

PSD2 SECTOR GUIDE: VIDEO GAMES

Act now, get ahead

How will PSD2 SCA impact video games?

When PSD2 SCA is enforced, it will require that every electronic transaction in the European Economic Area has Strong Customer Authentication (SCA) applied to it. In the world of video games, this is a particular concern. Asking a gamer to authenticate a payment risks disrupting the immersive experience they're enjoying. That makes it critical to find ways to limit the disruption.



Console

Custom browsers and atypical payment flows mean the technical requirements to add extra authentication into video game console payments have been particularly challenging.

Future updates to 3DS2 should bring out new technology to help solve this.

In the meantime, video game providers are looking at several different ways to ensure compliance:

- **Funding gaming wallets in a mobile or web browser environment**, where authentication is easier. The credit then appears on the console and can be used without having to put card details in the console itself.
- **Investigating new ways to collect the device data** needed to complete a 3DS2 authentication. Typically, this would be done via JavaScript, which is difficult to implement on a console. We're currently investigating new ways to collect this information.
- **Rebuilding custom browsers** to enable more traditional 3DS2 capability on the console (although this that may require a lot of development effort).

Not just console manufacturers

There are real challenges for any third-party apps using platforms where users can purchase content, like streaming services, for example.

And it's also worth remembering that more than 25 percent of video game payments are made via Alternative Payment Methods, such as e-wallets, which will also have to ensure that they have an SCA-compliant checkout flow.

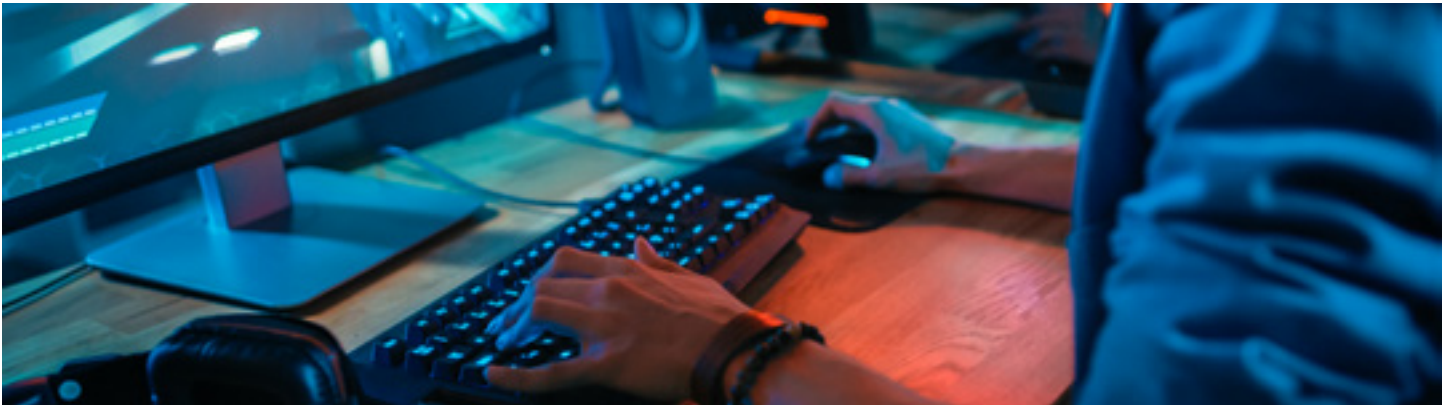
Streaming

Streaming has seen a surge in popularity. Payments come through two main methods, with their own SCA challenges:

- One-off donation payments, which would usually require SCA, but could be eligible for low-value, low-risk or whitelist exemptions (if the cardholder is a repeat customer who trusts the platform).
- Subscriptions, where SCA will be required the first time a player signs up to a service. Future payments can then be excluded from SCA by being classed as Merchant Initiated Transactions (MITs). Ask your relationship manager for our Subscriptions Insight Article to find out more.

Direct web purchases

SCA will apply in this direct retail environment, with webstores able to request SCA exemptions to keep purchases frictionless. If an exemption cannot be used, the cardholder needs to authenticate their purchase. This is typically through stepping up to 3DS2, as part of the checkout flow.



How can you get ahead?

We have a full suite of data-powered tools to help you manage SCA and make video gaming payments as frictionless as possible. And you can always chat to our dedicated team of experts about your options. In the meantime, there are some key ways you can be prepared.

✓ Know your exemptions

In order to avoid extra friction in these different video game payment channels, you should maximize the use of SCA exemptions and exclusions. There are several SCA exemptions available as part of the new requirements:

a. Low-risk

Transactions (up to €500) assessed as low risk in real time.

b. Low-value

Transactions below €30

c. Whitelist

Repeat customers who tell their issuing bank they trust your site.

d. Merchant Initiated Transaction MITs

For use with any subscriptions you have for your video game service.

✓ Keep an eye on fraud

To make the most of low-risk exemptions, you'll need to keep your fraud rate below the acceptable levels set by the schemes. Check your current European fraud rate; if it's high, speak to us for help bringing it down.

✓ Get the right products

Our Protect Your Revenue suite of products makes it easy to manage SCA. This includes our SCA Exemption Engine and 3DS Flex, which performs SCA through 3DS2 whenever required, as well as industry-leading tools to reduce fraud.

Ready to make PSD2 pay?

Get in touch with your Worldpay relationship manager to find out more.