

**May 2025 update:
This letter is historical.
See our [supervisory correspondence page](#)
for more information and current views**

20 August 2019

Dear CEO

Requirements for Strong Customer Authentication in card-not-present e-commerce transactions

From 14 September 2019, the Payment Services Regulations 2017 (PSRs) requires that all payment services providers (PSPs) must apply Strong Customer Authentication (SCA) where a payment service user initiates an electronic payment transaction.

The new requirements on SCA are intended to enhance the security of payments and reduce the risk of fraud in payment transactions.

However, in response to concerns about industry readiness to apply SCA to e-commerce transactions, and to minimise potential disruption to consumers and merchants, the European Banking Authority (EBA) accepts that the FCA and other National Competent Authorities may give some firms extra time to implement SCA.

What we will do

At the FCA's request, UK Finance worked to co-ordinate an agreed industry plan to implement SCA for card-not-present transactions for e-commerce as soon as practicable. A copy of the plan is available at <https://www.ukfinance.org.uk/area-of-expertise/payments/strong-customer-authentication-managed-rollout>

We have reviewed the plan and welcome the industry's commitment to a timely, coordinated and collaborative approach.

We cannot alter the legal deadline for complying with the requirements for SCA, which remains 14 September 2019.

However, to support the orderly transition to SCA and avoid a negative impact on consumers and merchants, we will not take enforcement action against firms simply

because they do not meet the relevant requirements for SCA from 14 September 2019 in areas covered by the agreed plan.

Who this applies to

Our decision not to take enforcement action is limited to the application of SCA to card-not-present e-commerce transactions.

This commitment only applies to firms that can demonstrate that they have taken the necessary steps to comply with the UK Finance co-ordinated plan to deliver SCA by 14 March 2021.

After 14 March 2021, failure to comply with the requirements for SCA will be subject to full FCA supervisory and enforcement action as appropriate.

What firms should do

Firms should speak to their trade association, and UK Finance to get more information on the agreed plan. We would strongly encourage all firms to cooperate and engage with wider industry efforts to coordinate implementation of SCA in line with the agreed plan.

In the meantime, firms need to continue to take appropriate steps to manage their fraud risk. We encourage them to be open and transparent with consumers and merchants to minimise the risk of unexpected disruption to payments.

Our agreement not to take enforcement action is meant to avoid unintended consequences for consumers and merchants. We expect:

- firms not to act outside the agreed industry delivery plan in ways that cause unnecessary problems for consumers or merchants
- all parties involved in card-not-present transactions, both FCA regulated and unregulated, should continue to work together over the next 18 months to ensure the smooth and timely implementation of SCA by 14 March 2021

Managing the impact on vulnerable or digitally excluded consumers

We also expect firms to manage the potential negative impact of SCA on different groups of customers, particularly the vulnerable, less digitally engaged or located in areas with limited digital access. We have been clear that firms may need to provide options for the methods of authentication. This includes taking into account that not all consumers will possess a mobile phone. So, we expect firms to provide a viable means of authenticating these customers.

Our next steps

We are continuing to work with UK Finance and other industry representatives to track progress against the agreed delivery plan. We will hold regular meetings with the industry to monitor delivery against the agreed milestones and 14 March 2021 deadline.

For more information on the agreed industry plan, please engage directly with your relevant trade association.

Monitoring progress

FCA monitoring plan			
Largest FCA regulated issuers & acquirers	FCA regulated issuers & acquirers	Card schemes	Merchants & technology providers
Monthly meetings	6-weekly FCA convened industry forum	Co FCA/PSR convened quarterly meetings	Quarterly meetings

See our [website](#) for more information on the EBA's opinion and our response.

Yours sincerely

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