CA Viewpoint

Preparing for EU Payment Security Directive
(PSD2) and How CA Can Help

Preparing for the Revised EU Payment Security Directive (PSD2) and the Forthcoming European Banking Authority Technical Guidelines

The European Commission's second Payment Services Directive (PSD2) became legislation in November 2015. PSD2 is designed to create a single and efficient market for payments. "The security of electronic payments is fundamental for ensuring the protection of users and the development of a sound environment for e-commerce. All payment services offered electronically should be carried out in a secure manner, adopting technologies able to guarantee the safe authentication of the user and to reduce, to the maximum extent possible, the risk of fraud."[1] PSD2 introduces three key changes:

- **Strong Authentication.** PSD2 requires "that a payment service provider applies strong authentication where the payer: (a) accesses its account online; (b) initiates an electronic payment transaction; or (c) carries out any action through a remote channel which may imply a risk of payment fraud or other abuse."[2]

- **Expanded Coverage.** The European Commission evaluated the impact of the first payment services directive and found that it had "given rise to significant challenges from a regulator perspective. Significant areas of the payment market, in particular card, internet, and mobile payments, remain fragmented along national borders. Many innovative payment products or services do not fall entirely or in large part, within the scope" of the previous directive. PSD2 aims to "close the regulatory gaps while at the same time providing more legal clarity and ensuring consistent application of the legislative framework across the Union."[3]

- **Open Secure Communications.** PSD2 foresees that the EBA will develop "the requirements for open and secure open standards of communications for the purpose of identification, authentication, notification, and information, as well as for the implementation of security measures, between account servicing payment service providers, payment initiation service providers, account information service providers, payers, payees, and other payment service providers."[4]

What does this mean for Impacted Organizations and how can CA Technologies help?

Being compliant with PSD2 is not optional. Furthermore, these regulations will also apply to "transactions where one of the payment service providers is located outside the European Economic Area."[5] In addition, although exceptions are allowed, PSD2 also provides that "where the payer's payment service provider does not require strong authentication, the payer shall not bear any financial losses unless the payer has acted fraudulently. Where the payee or the payment service provider of the payee fails to accept strong customer authentication, it shall refund the financial damage caused to the payer's payment service provider."[6]

If you are addressing	Applicable CA Solution	Description
Payment Card Security	CA Transaction Manager	CA Transaction Manager reduces the risk of card fraud, protects cardholders and provides an uninterrupted, dynamic and personalized online shopping experience. It enables you to implement a comprehensive 3D Secure™ program to provide your cardholders with robust e-commerce payment security, personalized one-to-one marketing and better customer service.
	CA Risk Analytics	CA Transaction Manager works with CA Risk Analytics to achieve zero-touch authentication for your cardholder without interrupting the checkout experience. CA Risk Analytics uses sophisticated behavioral modeling techniques to transparently assess risk in real-time by analyzing unique authentication data including device type, geo-location, user behavior and historical fraud data to separate genuine transactions from true fraud.
Online Banking Security	CA Advanced Authentication	CA Advanced Authentication is a flexible and scalable solution that incorporates both risk-based authentication methods, like device identification, geolocation and user activity, as well as a wide variety of multi-factor, strong authentication credentials. This solution allows you to create a layered strong authentication process to ensure that only legitimate users gain access to their accounts and payment services.
Account Access & API Security	CA API Management	APIs provide the connectivity to meet these demands and requirements outlined in PSD2 for open communications (e.g., TPP and XS2A). CA API Management provides the capabilities you need to address the digital transformation challenges introduced in the revised directive. It secures the open enterprise, providing a secure platform for integrating across apps, devices, and businesses, and can leverage CA Advanced Authentication to enforce strong authentication on these services.

The increasing sophistication of fraudsters and the desire for an improved customer experience has already led a significant number of organizations to choose our solutions. Numerous customers have already deployed our payment security solutions to address the Internet commerce security standards outlined in the initial EU Payment Services Directive. Similarly, many financial services customers have also deployed CA Advanced Authentication to comply with the Federal Financial Institutions Examination Council (FFIEC) guidance, which recommended strong authentication and risk assessment for online banking transactions. And finally, hundreds of customers are leveraging our CA API Management solutions to create API's and integrate everything, accelerate mobile and IoT development and unlock the value of their data.

Our solutions are designed to secure the activities specified within the revised EU payment services directive.

For more information, please visit **ca.com/security**

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1. Directive (EU) 2015/2366 of the European Parliament and of the Council, 25 November 2015, Recital 95. .

2. Directive (EU) 2015/2366 of the European Parliament and of the Council, 25 November 2015, Article 97.

3. Directive (EU) 2015/2366 of the European Parliament and of the Council, 25 November 2015, Recitals 4 and 6

4. Directive (EU) 2015/2366 of the European Parliament and of the Council, 25 November 2015, Article 98

5. Directive (EU) 2015/2366 of the European Parliament and of the Council, 25 November 2015, Recital 8

6. Directive (EU) 2015/2366 of the European Parliament and of the Council, 25 November 2015, Article 74