Goedkeuring SCA Migratieplan- Belgian Roadmap for e-commerce SCA compliance

1. Introduction

The Payment Services Directive 2 requires securing the e-commerce transactions to protect the customer amongst others against fraudulent usage of their cards. These requirements have been translated in the Regulatory Technical Standards on Strong Customer Authentication & Common and Secure Communication (RTS SCA & CSC) published by the EBA. These standards entered into force as of 14 September 2019. In June 2019 the EBA published an Opinion allowing the National Competent Authorities (NCA) to provide limited additional time on an exceptional basis in order to avoid potential unintended negative consequences for payment service users after 14 September 2019. This EBA Opinion was based on the feedback from the market that some stakeholders were not ready and that the implementation of compliant solutions could create major disruptions in the market.

2. The situation on the Belgium Market

The Belgian issuers have always been supportive of secure solutions for e-commerce transactions, and the vast majority of the customers are equipped and familiar with authenticating themselves for e-commerce transactions.

The majority of the Belgian issuers already offered SCA compliant solutions to their payment service users or were in a position to implement compliant solutions on time. A minority had secured solutions that were not deemed fully compliant with the RTS (cfr. EBA-OP-2019-06)[1] and needed more time to adapt their secure solution. Another minority did not have compliant solutions as the fraud rate in their environment is very low (e.g. prepaid card).

The main challenge in the ecosystem is preparing the merchants. Indeed, today some do not support compliant solutions, which will result in declined transactions when strictly applying Strong Customer Authentication (SCA) requirements. Other merchants are claiming that authenticating every single transaction will cause major losses due to the abandon rate of customers and insist on the use of the exemptions provided in the RTS SCA & CSC.

On the Belgian market we need to differentiate the ecosystem for the different card types:

- Debit

  Bancontact and Maestro transactions are always strongly authenticated for e-commerce. Maestro however already allows some exemptions that will fall under the exemptions for recurring transactions or under the exclusion for Merchant Initiated Transactions (MIT).

- Credit

  The credit card transactions are more challenging as in this environment only 11%[2] of the transactions done by Belgian cardholders are currently authenticated.

- Prepaid

  Although prepaid cards represent a minority in the Belgian market and the fraud rate is very low, compliant SCA solutions will be implemented for prepaid cards (non-anonymous and reloadable cards) as part of the Belgium roadmap.

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[1] https://eba.europa.eu/eba-publishes-an-opinion-on-the-elements-of-strong-customer-authentication-under-psd2

[2] Estimates based on Mastercard and Visa figures.

Another challenge is that the e-commerce market is cross-border per nature and a sizable part of the transactions of the Belgium card holders are done with foreign merchants on which the Belgian payment stakeholders do not have any control.

3. Grace Period

Based on above-mentioned situation the National Bank of Belgium (NBB) decided to grant a grace period to the Belgian market on the implementation of Strong Customer Authentication (SCA) for e-commerce transactions (cfr. Circular Letter NBB_2019_23)[3].

During a first Belgian industry meeting in September 2019, the NBB requested the different stakeholders to agree on a migration plan as soon as possible. The coordination of the migration plan has been taken up by Febelfin.

4. Road Map objectives, principles and risks:

4.1. Objectives

The objective of the roadmap is twofold

- Define a realistic and feasible migration plan for all stakeholders within the set deadline.
- Define milestones to ensure a seamless and secure payment experience for merchants and consumers after the migration period.

While focusing on these two objectives, Belgian issuers are also continuing their work to provide convenient authentication solutions to customers. As this is of a competitive nature, only the work on common sector initiatives will be taken up in the migration plan without any commitment of Belgian issuers to implement it by a specific date.

4.2. Principles

- To be successful within the timeframe set up by the regulators, the road map will have to be very practical. The **road map needs to be ambitious but must be realistic and consider the risk of new technologies** (EMV 3DS 2.X) that have not yet proven their reliability. All stakeholders have received a planning of the availability of the different versions but there is no commitment on the reliability of these versions.
- As the Belgian debit card e-commerce market is already mainly compliant with the PSD2 regulation the road map will **primarily focus on the credit card transactions**.
- The Belgian market is not isolated for e-commerce transactions, we will therefore ensure that the **Belgian roadmap is aligned as much as possible with the available roadmaps of other European countries**.
- To avoid unnecessary declines on low risk transactions the **support of exemptions** is taken up in the migration plan.

  Several exemptions have been defined by the regulator in the RTS SCA & CSC

    o Transaction Risk Analysis
    o Trusted Beneficiaries
    o Recurring transactions
    o Low value payments

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[3] https://www.nbb.be/doc/cp/nl/2019/20190828_nbb_2019_23.pdf

- o SCA delegation
- o Secure Corporate Payment
- **Issuers must process properly the transaction that are not in scope (exclusions):**
  - o Merchant Initiated Transactions (MIT)
  - o MOTO
  - o EEA 1 Leg transactions
- The **travel industry** has developed practices that are not compliant with the RTS and that will be challenging to adapt in the current timing. This business being mainly international, it **will not be taken into account in the progressive implementation of the soft decline of this roadmap to avoid delaying the delivering of solutions for the other sectors (cfr. Annex 3)**.

4.3.   Risks

Below listed risks are the main identified risks. This list is non-exhaustive.

- The support of **EMV 3DS 2.X** is one of the pillars of this Roadmap, however this **technology is new and has not been proven to deliver the same service level as the previous version** (3DS 1). The industry has no certainty as to when this new technology will reach maturity for the current (EMV 3DS 2.1) and next version (EMV 3DS 2.2). The predefined timing for supporting these versions in the migration plan must be read as best efforts. In addition to the above, card schemes are not aligned on the different EMV 3DS versions which adds complexity to the whole.

  Mitigation: The migration plan will primarily focus on 3DS EMV 2.1 and the version 2.2 will not be envisaged before 2.1 has reached maturity. We also refer to annex 5 on testing that will be a key factor in checking the maturity of EMV 3DS 2.1.

- The extended support of SCA will increase the volume processed by the issuers' ACS. There is no certainty that these **ACS** will be able to cope with the **additional charge**.

  Mitigation: The migration plan focuses on granting exemption through the authorization system. This will decrease the volume of transactions going through the authentication system. The migration plan also aims at a progressive migration of merchants and transactions to an SCA-compliant solution, starting as of Q2 2020, to avoid a sudden increase of authentication volumes close to the end of the migration period.

- Supporting SCA for every transaction may have a **financial impact on the cost of the transaction for acquires and issuers**. The solution adopted must remain cost effective for the stakeholders to avoid or reduce any potential impact on the customers (merchants and cardholders).

  Mitigation: The focus on granting exemptions through authorization will reduce the number of transactions going through authentication reducing the additional cost for issuers and acquirers.

- The solution must be **clearly communicated to all stakeholders** including merchants and consumers to ensure good comprehension of all stakeholders.

  Mitigation: A communication plan will be included in the road map.

- Whilst the compliance of the RTS is mandatory for the payment stakeholders, the support of the best practices included in this roadmap will only be recommended. There is **no guarantee that all merchants and PSUs will follow the recommendations set out in the road map.**

Mitigation: The principles of the roadmap will be communicated to major merchants with the support of the card schemes. The communication plan should help to increase the adoption of the key principles of the road map.

- It is generally acknowledged that **merchants do not like to be pilots** in testing new payment flows, may it be authorization or authentication, as they fear a higher abandonment rate. This can lead to procrastination at merchant side resulting in a massive adoption close to the end of the grace period. This will **prohibit issuers and acquirers to sufficiently test their new implementations and slowly ramp up the volume**.

  Mitigation: To motivate merchants to migrate, the roadmap will forecast specific thresholds above which transactions will have to be compliant or will be soft declined by issuers. If merchants have no timely compliant solution the transaction will not go through.

- The majority of the Belgian banks are supported by the **same processor and ACS provider**, the technical capacity of this processor must be taken into account as the primary constraint while developing this road map.

  Mitigation:
  - maximize where possible the usage e standard solutions and configurations across Belgian customers of this processor, reducing the need for customization.
  - focus in a first instance on the key functionalities required for strict compliance and the minimum exemptions to facilitate SCA implementation by the market; additional functionalities will be added subsequently to improve customer experience and leverage more exemptions

- The end of the year period is a very busy sales period due to the peak period (black Friday, Cyber Monday, Christmas, winter sales, …). It is crucial that all systems operate smoothly for all market players (issuers, cardholders, merchants and acquirers). To ensure this, a so-called 'freeze period' is introduced in the back-end payment systems from approximately 15 November 2020 until 7 January 2021. This means that no new releases take place during this period.

  Mitigation*:* The migration plan also aims at a progressive migration of merchants and transactions to an SCA-compliant solution, starting as of Q1 2021 to ensure a timely take-up by merchants and avoiding changes or implementation in the freeze period at merchant side.

- Among EU countries there is a lot of divergence regarding the implementation deadlines. This can create an unlevel playing field in Europe between markets. Moreover, there are still many uncertainties and unclarities regarding Brexit and the travel and hospitality sector.

  Mitigation: UK transactions will be considered as one-leg transactions falling out of the scope of this roadmap. This until the UK market becomes compliant (presumably 14 September 2021). The travel and hospitality sectors which will be presumably non-compliant by this time is also not covered by the progressive activation of soft decline included in the roadmap (cfr. Annex 3).

- **Mobile Native transactions** that will not benefit from an exemption will have to be authenticated with the **current authentication means** (e.g.: Unconnected Card Reader). Some are today inconvenient for mobile shopping and may generate a very high abandonment rate.

Mitigation: Many of the mobile transactions may benefit from an exemption for Low Value Transactions or being processed as Merchant Initiated Transactions. For the higher amount transactions that cannot benefit from any exemptions Issuers will implement as soon as possible convenient authentication solutions like itsme®.

5. Belgian Road Map

The goal of the Road Map in Belgium is not only to define a plan for issuers and acquirers to be compliant, but to define a road map between all stakeholders that will deliver a payments landscape where customers will be able to use their cards securely, while maintaining a high level of user convenience.

Compliance

As stated above in the Belgium market maturity section, the majority of the Belgian issuers can be compliant with the requirements.

Some issuers are using a solution that is not fully compliant with the two-factor authentication. A detailed migration plan for these issuers is included in Annex 1.

Support of exemptions

Exemptions are foreseen in the RTS SCA & CSC to deliver a better customer experience for low risk transactions while maintaining a high level of security. The support of exemptions is paramount to deliver a smooth customer experience and avoid transactions abandonment for low risk transactions.

SCA exemptions can be granted either via the Authentication system or via the Authorization system.

Belgian issuers will primarily focus on granting exemptions through the authorization system (see rationale in Annex 2) to have a workable solution within the timeframes set up by the regulators.

It is understood that the market is also expecting the support of exemptions through authentication. This will be supported by the Belgian issuers on the mid to long term, however the priority is to support it on authorization only.

The support of exemptions on the authentication system is not foreseen before Q4 2020 and could be adapted based on the maturity of the EMV 3DS 2.X versions.

Ensuring a smooth migration

As stated above in the risk section merchants may be reluctant to implement SCA before the end of the grace period to avoid transaction abandonment.

To motivate merchants to migrate earlier to the new environment, issuers will gradually mandate SCA for transactions above a defined amount threshold using soft decline. This threshold will be lowered progressively to increase the number of compliant transactions and avoid a big bang migration at the end of the grace period. Non SCA compliant transactions above this set threshold (that are not correctly flagged for an exemption or exclusion) will be declined by issuers. More detail on the thresholds can be found in annex 6.

Communication

The communication to merchants and customers will be key to successfully introduce this new environment. The level of knowledge of the new environment was surprisingly low in the merchant's community in September 2019. To ensure a smooth transition we need to communicate efficiently to the merchant community at the domestic level but also at the international level.

The industry TF will ensure that the information about the Belgian Road Map will be communicated in due time to all stakeholders.

The communication plan is developed in Annex 4.

Testing and Pilot

To ensure that the implementation of the new technologies will deliver the expected value, a pilot will be organized between issuers and Merchants / Acquirers in cooperation with the card schemes. This will validate the interoperability of the solutions and confirm that the exemptions are processed smoothly by all stakeholders.

The testing and pilot plan is described in Annex 5.

6. Proposed Road Map for SCA PSD2 compliant and mature environment
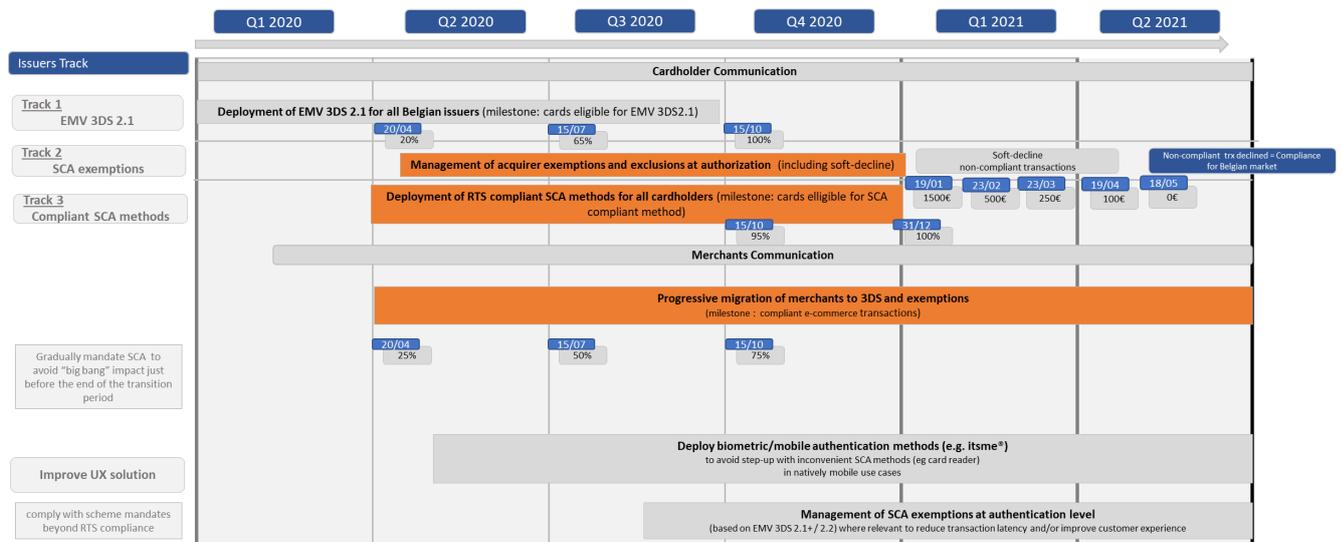
Disclaimer: The non-compliance related part of the roadmap functions as a best effort commitment (non-orange items). The content and deadlines in the roadmap that are not linked to achieving full compliance may be adapted in function of evolutions in the market (measured by determined milestones and metrics). Flexibility is necessary to ensure a smooth transition. Each entity that adheres to the road map will commit to the milestones.

7. Annexes

7.1. Annex 1: Migration plan regarding the non-SCA compliant authentication methods

All issuing PSP have identified the authentication approaches and categorized the authentication methods in PSD2 SCA and non PSD2 SCA compliant. The Industry workgroup has identified 6 issuing PSP, which represent a card portfolio of over 1 million cards who mainly use SMS OTP as 1 Factor Authentication. The commitment of these 6 issuing PSP is to meet the requirements of the industry roadmap in due time. Projects have been launched and are ongoing on preferred 2nd factor to add or replace the non PSD2 SCA compliant methods with a focus on customer convenience and ease of use/adaption.

Each issuing PSP analyzed the implementation path and delivery (enrolment) towards the card holders. For most issuing PSP the implementation of a SCA compliant methods will be done by October 2020 and the objective for all issuing PSPs is to stop the use of the non-compliant PSD2 SCA methods by end of 2020. The new methods include: the use of itsme®, In-APP OTP, OTP + password, In-app biometrics, In-app PIN, web browser PIN.

All current OTP issuers will have at least 1 compliant solution by end 2020. Other SCA compliant and convenient solutions will be added progressively (e.g. Biometric) but not necessarily at the same time for each of the issuers. For the transactions in scope of the PSD2, no 1FA SCA transaction will be approved beyond 31/12/2020.

SCA Compliancy roadmap for users of OTP by SMS only (in 1FA)				
SCA compliant methods	Active since/as of	Estimated Adoption time	Current adoption JAN 2020	Solution used by
Digipass	Active	Until DEC 2020	between 40-50%	2 issuers
OTP + Password*	Sep-19	Until DEC 2020	around 10%	4 issuers
In-app PIN + Biometric	between Q2 2020 & Q1 2021	Until MAR 2021**	0%	4 issuers
ITSME	Q1 2020	Until DEC 2020	0%	2 issuers
* All OTP by SMS with 1FA will be decommissioned by DEC 2020				
** This is an new solution which will be added to existing 2FA solutions. Purpose is to give customers more choice and flexibility, as opposed to only 1 solution (cf. UX track in roadmap).				

7.2. Annex 2: Support of Exemptions

Exemptions are foreseen in the RTS SCA & CSC to deliver a better customer experience for low risk transactions while maintaining a high level of security. The support of exemptions is paramount to deliver a smooth customer experience and avoid transactions abandonment for low risk transactions.

SCA exemptions can be granted either via the Authentication system or via the Authorization system.

- Authentication

By using the new EMV 3DS 2.X technology merchant and acquirers can request exemptions through the authentication process. If the issuer agrees the cardholder does not have to authenticate himself and the transaction can be sent on for financial authorization

- Authorization

Acquirers and Merchants can also request exemptions directly through authorization system. If the issuer agrees the transaction is approved and there is no need to authenticate the customer, the issuer can also step up and request an authentication by doing a "soft decline". In this case the merchant will have to initiate the 3DS flow to request an authentication.

<u>Belgian position on supporting exemptions</u>

The Belgian Market will give the priority to the authorization flow based on the following reasons:

- Proven technology: the new EMV 3DS 2.X. is not a proven technology and is still showing growing pains. No guaranty that it will offer a smooth environment in the required timelines.

- Avoid a single point of failure: The volume processed by the ACS will dramatically increase in the new environment. The risk that the ACS could not cope with these volumes is present.

- Speed: The authorization process is much faster than the authentication process (2" vs 30").

- Economics: The routing of all e-commerce transactions to the authentication process will increase the cost of the transactions for issuers and acquirers.

7.3.   Annex 3: Travel and Hospitality

Travel and hospitality sectors have already communicated that it will be a real challenge for them to be compliant within the timeframes imposed by the regulators.

These sectors are working on a specific roadmap within the UK Finance Interest group. The current plan seems to be that the merchants in these sectors will most likely leverage the exclusion of the RTS for Merchant Initiated Transactions (MIT), where only the initial transaction needs to be authenticated.

Belgian issuers are technically capable to decline non-compliant transactions and approve MIT transactions. To allow more time for the merchants in this sector to deploy MIT or exemptions, the Belgian issuers are preparing a solution to continue to accept non-compliant transactions from merchants of these sectors until mid-May 2021, until which these sectors will be temporarily excluded from the progressive implementation of the soft decline (see annex 6) until the last milestone.

The industry task force will review the progress of the sector by end of April 2021 to evaluate the readiness of these sectors and evaluate the opportunity to impose full compliancy to Travel and Hospitality sector at the same date than all other merchants.

The merchants who could benefit from this temporary exception will be identified based on the Merchant Category Code (MCC). See list below:

MCC list for travel and hospitality

1.	Airlines & Air Carriers:	MCCs 3000 through 3350 and MCC 4511
2.	Car Rentals:	MCCs 3351 through 3500 and MCC 7512
3.	Lodging:	MCCs 3501 through 3999 and MCC 7011
4.	railroads:	MCC 4011
5.	Ferries:	MCC 4111
6.	Passenger Railways:	MCC 4112
7.	Taxi Cabs & Limousine:	MCC 4121
8.	Bus Lines:	MCC 4131
9.	Cruise Lines:	MCC 4411
10.	Airline:	MCC 4511
11.	Travel Agencies:	MCC 4722
12.	Transportation services:	MCC 4789
13.	DM Insurance services:	MCC 5960
14.	Insurance:	MCC 6300
15.	Vacation Rental:	MCC 6513
16.	Lodging -Hotels Motels:	MCC 7011
17.	Trailer parks and camp:	MCC 7033
18.	Automobile Rental agency:	MCC 7512
19.	Motor home and vehicle rent:	MCC 7519
20.	Parking lots & garage:	MCC 7523
21.	Tourist attractions & exhibits:	MCC 7991
22.	Aquarium & Sea Dolphin:	MCC 7998
23.	Government service:	MCC 9399

7.4. Annex 4: Communication

The industry task force has identified the importance of clear and complete communication to stakeholders. We distinguish communication to consumers and merchants and put forward a separate communication strategy to ensure both are aware of the changes ahead.

Communication to consumers

- Issuers that are migrating (a part of) their cardholder portfolio to a new SCA authentication method must take appropriate steps to inform those clients. Concerned issuers are encouraged to educate their cardholders and migrate them in a suitable and convenient way to the new SCA authentication method to be used in the future.
- The chosen SCA authentication methods are proprietary to the individual concerned issuers. All communication, education and activation are therefore managed by the issuers individually and not part of this industry migration plan because not all issuers are in a position that they need to communicate to cardholders on new authentication methods.
- Febelfin will also take up its role to communicate to consumers. This will be general information published on the Febelfin website. Similar communication has already been published in the past and will be updated or completed when necessary[4]. A second 'refreshment' communication will be done by Febelfin around the start of the progressive implementation of the soft decline, possibly also impacting consumers.

Communication to merchants

- The Industry TF (issuers, acquirers, merchant PSP's) has prepared simple, neutral and positive communication towards merchants. This communication consists of a background, the to be respected deadlines and a call to action for merchants.
- This communication can be used by all concerned stakeholders to inform merchants as soon as possible of the actions to take.
- The Industry TF has identified that Acquirers and merchant PSP's should communicate directly to their merchants offering goods and services via e-commerce to Belgian cardholders by the launch date of the soft decline mechanism at the latest to ensure that these merchants will be ready. The key messages can be retrieved in the above-mentioned communication established by the Industry TF. This communication can be used as a basis but can be altered based on the acquirer's or merchant psp's proprietary communication.
- The Industry TF will also reach out to merchant association to help spread the communication. Febelfin will take a leading role in establishing the contacts with the merchant associations.
- The card schemes are ready to support acquirers, merchant PSP's and merchant associations in organizing events or mailings for the merchants.
- Issuers and Febelfin can provide communication support to the acquirers, merchant PSP's and merchant associations if requested.

7.5. Annex 5: Testing and Pilot

Testing will be paramount to ensure that the implemented solution is working properly but also to ensure that all stakeholders will process transactions according to the road map principles.

The testing and pilot phase describe below is dedicated to reinforcing the level of confidence of the solution adopted in the roadmap. This testing is done at market level and it does not replace the individual testing mandated or recommended by the schemes. It is the responsibility of every PSP to comply with the testing requirements of the different schemes.

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[4] For example: https://www.febelfin.be/nl/consumenten/artikel/jouw-betalingen-nog-veiliger-nog-handiger-en-alleen-als-jij-het-wil (NL)

Two mains testing phases will be defined in line with the major upgrades of the Issuers systems.

Phases 1: Q1 2020 Introduction of 3DS 2.1

Some Belgian issuers have migrated to 3DS 2.1, however the volume of 2.1 transactions being currently low it is not possible to test the reliability of the ACS. Starting in February 2020, some major issuers will also migrate to the version 2.1 of 3DS.

Mastercard has put in place a testing platform to help merchants and issuers to test together the reliability of this new platform.

This testing platform is dedicated to top issuers (100) and top merchants (20) to test together their systems. The 4 major Belgian banks will qualify to perform these test as they are in the top 100 issuers at Mastercard.

Some issuers may not yet be migrated to the 3DS EMV platform and may not be able to perform these tests. To ensure that all the stakeholders will benefit from this testing Mastercard will report the anonymous results of the testing to the working group.

Phase 2: Q2 2020 Introduction of management of exemption at authorization level

At this time issuers will be able to test following processes at individual basis if they would choose to:

- The support of exemption at authorization level
- The support of soft decline at authorization level
- The support of soft decline for non-compliant exemption request at authorization level
- The support of step up at authentication level

We will not be able to test the support of exemption at authentication level.

Phase 3: Merchant live testing

As of Q4 2020, all Belgian issuers will have migrated to EMV 3DS in browser mode. Merchants should test their systems in a live environment to avoid any interoperability issues, during the live implementation following the Soft Decline planning.

7.6.   Annex 6: Implementation soft decline mechanism

In order to avoid a repetition of 14 September 2019, the Belgian industry has decided to include a soft decline mechanism in the roadmap to encourage merchants to do the necessary changes to their processes before the end of the flexibility period. This translates into progressively soft declining transactions that come through authorisations that are not SCA compliant by redirecting them to the authentication to encourage 3DS and the use of exemptions. The threshold would be amount based.

The Belgian Market started a Soft Decline Mechanism on 25 August 2020 for all non-compliant transactions above 1,500 EUR. After close monitoring of these transactions, it became apparently clear that both the domestic and neighbouring countries' merchant communities were not ready to migrate based on the original schedule. Given the high amount of Belgian cardholder e-commerce with merchants in neighbouring countries and the divergence of soft decline approaches in these foreign jurisdictions, the original schedule is no longer deemed tenable by the industry.

As a consequence, the further soft decline thresholds as initially foreseen have not been activated.

The main observation of the market trends during the first 2-month trial period clearly demonstrated that the Belgian market is too small to trigger a significant EEA market change from merchants located outside Belgium.

As a significant portion of Belgian cardholder e-commerce occurs cross-border, the industry TF has carefully assessed the migration plans of certain neighboring countries in order to align to a maximum extend. The new ramp up planning for soft declines therefore ensures the Belgian market will not precede bigger EEA countries surrounding us, in terms of both ramp up amount and timing. This avoids unnecessarily penalizing Belgian cardholders when shopping with foreign merchants. Following these principles, a new Soft decline planning has been put in place extending into the first semester of 2021.

The industry TF decided to start to soft decline non-compliant transactions according to the planning below:

- As from Tuesday, 19 January 2021: All transactions above 1,500 EUR
- As from Tuesday, 23 February 2021: All transactions above 500 EUR
- As from Tuesday, 23 March 2021: All transactions above 250 EUR
- As from Monday, 19 April 2021 : All transactions above 100 EUR
- As from Tuesday, 18 May 2021: Full compliance

After each of the above dates, all non PSD2 compliant transactions sent through authorization will be systematically (soft) declined[5]. (Individual issuers might use issuer exemptions such as TRA to accept these transactions.)

The dates and amount thresholds may be subject to change based on the monitoring of the industry TF. The up to date planning is published on the Febelfin website.

The timeline could be shortened or adapted to align with the reality of the domestic and wider EEA market evolution.

A temporary exception will be granted to the travel and hospitality sectors during the transition period. In these cases, the soft decline of high value transactions will only become applicable with the full compliance by mid-May 2021 (see Annex 3).

The UK industry is out of scope of this roadmap to the degree the UK will not be subject to SCA following a potential Brexit on 1 January 2021. It is, however, expected that the UK will be SCA-compliant by mid-September 2021 as per the information published by UK Finance.

Impact for the acquirers

In order to offer a smooth transition period to the market and process only compliant transactions as soon as possible, the acquirers support the progressive new ramp up plan by monitoring the transaction flow sent by the merchants / their technical gateway providers and providing them with performances, reports and improvement guidance. When the market will effectively migrate to full compliance, acquirers will activate their PSD2 flags on their first major release but no later than end of June 2021.

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[5] Dates are aligned with the release dates of the main card processor in Belgium.

7.7. Annex 7: Milestones

Next to the mandatory reporting required by NBB and EBA, the industry TF has also set out some additional milestones to monitor the state of play in the Belgian market. These milestones will be closely monitored within the industry TF, together with the NBB, to analyze if supplementary actions are necessary to achieve SCA compliance.

The monitoring will be done in parallel with the reporting deadlines and the predetermined percentages taken up in the roadmap refer to the desired situation at the end of the previous month.

The additional milestones are the following:

- Percentage of cards eligible for EMV 3DS 2.1 to monitor the deployment of EMV 3DS 2.1 at Belgian issuing side.
- Percentage of cards enrolled for SCA compliant methods to sign a transaction to monitor the deployment of RTS compliant SCA methods for all Belgian cardholders.
- Percentage of SCA compliant e-commerce transactions by acquirer country code to monitor the migration of merchants to 3DS and exemptions at authorization.

7.8. Annex 8: Road Map

Issuers Track

Timeline: Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021

Cardholder Communication

Track 1 — EMV 3DS 2.1
Deployment of EMV 3DS 2.1 for all Belgian issuers (milestone: cards eligible for EMV 3DS2.1)
20/04 20% | 15/07 65% | 15/10 100%

Track 2 — SCA exemptions
Management of acquirer exemptions and exclusions at authorization (including soft-decline)

Track 3 — Compliant SCA methods
Deployment of RTS compliant SCA methods for all cardholders (milestone: cards elligible for SCA compliant method)
15/10 95% | 31/12 100%

Merchants Communication

Progressive migration of merchants to 3DS and exemptions
(milestone : compliant e-commerce transactions)
20/04 25% | 15/07 50% | 15/10 75%

Soft-decline non-compliant transactions
19/01 1500€ | 23/02 500€ | 23/03 250€ | 19/04 100€ | 18/05 0€

Non-compliant trx declined = Compliance for Belgian market

Gradually mandate SCA to avoid "big bang" impact just before the end of the transition period

Improve UX solution

Deploy biometric/mobile authentication methods (e.g. itsme®)
to avoid step-up with inconvenient SCA methods (eg card reader)
in natively mobile use cases

comply with scheme mandates beyond RTS compliance

Management of SCA exemptions at authentication level
(based on EMV 3DS 2.1+ / 2.2) where relevant to reduce transaction latency and/or improve customer experience