

New European plans threaten disruption and inconvenience for online shoppers



Visa has warned that new European rules on e-commerce threaten to seriously disrupt online shopping and inconvenience consumers.

- Threat to express online checkouts which make up half of all today's e-commerce sales
- 61% of European consumers say increased checkout steps will cause them to abandon purchases
- Reduced access to e-commerce sites outside Europe potentially impacting around €6bn of transactions

London, 22 November 2016 Visa has warned that new European rules on e-commerce threaten to seriously disrupt online shopping and inconvenience consumers.

The European Banking Authority (EBA) has brought forward proposals for how it will implement what is called strong customer authentication (SCA). The plans include a "one size fits all" approach where every online transaction over €10 will require additional steps at checkout such as entering passwords, codes or using a card reader.

Independent consumer research carried out in five European countries on behalf of Visa demonstrates the potential impact of the changes.

In practical terms, the proposals would mean:

- No more express online checkouts. This includes one-click checkouts even at online retailers where consumers shop regularly, and no more fast, automatic in-app payments where cards are already stored. Visa estimates that half of all European consumer e-commerce would be impacted. The survey found that almost two-thirds (61%) would abandon purchases if more steps were added to the checkout and payment process when shopping online.
- Reduced access to online shopping outside Europe. The proposals mean that international websites will have to follow the new European rules or purchases will be automatically declined. Visa estimates that payments totalling more than €6bn could be impacted, representing two-thirds of all European transactions on international websites. The survey shows that 51% of people currently shop online from retailers outside the EU.
- Longer queues and issues using cards at places like toll booths and parking where PINs are not required today. In France alone, this would impact over 500 million journeys a year.

Peter Bayley, Chief Risk Officer, Europe at Visa, said: "These new proposals threaten to seriously disrupt the way we all shop online. The plans will bring a host of complications and inconveniences including more declined transactions and longer and more complicated checkout experiences with little if any benefit to consumers.

"We completely support strong security measures. However, managing payments is always about balancing security with convenience. The planned one size fits all approach tips the balance too far one way, making it difficult for consumers to make purchases wherever, whenever and on whatever device they want. It will annoy consumers and damage businesses' potential to sell their goods and services.

"E-commerce has been a European success story in a time of weak overall economic growth but this initiative threatens to slow that growth and reduce the competitiveness of European businesses against competitors from other parts of the globe." The EBA will publish its final proposed standards on 12 January 2017. These standards are in response to the requirements of the Payment Services Directive (PSD2) which mandates SCA for all electronic payments.

Peter Bayley added: "All of this inconvenience comes with no evidence that it will actually reduce fraud. We have a system today that works, based on an approach we call risk-based authentication. This enables intelligent decisions about whether a particular purchase is low risk taking into account things like the device that's being used and previous shopping patterns.

"Fraud on Visa cards today is low, tracking at about 5 cents in every €100 spent. And consumers are protected from fraud losses anyway – all the risk is taken by the merchants and banks who, together with Visa, have already implemented a number of security measures to prevent fraudulent online purchases. They are prepared to accept that risk to give a seamless experience to their customers as they know this makes sales more likely and it's what people now expect."

For more information on Visa's response to the EBA, visit our Policy & Regulation page.

About Visa Inc.

Visa Inc. (NYSE:V) is a global payments technology company that connects consumers, businesses, financial institutions, and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. We operate one of the world's most advanced processing networks — VisaNet — that is capable of handling more than 65,000 transaction messages a second, with fraud protection for consumers and assured payment for merchants. Visa is not a bank and does not issue cards, extend credit or set rates and fees for consumers. Visa's innovations, however, enable its financial institution customers to offer consumers more choices: pay now with debit, pay ahead with prepaid or pay later with credit products. For more information, visit our website (www.visaeurope.com), the Visa Vision blog (<http://vision.visaeurope.com>), and [@VisaEuropeNews](https://twitter.com/VisaEuropeNews).

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