Liability Shift and 3D-Secure Matrices

3DS Authentication and Liability Shift

The use of **3D Secure authentication** helps **protect merchants against the non-payment reason "cardholder dispute."**

We refer to **"liability shift"** when the **responsibility for non-payments** due to fraud (stolen or counterfeit cards) is **transferred** from the merchant **to the card-issuing bank** (the bank of the end customer) used for the payment.

All Axepta merchants are registered in the 3D-Secure program. This operation is performed by the Axepta Online platform when creating the MID.

Enrollment in the 3D Secure program does not protect against **all** non-payment and fraud reasons.

The protection related to 3D Secure authentication does not apply to :

- MOTO payments or those manually entered in the back office by the merchant
- Recurring payments or installments of a payment in installments (excluding the first transaction)
- Payments made in batch

Matrix: Liability Shift Related to 3DSV1 and 3DSV2

The table below indicates the cases where the merchant benefits from liability shift :

LIABILITY SHIFT TO THE ISSUING BANK							
Network	**Card Type**	**3DS Authentication Result**					
		3D SUCCESS*	**3D ATTEMPT**		**3D NOT ENROLLED**	**3D ERROR**	**3D FAILURE**
			With Cryptogram	**Without cryptogram**			
CB	All	YES	YES	YES	YES	NO	NO
VISA	All	YES	YES	NO	NO	NO	NO
MASTERCARD	All	YES	YES	NO	NO	NO	NO
ALL	Prepaid	NO	NO	NO	NO	NO	NO

**In the case of a request for strong authentication without a request for frictionless or exemption. See the table "Liability Shift & Frictionless" below.*

When consulting payments in the Axepta Back-Office, the following data allows identifying the result of the authentication :

Field in BO	Card Type	3DS Authentication Result				
		3D SUCCESS	3D ATTEMPT	3D NOT ENROLLED	3D ERROR	3D FAILURE

			With Cryptogram	Without cryptogram			
Transaction Status	All cards	Y	A	A	-	N	U
ECI	Visa ou CB (co-branded Visa)	05	06	-	07	07	07
	Mastercard ou CB (co-branded Mastercard)	02	01	-	00	00	00

Matrix: Liability Shift & Frictionless

During a transaction subject to strong authentication (3DS), the merchant can choose a preference for the type of authentication they wish to perform.

To do this, the merchant adds the JSON object threeDSPolicy to their payment request, which will allow them to :

- Force authentication
- Request passive authentication (frictionless)
- Request an exemption

> Important : The final choice of authentication is made by the issuing bank (the bank of the cardholder - the end customer).

In case of 3DS Success, the liability shift depends on the card brand used for the payment and any potential request from the merchant (frictionless, exemption, etc.) :

<table>
<tr><th colspan="7">LIABILITY SHIFT TO THE ISSUING BANK - BASED ON MERCHANT'S REQUEST</th></tr>
<tr><th>Merchant's Request - Value for "challengePreference"</th><th>Challenge Indicator</th><th>Authentication Method

(DS/ACS)</th><th>CB</th><th>Mastercard

(ECI = 05)</th><th>Visa

(ECI = 02)</th><th>American Express</th></tr>
<tr><td>No preference</td><td>01</td><td>Frictionless* / Challenge</td><td colspan="4">Issuing Bank</td></tr>
<tr><td rowspan="2">No challenge</td><td rowspan="2">02</td><td>Frictionless*</td><td>Merchant</td><td colspan="3">Issuing Bank</td></tr>
<tr><td>Challenge</td><td colspan="4">Issuing Bank</td></tr>
<tr><td>Request challenge</td><td>03</td><td>Frictionless* / Challenge</td><td colspan="4">Issuing Bank</td></tr>
<tr><td>Challenge Requested (mandate)</td><td>04</td><td>Challenge</td><td colspan="4">Issuing Bank</td></tr>
<tr><td rowspan="2">Acquirer's TRA exemption request</td><td rowspan="2">05</td><td>Frictionless*</td><td colspan="3">Merchant</td><td>N.A.</td></tr>
<tr><td>Challenge</td><td colspan="3">Issuing Bank</td><td>N.A.</td></tr>
<tr><td rowspan="2">Low-Value Exemption Request</td><td rowspan="2">02</td><td>Frictionless*</td><td>Merchant</td><td colspan="2">Issuing Bank</td><td>N.A.</td></tr>
<tr><td>Challenge</td><td colspan="3">Issuer</td><td>N.A.</td></tr>
</table>

* *Frictionless or Frictionless Delegation*