

# How 3D secure is affecting SA online stores

Issued by [Realm Digital](#)

11 Aug 2015

Despite showing significant growth in 2014 and into 2015, the South African e-commerce market has hit another hurdle threatening its progress. The onset of compulsory 3D Secure implementation on March 1, 2015, for all online stores meant that the CVV number would no longer be sufficient for making secure online purchases. This was largely driven by the Payments Association of South Africa (PASA) and backed by multiple large banks, lobbying that the increased security would ensure less fraudulent activity on credit cards and benefit the e-commerce landscape in SA in the long run due to more positive online purchasing experiences.

There was significant push back by local online retailers who felt the knock of the implementation immediately when abandoned carts became almost epidemic.

"The advent of 3D Secure is a catastrophe for small and medium-sized businesses that intend to offer online buying and selling - but especially for entrepreneurs, as it presents an almost insurmountable obstacle to people starting up new e-commerce enterprises. The only good that can come from a so-called "security" measure as retrograde as 3D Secure is that it may hasten the rise of alternative digital payment solutions that disintermediate the banks, leaving them holding their liability-shifting, anti-consumer policies like tattered hats." Ben Williams, Head of Books and e-commerce at Times Media LIVE.

## Do the banks have a point?

The question remains whether PASA and banks had good reason for implementing stricter safety measures. According to a survey by Effective Measure for 2014, 36.76% of users quoted that they did not trust online payment systems as their reason for not purchasing online in the past. The same study revealed that 38% of users' preferred payment type for online purchases was a credit card, this was also the most popular method by at least 10%.

3D Secure puts the onus on the consumer to ensure that the transaction is not a fraudulent one. Before the One Time Pin anyone with stolen credit card details could make unauthorised payments. Often the financial costs of fraudulent activity are impossible for the banks to regain and with each new fraudulent credit card transaction came more apprehension by the online purchasing community.

## If it's for their own good, what causes the drop-off?

"Customers that are new to online shopping may feel apprehensive when they are at the crucial point of checking out and then suddenly get pop-ups directing them to complete transactions on another (their bank's) site. At this point, some may cancel the transaction [...] Realm Digital made sure that online prompts at the time when the 3-D secure kicks in are well labelled with our logos as well as pop-up information that make the transition smoother for our customer to confirm their spend with their bank" comments Melvin Kaabwe, Digital Manager Van Schaik Bookstore.

3D Secure also relies on the fact that mobile service providers can expedite the PIN to a consumer's phone, that emailed PINs do not go straight into spam folders, and that each consumer has set up their card for 3D secure with their bank prior to making online payments.

## There are some things e-commerce retailers can do to curb abandoned transactions

Whether you are pro 3D Secure or not, it is here to stay and there are ways to react as an online store that can help you decrease the drop off rate for purchases. The primary solution is to educate and thus allay the fears of your client base of

the changes in process. Using your direct channels of communication ie. newsletters, SMS, social media you can emphasise the positives of 3D Secure implementation for the consumer.

Go beyond necessity and create How To's of setting up a card for 3D Secure depending on which bank as well as what 3D Secure payment windows will look like so that consumers can be confident and assured that their details will be safe.

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