Liability shift and 3DS Matrix

3DS authentication and liability shift

3D Secure authentication protects the merchant against "**cardeholder challenge**".

The term "**liability shift**" is used when **liability for unpaid amounts** for fraud (stolen or forged cards) is **transferred** from the merchant **to the card-issuing bank** (the final customer's bank) used for payment.

All Axepta merchants are registered in the 3D-Secure program. This operation is managed by Axepta teams during the onboarding.

3D Secure enrolement does not protect the merchant against **all** types of unpaid and fraudulent transactions.

3DS Secure authentication protection does not apply to :

- MOTO payments or manually entered on the BO by the merchant
- recurring payments or installements (excluding 1st transaction)
- Batch payments

Matrix : Liability shift for 3DSV1 and 3DSV2

The following table shows the cases where liability shift applies :

LIABILITY SHIFT TO ISSUING BANK							
Brand	**Product**	**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 case of strong authentication request without frictionless or exemption request cf. The table 'Liability shift & Frictionless' below*

In the Back-Office Axepta, the following data allows to understand the result of the authentication

Field in the Back-Office	**Card**	**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 or CB (cobadged Visa)	05	06	06 for CB / NA for Mastercard	07	07	07
	Mastercard or CB (cobadged Mastercard)	02	01	01 for CB / NA for Visa	00	00	00

Matrix : Liability shift & Frictionless

In a strongly authenticated transaction (SCA - 3DS), the merchant can indicate which type of authentication he wishes to perform

To do so, the merchants add the JSON object threeDSPolicy EN to the payment request in order to :

- Mandate an authentication
- Request a passive authentication (frictionless)
- Request an exemption

Important : The final choice of the authentication type applied to the transaction is made by the issuing bank (cardholder's bank).

In the case of 3DS Success, the liability shift depends on the card brand and the authentication type requested by the merchant (frictionless, exemption, etc.):

LIABILITY SHIFT TO ISSUING BANK						
Merchant request - Value for "challengePreference"	**Challenge Indicator**	**Authentication method (DS/ACS)**	**CB**	**Mastercard (ECI = 05)**	**Visa (ECI = 02)**	**American Express**
No preference	01	Frictionless* / Challenge	Issuer			
No challenge	02	Frictionless*	Merchant	Issuer		
		Challenge	Issuer			
Request challenge	03	Frictionless* / Challenge	Issuer			
Challenge Requested (mandate)	04	Challenge	Issuer			
Exemption : TRA acquérer	05	Frictionless*	Merchant			N.A.
		Challenge	Issuer			N.A.
Exemption : Low Amount	02	Frictionless*	Merchant	Issuer		N.A.
		Challenge	Issuer			N.A.

* *Frictionless or Frictionless delegation*