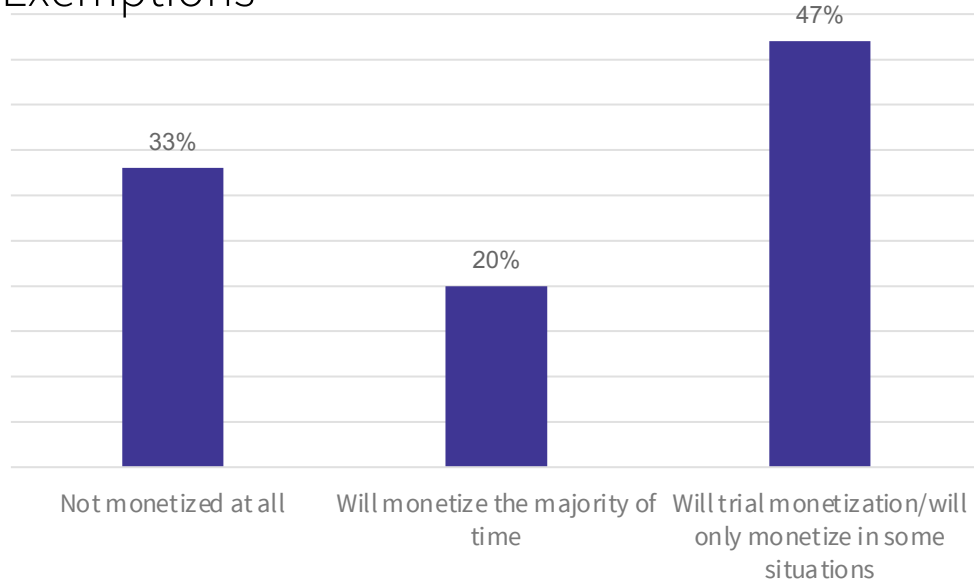
What has the impact been on authorization rates?



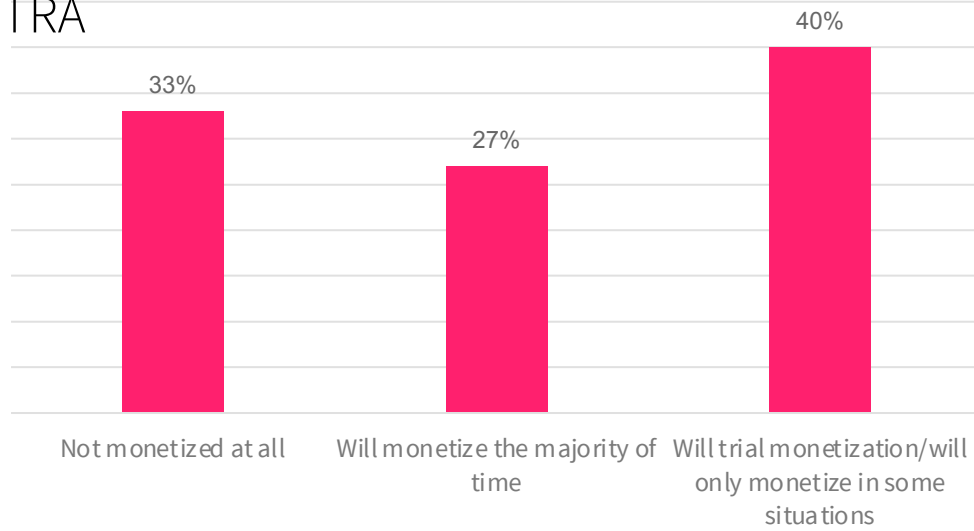
- 53% of participants feel that authorization rates have fallen.
- 20% believe that rates have improved.
- Where merchants are mainly European (not global), their performance was strongest.
- Rates still vary by country, with UK performing well despite PSD2 delays, and Spain performing worse (but still better than anticipated).
- Experience is challenging for first time customers.

Will you be able to monetize fraud tools/solutions?

Exemptions



TRA



- Goal with current fraud tools is to help merchants & add value
- Monetization will dilute over time as more PSPs offer solutions here
- Strategy may change in the future

What future evolutions do you foresee for SCA?

- Better tools to understand how the process is going.
- Future evolutions need to cover more channels.
- Stability in terms of full implementation + clean data are key.
- Once stability is reached, additional innovation will be needed to help accelerate results.



More seamless - more combined technologies for devices as well as authentication to enable non laptop and mobiles to interact.

Additional toolsets to help user experience in authentication and further exemptions.

Better TRA to reduce the #of transactions to be authenticated. This is the gamechanger and a competitive edge element to get the appropriate authentication and authorisation rates.

Smarter risk decisions will future-proof payments businesses

Balance fraud & friction.

Keep focus on approval rates.



Proactive, automation-ready data solutions



Identify good customers from bad with a high level of accuracy



Improve approval rates by identifying false positives and optimizing exemption usage

Thank you!

ЕКЦТ

