

The logo for OUTSEER, with 'OUTSEER' in a bold, sans-serif font. 'OUT' is in blue, 'SEER' is in green, and the 'O' has a circular cutout.

An RSA Company

A close-up photograph of a hand holding a credit card, with the card's surface reflecting light. The background is blurred, showing what appears to be a person's face in profile.

Top Reasons to Adopt 3-D Secure 2 (3DS2)

Provide your cardholders a secure, frictionless digital
commerce experience

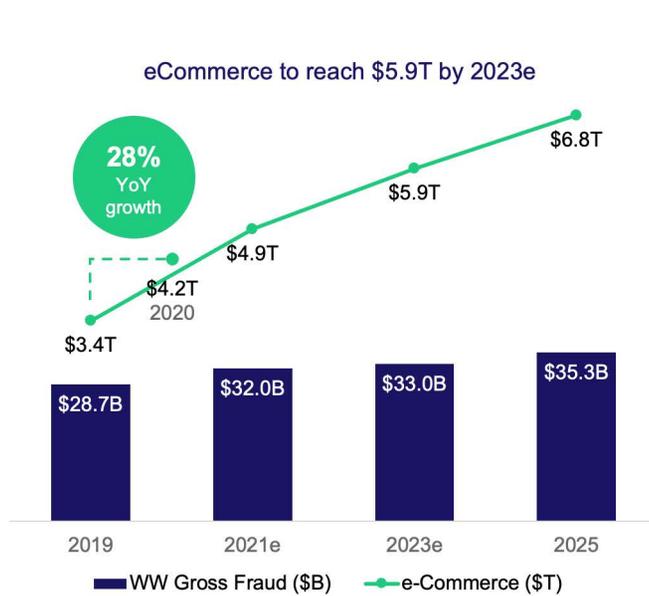
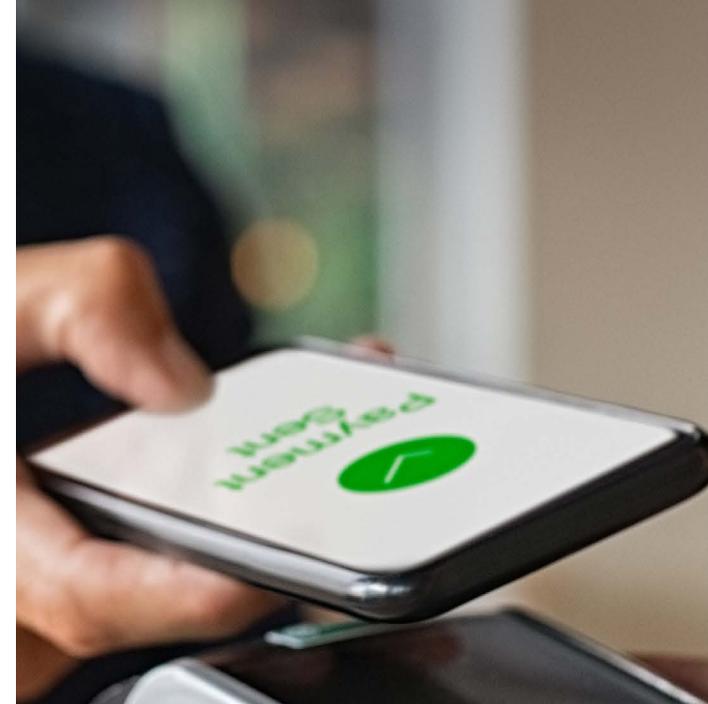
\$4.2 Trillion Reasons to Adopt EMV® 3-D Secure 2.x

Digital transformation is reinventing everything. Covid has further accelerated these trends and has helped mobilize a massive shift toward digital channels. Global spending on e-commerce reached \$4.2T in 2020¹, a growth of almost 28% since the prior year. This fast rate of growth is estimated by some to have accelerated e-commerce adoption by as much as five years versus what had originally been predicted pre-pandemic.²

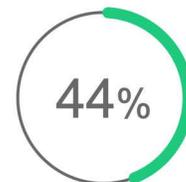
As new models scale, organizations must be prepared for the potential increase in payment risks and challenges that may come with them. Nilson estimates gross payments fraud reached almost \$31 billion in 2020³, with card-no-present (CNP) fraud, including purchase made via mobile devices, associated with ~65% of the fraud losses.³

The growth of CNP fraud is fueling increased interest in the EMV® 3-D Secure 2.x protocol (3-D Secure 2 or 3DS2) – a messaging protocol designed to provide an additional layer of protection to help prevent fraud by enabling consumers to authenticate themselves with their payment card issuers when making purchases online, via mobile or when using other IoT devices.

Here are some of the top reasons to adopt 3DS2 – the latest version of the EMV® 3-D Secure protocol.



CNP fraud accounted for ~65% of fraud losses



of fraud occurred in mobile apps

\$4.2T in global e-commerce sales in 2020¹

~\$31B in fraud in 2020³

~65% of fraud in CNP³

Source: The Nilson Report, January 2020 (Issue 1167) and December 2020 (Issue 1187). eMarketer, December 2020. Note: Does not include travel, event tickets, bill pay, taxes, food services, drinks, and other vice services; Outseer Fraud & Payments Report (Q1 2021); Outseer analysis.



Reason #1: Digital Payment Opportunities are Expanding Rapidly

The acceleration of digital transformation is driving growth of digital payments across new verticals and helping scale new digital commerce models, such as buy online, pick up curbside, cross-border shopping or buy now, pay later (BNPL) options. With so many more ways for people to pay, opportunities to drive new digital commerce growth are expanding well beyond traditional card-not-present (CNP) transactions.



A key value of the 3-D Secure 2, is the added support for mobile payments, as well as other IoT devices, including gaming consoles. Our most recent **Outseer Fraud & Payments Report (Q1 2021)** found that 44% of fraud is occurring in mobile. The additional support for mobile payments in 3DS2 will help address these challenges.



Reason #2: Precision Detection Leads to Higher Revenues

By employing proven technology built on science, data and deep expertise, Outseer 3-D Secure helps deliver secure, frictionless experiences that cardholders have come to expect.

Outseer stops up to 95% of fraud with only 5% intervention—our proven industry leading fraud prevention with low intervention. Our deep expertise in identity science and machine-learning driven approach allow us to detect and stop fraud in its tracks, without sacrificing the customer experience. This precision detection leads to higher top-line revenue growth:



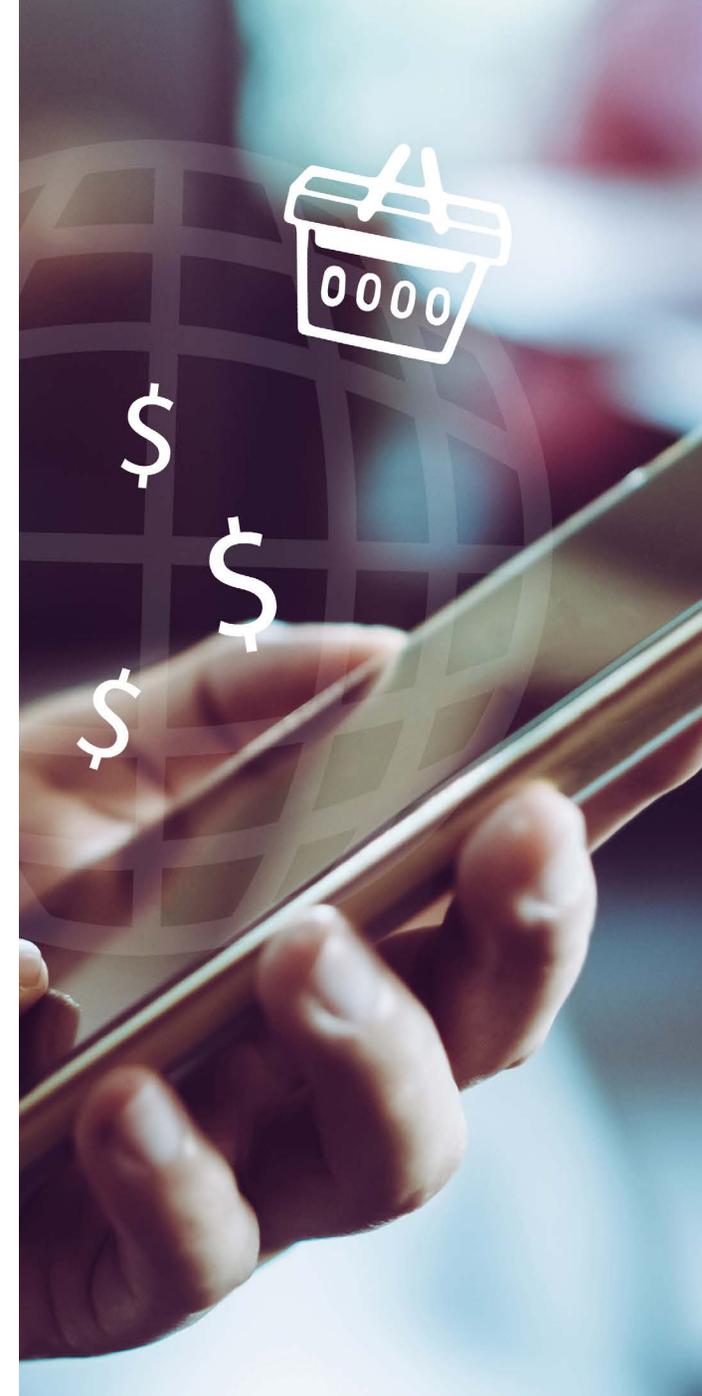
Using advanced science and risk-based authentication technologies leads to increased customer satisfaction and “top-of-wallet” loyalty. Higher usages means higher payment volume (\$PV) and revenues.



Seamless experience and fewer interruptions to legitimate sales means lower merchant cart abandonment.



Higher overall approval rates for digital transactions means more transactions are completed successfully. This leads to increased \$PV and ultimately higher revenues.

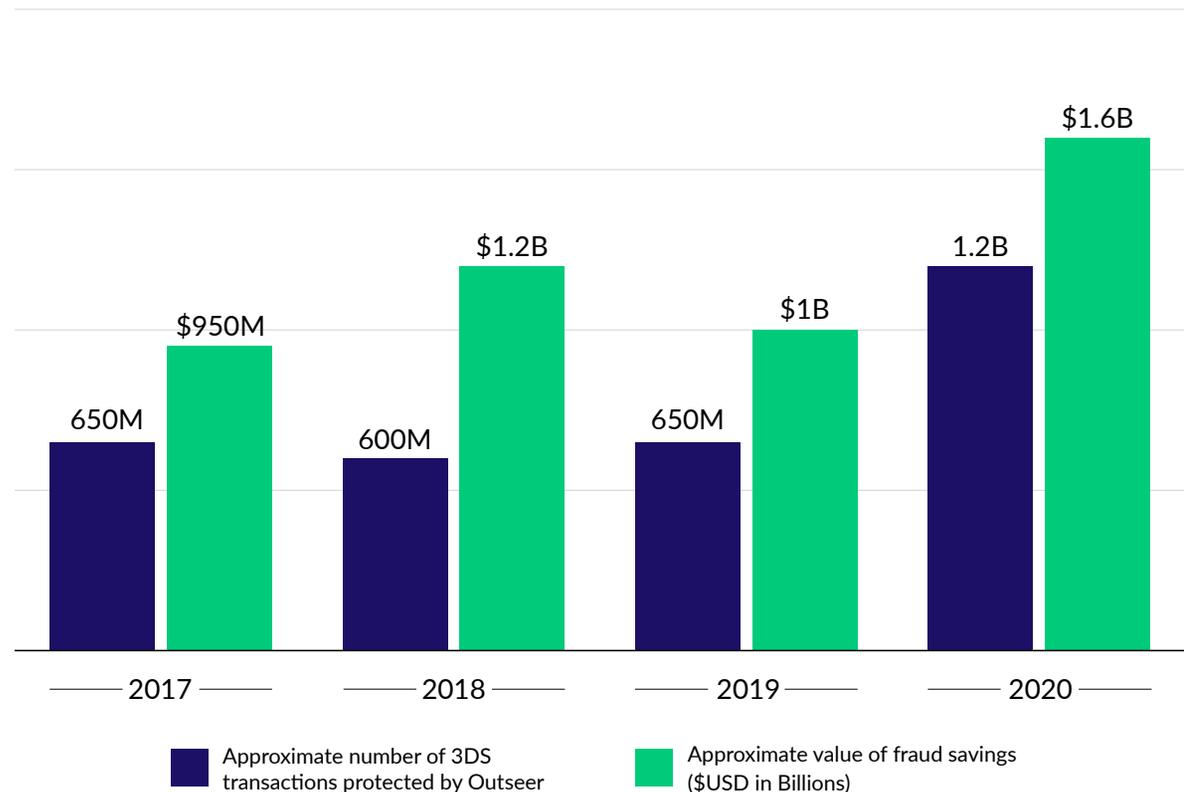


Reason #3: Better Fraud Management Translates into Higher Profit Potential

The best solutions will provide highly efficacious, proven capabilities to detect and stop fraud, but do so in a way that maintains a seamless experience for the end user. Much of CNP fraud can be prevented with a 3-D secure authentication solution.

In 2020 alone, Outseer 3-D Secure protected almost 1.2 billion transactions, saving our customers almost \$1.6 billion in fraud losses¹. An effective 3-D secure solution can deliver greater fraud savings and streamline efficiencies of your operations, contributing to higher overall profitability.

Outseer 3-D Secure Fraud Loss Savings

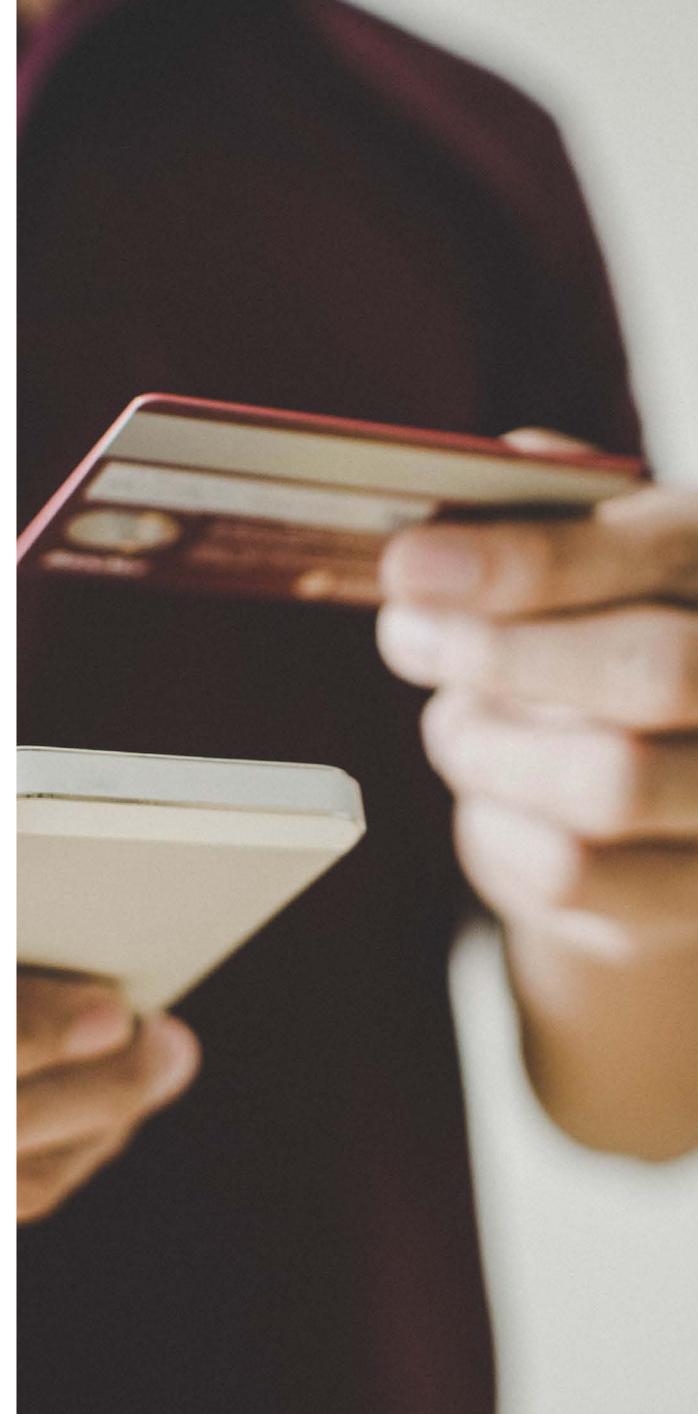


Reason #4: Addressing Compliance Without Compromise Drives Business Growth

Another benefit of 3-D Secure 2, is that it provides the tools needed to meet requirements for strong consumer authentication (SCA) in European Unions Second Payment Services Directive (PSD2). But stronger authentication often introduces additional user friction during the shopping experience – something we are seeing right now. Payment card issuers can differentiate themselves by providing frictionless experiences that comply with requirements while keeping high fraud prevention rates. When they do, they can benefit from various exemptions for SCA.

Outseer's 3-D Secure Access Control Server (ACS) solution can help issuers maintain the low fraud rates needed for SCA exemptions while delivering a frictionless experience to cardholders.

Moving to 3-D Secure 2.x now, will also allow issuers and merchants to stay in step with upcoming changes to Mastercard and Visa payment card network rules that affect transaction liability and the discontinuance of support for 3-D Secure 1.0.2 and related technologies.⁵⁶



Outseer 3-D Secure Delivers the Perfect Balance of Risk and User Experience

Outseer has more than 20 years of experience protecting digital payments. Outseer 3-D Secure is the gold standard in card-not-present and digital payments authentication mapping to the latest EMV® 3-D Secure protocol.

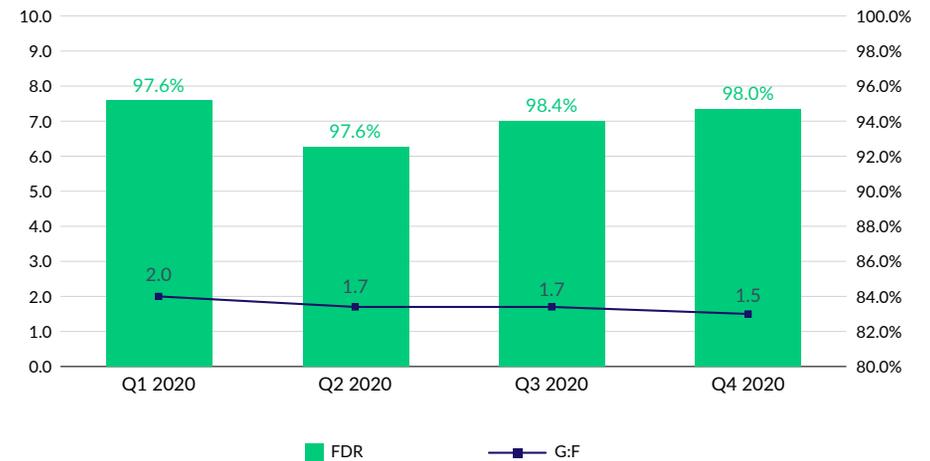
Outseer 3-D Secure maintains an average fraud detection rate of 95% with only 5% intervention, and a low genuine-to-fraud ratio (or the number of genuine transaction for each confirmed instance of fraud), translating into higher transaction approval rates, that help you increase revenues and improve your bottom line.

Outseer 3-D Secure predicts what others can't to accurately and transparently authenticate cardholders. Outseer provides the foresight to know that you are protected by the leading anti-fraud solutions and allow you to confidently focus on growing your business.

Fraud Rate vs. Success Rate
Worldwide 2020



Fraud Detection Rate vs. Genuine:Fraud Ratio
Worldwide 2020



Source: Outseer, 2020



1. "Global Ecommerce Update 2021." eMarketer, Jan 2021.
2. "U.S. Retail Index Study." IBM, Aug 2020.
3. The Nilson Report, January 2020 (Issue 1167) and December 2020 (Issue 1187).
4. Outseer Analysis, Dec 2020.
5. "Mastercard Authentication Best Practices – January 2021." Mastercard, Jan 2021.
6. "Visa Will Discontinue Support of 3-D Secure 1.0.2." Visa Business News, Feb 2021.

About Outseer

Outseer empowers the digital economy to grow by authenticating billions of transactions annually. Our payment and account monitoring solutions increase revenue and reduce customer friction for card issuing banks, payment processors, and merchants worldwide. Leveraging 20 billion annual transactions from 6,000 global institutions contributing to the Outseer Data Network, our identity-based science delivers the highest fraud detection rates and lowest customer intervention in the industry. See what others can't at outseer.com

