

# 3D Secure Verification of online credit card transactions



## What is it?

3-D Secure (more commonly referred to as 3D Secure or 3DS) is a protocol designed to be an additional security layer for online credit and debit card transactions. The name refers to the "three domains" which interact using the protocol: the merchant/acquirer domain, the issuer domain, and the interoperability domain.

## Advantages

- Shifts liability to the card issuer
- The user experience is smooth, and mobile-friendly.
- Adds strong Customer authentication.
- Low Cost (\$.10 per transaction)
- Fraud and third party reduction through reduced ability to use aliases, AI, and bots.

## How it works

### 1. Initiation of a Payment

- Patron enters credit or debit card information on the eTix checkout page.
- The merchant's payment system contacts the card issuer (your bank) to process the payment (as usual).

### 2. 3D Secure Check

- The payment gateway checks whether your card is enrolled in 3D Secure.
- If it is, the bank requires an extra verification step before approving the transaction.

### 3. Authentication

- Uses authentication and device/browser info to verify the user. The patron won't need to enter a password; the bank silently approves the transaction. If additional verification is required, it may prompt for a fingerprint, facial recognition, or OTP (depending on the device being used to purchase).

## Disadvantages

- 3DS Enrollment is optional for cardholders
- Increased CS Calls for 3DS rejected transactions
- Inconsistent Mobile internet networks can lead to slower transactions (particularly at peak transaction times like high-demand on-sales)

## Our Current Fees

- \$4.75 Historic Preservation Fee on each ticket
- A Convenience Fee for online and phone transactions (prorated based on ticket price).

# Impact on Financials



## Fee Shifted to Patron

\$ .10 per transaction fee is paid by the Patron

No Cost Impact for CoSB and MPAC

## Current Adoption

Currently only 3% of Transactions in the US are verified by 3DS, but it is growing and is projected to grow to over

**11%**  
by 2030

## Current Chargebacks

### CHARGEBACK CLAIMS



This represents the claims in dollar amount for the full life of our account with Celero Compass.

The orange line reflects the dollar amount of fraud stopped by staff after the transaction, and the green line is Chargeback claims by dollar amount. 3D Secure will help close that gap by blocking some bad transactions before they complete. It will not solve the problem entirely, but it strengthens our position at the point of sale.

# A picture of the current state of ticketing fraud: Case Study



*UK - Broad use of 3DS/ Mandatory Strong Customer Authentication (SCA)*

**Mandatory  
3DS**



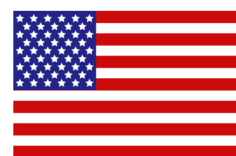
**\$9.7 Million in  
Ticketing  
Fraud/Year**

**\$.19  
per capita**

UK ticket fraud numbers source: Action Fraud: <https://eventtechlive.com/the-great-ticket-resale-divide-how-the-uk-eu-and-us-are-taking-radically-different-paths-on-consumer-protection/>

*US - Growing 3DS Usage, but only 3% current confirmed transactions.*

**3DS Carholder  
Enrollment is  
Optional**



**\$1.4 Billion in  
Ticketing  
Fraud/Year**

**\$4.24  
per capita**

US Ticket Fraud numbers source: <https://audienceview.com/unobstructed-magazine/fraud/>