

» New regulation. New payments

What is the Payment Services Directive 2 (PSD2) and why do we need it?

PSD2 – the European Union’s new Payment Services Directive – is creating an environment for better online payment services, so they’re fit for the 21st century. But what does this mean for your business?

Technology has redefined the role of modern banking – and payment services.



77%

of Europeans use their phones to bank and make everyday payments.¹

This digital progress has its benefits. But it has also enabled cybercrime.

36%

in 2016



49%

in 2018



% of organisations that admitted to being a victim of fraud – a **13% increase over two years.**²

PSD2 tackles online fraud and introduces new opportunities and challenges for SMEs

Security

From 14 September 2019, PSD2 will require **Strong Customer Authentication (SCA)** for online payments and servicing. This means that businesses will have to use two independent authentication elements when transacting online. These new authentication elements are:

Something the customer **knows**, like a password, passphrase or PIN.



Something the customer **has**, like a mobile phone, wearable device or token.



Something the customer **is**, like their fingerprint, facial features or an iris scan.



Why this matters

This two-factor authentication confirms the cardholder is who they say they are. It should help protect you against business fraud and make it safer for you to deal with your customers and suppliers. Barclaycard will be providing customers with the methods they'll need to carry out this authentication.

What's next?

You don't have to do anything for the moment – we'll keep you up to date with everything as it happens. If you'd like to know more, you'll find greater detail on our website at barclaycard.co.uk/business/psd2

¹ visaeurope.com/newsroom/news/mobile-money-takes-off-as-77-of-europeans-use-their-phones-to-bank-and-make-everyday-payments

² pwc.com/gx/en/services/advisory/forensics/economic-crime-survey.html