



GBTA's position on EBA draft Regulatory Technical Standards on Strong Customer Authentication

Why lodged accounts should be exempted

The Global Business Travel Association, the world's leading business travel and meetings trade organisation, would like to raise the European Commission's attention on a specific provision contained in the European Banking Authority's (EBA) draft Regulatory Technical Standard on Strong Customer Authentication (SCA) and common and secure communication published on 23 February 2017, in the framework of the implementation of the European Payments Services Directive 2 (PSD2).

While GBTA welcomes the review of the Directive and the objectives of the Draft Regulatory Technical Standard to make online payments services more secure, reduce fraud, and strengthen consumer protection, we are concerned about EBA's intention to apply Strong Customer Authentication to every type of corporate payment solutions.

There are indeed specific business-to-business corporate payment solutions, such as lodged accounts, for which applying SCA would be counterproductive, generate high costs for the business travel industry and considerably lower the efficiency of booking processes. Additionally, business-to-business corporate payment solutions require several layers of authentication and verification and exceed the proposed rule in terms of confidence and fraud mitigation. This is evidenced by the confidence and satisfaction of our member business partners as well as the documented lack of fraud associated with these transactions.

A lodged account is a centrally billed payment instrument used by a company to pay for the business travel of its employees, where a card number is securely lodged with the travel supplier. These lodged accounts are widely used by business travellers, business travel suppliers and travel management companies across Europe and widely accepted by specific merchants in the business travel industry only. In the Nordics, Nordea estimates that approximately 90 to 95% of business travel agencies' invoiced volumes go through lodged accounts.

In the case of business travel, credit cards are assigned to corporations and not to individuals, and when a travel management company has the traveller's corporate card lodged, multiple users can be assigned to one account, often managed by an intermediary. In most cases, the booking processes are automated, and performed by machines. Requiring personal authentication for lodged accounts would be technically and practically impossible and could potentially imply abandoning the highly efficient automatic booking and payment process, forcing companies to return to burdensome manual entries.

In addition, lodged accounts in business-to-business transactions are also much less exposed to fraud (compared to consumer transactions), as the payment initiation is performed in a controlled environment, with a secure connection, ensuring strong protection of the payment information throughout the process.



We therefore call upon the European Commission to urge the EBA to reconsider its Draft Regulatory Standard and exempt lodged accounts from the application of the SCA. To that end, GBTA would like to suggest the introduction of the below new article in the draft RTS:

“Business-to-Business transactions with lodged accounts

Subject to compliance with the requirements laid down in paragraphs 1, 2 and 3 of Article 2, where the payment service user is not a consumer, payment service providers are exempted from the application of strong customer authentication provided that the payer has delegated the use of a centrally settled, corporate liability payment instrument to an intermediary or a payee, and the delegation of the payment instrument takes place in a secure environment and is adequately documented.”

GBTA stands ready to work in close cooperation with the European Commission and the EBA to find a sustainable solution.

About the Global Business Travel Association

The Global Business Travel Association (GBTA) is the world’s premier business travel and meetings trade organization headquartered in the Washington, D.C. area with operations on six continents. In Europe, GBTA has a presence in ten countries: Austria, Denmark, Finland, France, Germany, the Netherlands, Norway, Spain, Sweden and the United Kingdom.

GBTA’s 7,000-plus members manage more than \$345 billion of global business travel and meetings expenditures annually. GBTA and the GBTA Foundation deliver world-class education, events, research, advocacy and media to a growing global network of more than 28,000 travel professionals and 125,000 active contacts. To learn how business travel drives business growth, visit www.gbta.org.