

# Innovating 3DS with Metro Bank, TSYS Smart Secure and Featurespace

## THE CHALLENGE: THE ISSUE AND OPPORTUNITIES TO ENHANCE CONSUMER PROTECTION

In 2018, the Payment Service Directive 2 (PSD2) was introduced across Europe. Under this new directive, a single attempted purchase is often authenticated twice on the payment journey, the first during the merchant interaction and the second by the bank. Strong Customer Authentication increased from 30% or less of transactions, to over 70%, and with it the cost of authenticating transactions increased as well.

The intention of PSD2 was to reduce card fraud, but it pushed criminals to rethink their scam techniques, resulting in card-not-present (CNP) fraud rates remaining high. CNP fraud remains a huge issue with losses in the UK in 2023 reported to be £361m (UK Finance Fraud Report 2023).

Amidst the increased friction caused by PSD2 across the EEA, the regulatory change became an opportunity for Metro Bank, TSYS and Featurespace to collaborate and innovate in fraud detection on an e-commerce decisioning and anti-fraud solution.

## THE SOLUTION

TSYS Smart Secure is a product developed to provide payment service providers with a new 3DS (3 Domain Server) option for authenticating transactions at the point of CNP (ecommerce) sale.

The product was built as an innovative alternative to existing 3DS solutions. It integrates TSYS' access control server and core card processing capabilities with Featurespace's Advanced Behavioral Analytics leveraging machine learning models and expertise to make better decisions about online transactions.

This provides Metro Bank customers with a more secure and seamless experience. TSYS Smart Secure, with its advanced technology, allowed Metro Bank to integrate its own fraud solutions and analyze individual customers' spending habits to determine the likelihood of fraudulent online purchases accurately.



## CASE STUDY

### Metro Bank

#### THE IMPACT

The collaboration successfully delivered a superior customer experience and ensured compliance with PSD2. The technology's ability to analyze customer behavior and provide intelligent authentication decisions proved invaluable in mitigating fraud risks while maintaining a frictionless environment. Repeatable and continuous improvement with each retrain enhances the model's intelligence and performance metrics over time.

Since implementing Smart Secure, Metro Bank has seen an improvement in its ability to detect fraud, all while maintaining smooth customer journeys.

Within months of implementation, 94.5% of transactions were frictionless. Smart Secure successfully challenged 5.5% of all 3DS transactions, confirming 77.8% as fraudulent<sup>1</sup>.

These statistics represent real-world impacts, protecting customers from fraud that would have otherwise gone unnoticed.

Perfectly designed to tackle the issue, Metro Bank's innovation with Smart Secure has successfully achieved the following:

#### Integration:

TSYS Smart Secure combines TSYS' card processing with Featurespace's technology, providing clear payment data visibility and insight into spending behaviors. Centralizing authentication and authorization improves analytics for informed decisions, helping cardholders avoid step-up authentication and

declines due to card blocks or insufficient funds, thereby reducing transaction friction.

#### Scalable innovation:

Metro Bank has adaptable solutions to future-proof its operations. Ongoing investments in innovation and real-time machine learning capabilities ensure stable and agile responses to new fraud threats.

#### Stability:

The TSYS machine learning model with Featurespace technology achieves continuous learning through consistent case marking, detecting both fraudulent activities and legitimate changes. It enhances fraud detection stability and avoids performance fluctuations.

#### Centralized accountability:

Metro Bank benefits from single, centralized accountability from a fully certified and compliant solution. Metro Bank also has a host of microservices to enhance its fraud system.

#### Advanced fraud system:

With TSYS Smart Secure integrated based on SCA requirements, Metro Bank has advanced from a step-up OTP to authenticating payments within its mobile app and online banking platform.

#### Data reporting improvement:

Metro Bank has improved data reporting with detailed dashboards. Continuous reporting delivers timely data for Portfolio Managers, Fraud Strategists, and Fraud Analysts. TSYS allows fraud operators to request specific metrics, enabling flexible reporting.



**Industry-leading expertise:**

Metro Bank benefits from the steadfast support of the TSYS Managed Services team, specialists in policy and back-office management. Weekly fraud 'check-in' calls between TSYS fraud strategy team and Metro Bank fraud operators facilitate smoother transitions. Operators receive and review the scorecard, adjusting rulesets accordingly.

TSYS fraud strategy team then modify the bands and monitor them to ensure expected behavior. Once validated, the rules are activated, empowering Metro Bank's fraud operators and enhancing their sense of competence.

**Continuous improvement and innovation:**

Metro Bank cardholders benefit from an improved user experience, leading to faster processing and fewer disputes over legitimate transactions. Fraud operators at Metro Bank experience fewer steps and reduced complexity.

**Smarter decisioning:**

Without integration within a fraud ecosystem, the 3DS solution and authorization processes operate independently, resulting in siloed operations and the loss of pre-authorization intelligence. Informed decisions require checking for issues like card blocks before customer authentication, as Metro Bank does. Smart Secure utilizes non-monetary data, offering extensive information typical 3DS solutions lack, thus improving the customer experience.

**Fraud performance and operational simplicity:**

TSYS Smart Secure delivers excellent results. Metro Bank closely monitors transaction risk analysis, ensuring stable basis points, uncompromised exemption rates, and reduced friction at lower purchase thresholds. For the first time, Metro Bank agents can access extensive, meaningful data on a single screen, streamlining tasks within one integrated tool and eliminating

Metro Bank's deployment of Smart Secure has been a commercial success on multiple levels, revolutionizing their approach to ecommerce decisioning with improved fraud prevention and risk management. By seamlessly integrating with the existing fraud ecosystem, Smart Secure has enabled Metro Bank to move away from siloed systems. This integration has not only reduced fraud but also minimized customer friction, enhancing the overall banking experience.

# Let's connect.

Book a demo to discover how The Featurespace Platform can help reduce fraud, business risk and operational costs.

Get in touch

Website



[1] Metro bank and TSYS data, 2025

Disclosures:

Case studies, comparisons, statistics, research, and recommendations are provided "AS IS" and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial or other advice. Visa neither makes any warranty or representation as to the completeness or accuracy of the information within this document, nor assumes any liability or responsibility that may result from reliance on such information. The Information contained herein is not intended as investment or legal advice, and readers are encouraged to seek the advice of a competent professional where such advice is required.

All brand names, logos and/or trademarks are the property of their respective owners, are used for identification purposes only, and do not necessarily imply product endorsement or affiliation with Visa.

Results may vary and are not claimed to represent typical results, and experience are not intended to represent or guarantee that anyone will achieve the same or similar results.