

Chapter 1

Strong Customer Authentication and Common and Secure Methods of Communication

Article 19 Calculation of fraud rates

(1) For each type of transaction referred to in the table set out in the Appendix, the payment service provider shall ensure that the overall fraud rates covering both payment transactions authenticated through strong customer authentication and those executed under any of the exemptions referred to in Articles 13 to 18 are equivalent to, or lower than, the reference fraud rate for the same type of payment transaction indicated in the table set out in the Appendix.

The overall fraud rate for each type of transaction shall be calculated as the total value of unauthorised or fraudulent remote transactions, whether the funds have been recovered or not, divided by the total value of all remote transactions for the same type of transactions, whether authenticated with the application of strong customer authentication or executed under any exemption referred to in Articles 13 to 18 on a rolling quarterly basis (90 days).

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(2) The calculation of the fraud rates and resulting figures shall be assessed by the audit review referred to in Article 3(2), which shall ensure that they are complete and accurate.

(3) The methodology and any model used by the payment service provider to calculate the fraud rates, as well as the fraud rates themselves, shall be adequately documented and made fully available to the FCA, upon its request.