



Is 3-D Secure 1.0 holding you back?



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How will your company embrace the future?

3-D Secure ('3DS') 1.0 has been upgraded since inception in 1999 as technology and consumer habits changed. However, even with these upgrades, it's faced rising issues staying ahead of the curve thanks to new technology and consumer preferences. EMV 3DS 2.0, published by EMVCo, is the new benchmark for faster, frictionless transactions and reduced fraud. Sharing ten times more data than 3DS 1.0, it's a step change in improving the consumer payment experience.

Already many partners and merchants have made the move to EMV 3DS 2.0 and the clock is ticking for those who haven't. From October 2022, EMV 3DS 2.0 will be the new standard in payment transaction acceptance, offering richer data transfer and greater flexibility for authentication designed for the modern world.

Today's shoppers are adopting ever more ways to pay and using more diverse channels to do so. Here in the Asia Pacific region shoppers show a preference to digital wallets, a popular payment method now but unheard of when 3DS 1.0 was announced.

Consumers in Asia Pacific choose digital/mobile wallets **69%** for their online payment methods. This is expected to grow to **72%** by 2025¹

Merchants are also experiencing higher levels of card-not-present ('CNP') fraud. Many businesses right now still see 3DS 1.0 as the gold standard for payment authentication and security, which it has been for years. But for those still relying on 3DS 1.0 and not planning a move to EMV 3DS 2.0, the future forward may be tricky and short lived.

Tackling security needs

EMV 3DS 2.0 boasts 150 different data elements. Richer data means greater flexibility and reduced fraud. It gives you a much more detailed picture of the transaction, with many more data points to assess and improve decisioning throughout the payment process.

On the flip side, 3DS 1.0 offers 15 data elements. As payments become more complex it may struggle to offer the same level of functionality, or to authenticate payments with enough accuracy. Especially in the Asia Pacific region where the cost of fraud has risen from 10% to 16% from pre-pandemic levels².

Bottom line, adopting EMV 3DS 2.0 means futureproofing checkout, preventing issues further down the line and protecting your revenue.

The future in seamless transactions

3DS 1.0 was created in a world before we had smartphones, smart watches and tablets. Our consumer habits were entirely different. 3DS 1.0 is browser-dependent, supporting guest checkout only. In comparison to the new and improved EMV 3DS 2.0, its predecessor creates friction at the checkout and isn't a seamless experience. These shortfalls can lead to shopping cart abandonment and impact revenue.

Consumers are now shopping through multiple channels – app, mobile, desktop, in-store. As consumer preferences evolve, the demand is growing for an improved and unified payment experience. Understanding who your customer is in each channel is essential to security and reducing cart abandonment. If you look at our region, we are living this new norm daily.

According to a new forecast by Forrester, online retail in APAC will reach \$2.8 trillion by 2025, up from \$1.7 trillion in 2020³.

To adopt to this new norm in shopping, EMV 3DS 2.0 solves the problem of user authentication. With ten times more data elements measured, EMV 3DS 2.0 can seamlessly create a frictionless transaction with limited need for customer interaction.

Connecting to network mandates

On their own, the security and authentication benefits make EMV 3DS 2.0 indispensable to merchants.

EMV 3DS 2.0 eliminates static passwords and allows for stronger two-factor authentication, like biometrics, one-time passwords, and more. Richer data, new protocols, and more data points makes fraud easier to spot and stop and enables a faster checkout leading to much reduced cart abandonment. For merchants this means increasingly satisfied customers and a higher degree of trust, which in turn helps develop new ways of nurturing loyalty with their customers.

3DS 1.0 supports only static passwords and security questions. Today's digital payment landscape demands a more robust protocol to protect businesses and consumers. With 65% of consumers using biometric payment authentication on mobile devices, merchants who fail to enable this, risk losing consumer confidence and loyalty. As merchants consider their expansion plans outside of APAC, they will need to address this issue as payments into and out of Europe will need to address the recent Payment Services Directive (EU) 2015/2366 ('PSD2') mandate.



Taking the long view

Staying with 3DS 1.0 means merchants will be combatting the rising tide of fraud with a much lower level of data integrity. They risk ever-increasing cart abandonment and possible compliance issues – as well as not benefitting from many advantages and more diverse payment options.

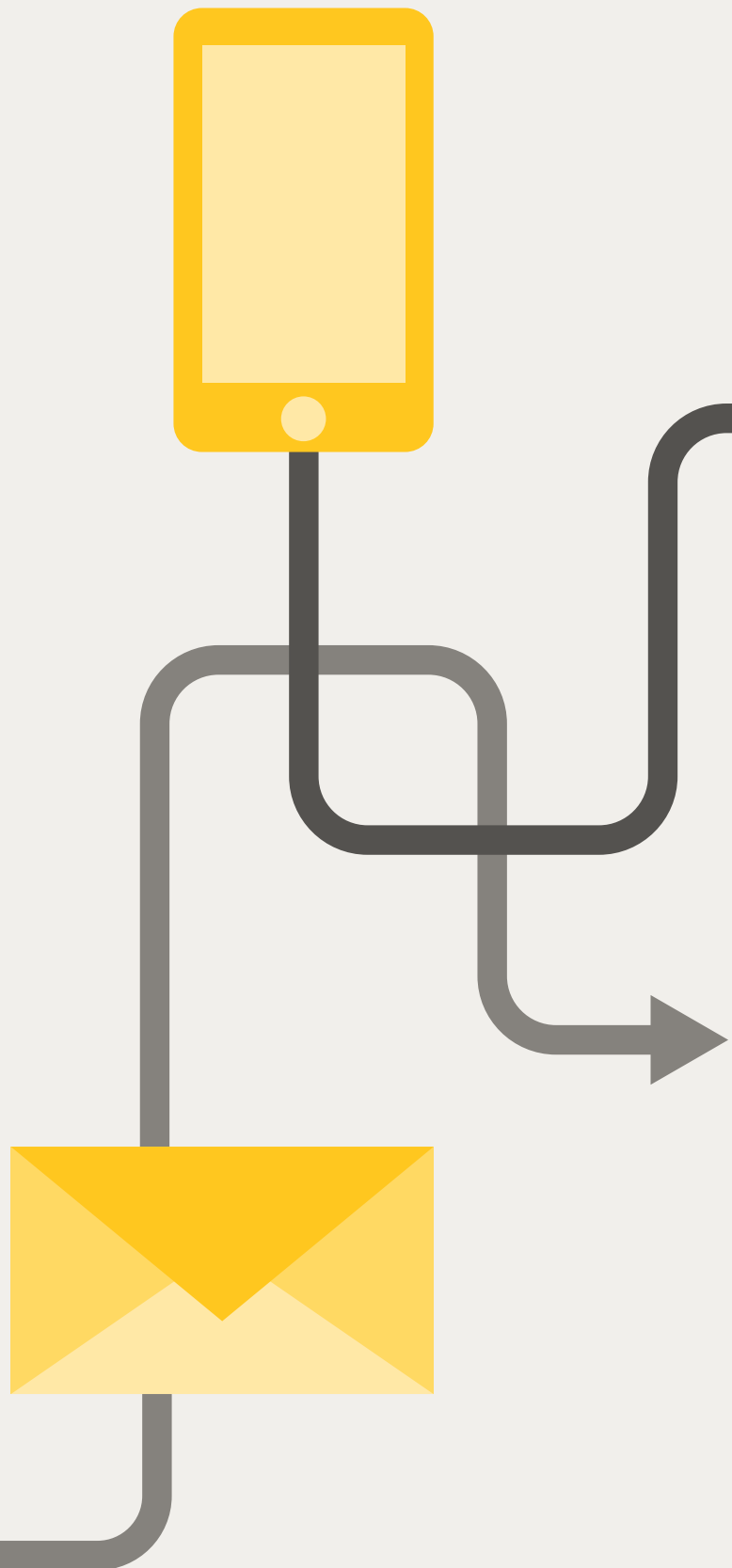
For businesses with a longer-term outlook, moving to EMV 3DS 2.0 early makes sense in every way. Support for 3DS 1.0 ceasing in October 2022, and right now Mastercard is here to help you help your merchant customers adapt to the change as simply and as smoothly as possible.

A seamless transition to seamless transactions

Adopting EMV 3DS 2.0 today is simple, with huge benefits. We're here to guide you through the process, with a broad range of support options for you and your merchants so you can enjoy the advantages of a seamless checkout for longer.

Mastercard can help acquirers guide their merchants through the transition. Our in-depth knowledge and documentation means our Mastercard representatives are ready to help you move to EMV 3DS 2.0 as seamlessly as possible.

To start enrolling merchants into EMV 3DS 2.0 card schemes, please connect with your Mastercard customer representative who is ready to help merchants large and small move across to EMV 3DS 2.0. Then, you and your merchant customers can embrace the flexible payments future EMV 3DS 2.0 offers.



1. <https://chart-na1.emarketer.com/256084/ecommerce-payment-methods-used-asia-pacific-2021-2025-of-total> March 2022 FIS "The Global Payments Report." The Global Payments Report by Worldpay from FIS
2. <https://ecommercenews.asia/story/cost-of-fraud-up-10-to-16-in-apac-from-pre-pandemic-levels>
3. <https://www.forrester.com/press-newsroom/online-retail-in-asia-pacific-will-add-us1-trillion-by-2025/>

