3D-Secure: where it protects, and where it DOESN'T

How authentication works, what the liability shift covers, and how to use it without losing customers.

What it is

3D-Secure (3DS) is a card-network protocol that lets the issuer verify the cardholder during online checkout. Current EMV 3DS shares order and device data with the issuer, so many payments are approved with no customer step. Others get a challenge, like a one-time code or a banking app prompt.

How it works

- The merchant sends order and device data to the issuer.
- The issuer decides: approve without friction, or challenge the customer.
- If authentication succeeds, the payment proceeds and liability for fraud-coded disputes can move to the issuer.

What the liability shift covers

	Visa / Mastercard code	Liability shifts?
Fraud, card-absent	10.4 / 4837	Yes, if authentication succeeded
Cardholder doesn't recognize the charge	10.4 / 4837	Yes, it's filed as fraud
Item not received	13.1 / 4853	No
Not as described	13.3 / 4853	No

The tradeoff: every challenge adds a step, and some customers leave. Challenging too broadly costs conversion. Challenging too narrowly leaves exposure. In regions with Strong Customer Authentication (SCA) exemptions, a frictionless approval based on an exemption doesn't shift liability.

The shift applies to fraud-coded disputes only

Non-fraud disputes stay with the merchant

Exemption-based approvals don't earn the shift

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How Sift helps

1. **A fuller risk picture before you choose a path.** Real-time decisions draw on sign-up, login, and transaction events.
2. **Step-up only where risk warrants it.** Risk-based friction matches the level of review to the risk, so trusted customers keep moving.
3. **Test before you change.** Simulation and scenario testing let you try a new threshold against your own traffic.
4. **Coverage for what 3DS leaves out.** Chargeback fraud and first-party misuse are identified earlier in the journey, before disputes occur.

Questions to ask your team

- Which orders go to 3DS today, and why?
- What are our frictionless and challenge-abandonment rates by issuer?
- What share of our chargebacks fall outside the liability shift?

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