Payments Optimization Reimagined:
From Cost to Strategy

A whitepaper by W. Capra experts that reframes payments optimization as a core business capability – introducing a six-pillar framework that goes beyond cost reduction to drive growth, resilience, and customer experience.

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W. Capra, LLC.
wcapra.com | inquiry@wcapra.com
221 N LaSalle Street Ste 1325, Chicago, IL 60601

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Executive Summary

For many retailers, "payments optimization" has traditionally meant one thing: reducing processing costs. But cost is only a small part of an increasingly complex and consequential payments landscape.

As payment technologies evolve, regulations tighten, fraud increases, and customer expectations shift, payments solutions cannot be treated as a back-office expense to manage. They represent a core business system – one that directly influences revenue, margin, operational efficiency, loyalty, and brand trust.

Payments optimization is about business strategy.

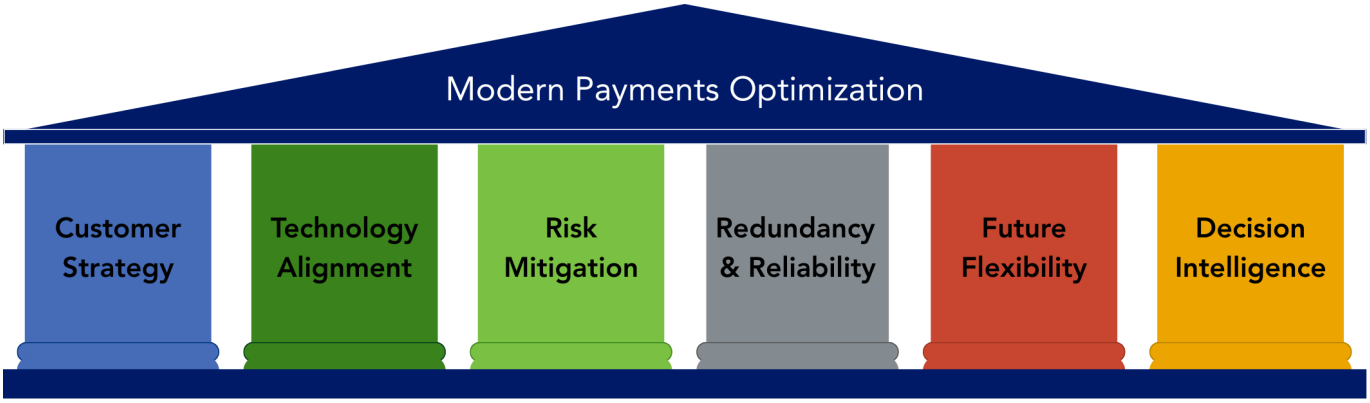
Payments optimization is the continuous alignment of payments capabilities, cost, risk, and customer strategy to maximize revenue resilience and long-term business value. It's about more than card fees or acquirer rates. Indeed, payments are the lifeblood of the company, and when they fail – or even underperform – everything else is affected. Optimizing payments means building an ecosystem that supports how your customers want to buy, how your technology needs to function, and how your business plans to grow.

When organizations focus too narrowly on reducing vendor count or cutting pennies per transaction, they risk introducing gaps that hurt much more than they help: friction in the customer journey, lower authorization and conversion rates, higher fraud exposure, operational inefficiencies, and technology decisions that restrict future options.

Conversely, the most effective retailers approach payments optimization as a strategic discipline that balances cost with capability, flexibility, and resilience. The process begins with understanding your customer and extends through a series of interconnected pillars that together create a modern, future-ready payments environment.

The Six Pillars of Modern Payments Optimization

What follows is a framework for optimizing payments across six critical pillars in a way that strengthens your brand, supports your technology roadmap, protects your business from risk, and positions you to adapt as the payments landscape continues to evolve:



Pillar 1: Customer Strategy

Designing Payment Experiences Around Customer Expectations

As payment technologies continue to evolve, the line between payment experience and customer experience has increasingly blurred. Payments are no longer just a back-end function or final step in a transaction; they play a meaningful role in how customers perceive speed, trust, and ease of doing business with a brand.

Because payments are now closely tied to the overall customer experience, expectations vary based on context and situation. In some moments, speed and simplicity matter most. In others, customers are more willing to trade convenience for added security or control. When payment experiences align with these expectations, they feel intuitive and trustworthy. When they don't – whether that's due to extra steps, unclear prompts, or inconsistent outcomes – customers notice. Over time, even small points of friction can influence preferences, shape behavior, or affect whether customers return.

Payments influence every stage of the customer relationship.

When payments are treated as an afterthought or disconnected from the customer journey, the impact often shows up across the entire customer relationship. Customers have strong and evolving preferences around how they pay, including digital wallets, ACH, loyalty-based payments, stored cards, fleet debit, and contactless options. Whether or not a retailer offers these payment options – and how seamlessly transactions occur – affects everything from how customers perceive value, develop trust in a brand, and ultimately decide whether to engage and make a purchase both initially and over time.

This means payments must be a deliberate part of the customer journey and customer experience. Customers interpret seamless payment experiences as signals of credibility, safety, and convenience – not just in the moment, but as a reflection of the brand. To capture sales and drive loyalty, retailers must be intentional about designing payment experiences that align with customer expectations and support broader brand differentiation.

Payment decisions should map to customer needs, wants, and priorities.

This starts with offering the right payment methods, which can vary significantly by customer type.

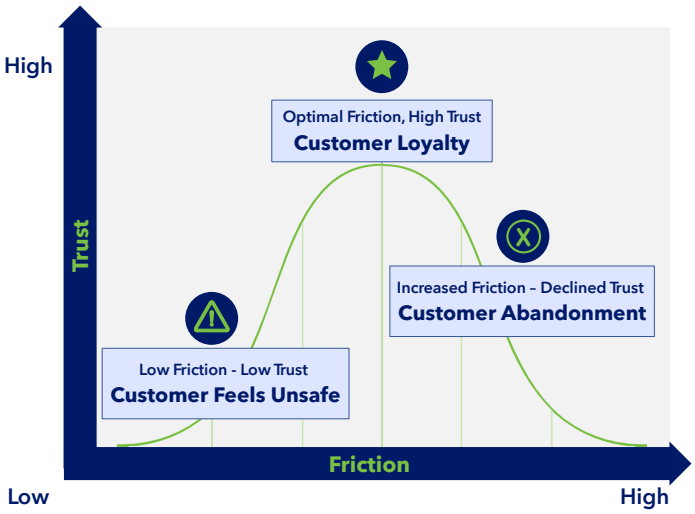
For example, a mobile-first audience expects digital wallets while a B2B buyer may prefer ACH. Whether accepting AmEx, enabling Apple Pay, or adopting new payment methods like BNPL (Buy Now, Pay Later), your payments strategy must align with the purchase preferences of the customers you hope to attract and serve, reinforcing your broader business strategy. Offering the wrong payment methods, or too few options for a target market, can exclude entire customer segments and limit reach before a customer even chooses to buy.

Of course, new payment methods continue to emerge, making this an ongoing effort rather than a one-time decision. While it's important not to get distracted by hype-cycle trends – such as experimental crypto checkouts, stablecoins, or under-adopted "super apps" – it *is* important to continually track which payment methods your target customers actually use and align the payment experiences you offer accordingly.

The more you can limit friction, the better.

Payment methods not only must keep up with customer preferences; when and where customers engage with payments during the customer journey matters, too. Decisions such as when to introduce account creation, how many steps are required at checkout, and what information is requested can significantly influence the overall experience. A streamlined checkout flow that minimizes unnecessary friction is essential.

Keep in mind that just one failed transaction, clumsy checkout, or extra step can alter customer buying behavior, sometimes permanently, causing customers to abandon a purchase and choose a brand where the process feels easier.



This is especially important for more "on demand" products like QSR, grocery, and fuel, but any business can pay the price for making checkout more complex than it needs to be.

For example, when a global furniture and home décor retailer implemented Apple Pay, customers were required to manually enter their address before selecting digital wallet, rather than having that information automatically populated. Something as simple as an unnecessary manual step can create friction and alienate customers who expect a faster, more seamless experience.

Transaction failures are one of the most disruptive friction points across both one-time and recurring payment flows. Preventing unnecessary declines requires durable token and payment credential management, proper authorization frameworks being followed, and reliable execution of billing logic over time. When failures do occur, the customer experience at the point of decline is critical. Clear but non-revealing messaging helps guide customers toward recovery while limiting fraud and card-testing risk. Optimized retry strategies, proactive credential updates using token lifecycle management or account updater, and thoughtful customer communication reduce involuntary churn, preserve trust, and protect customer lifetime value (LTV).

Fraud prevention must be balanced with convenience.

Smarter fraud prevention is the key to protecting your business and your customers without making the checkout process overly cumbersome and full of friction. As in-app and card-not-present transactions continue to grow, fraud risk and operational complexity increase as well, making it critical to strike the right balance between security and customer experience.

This often requires targeted evaluation that stops bad actors while minimizing friction for legitimate customers, including reducing false positives. The right fraud prevention solutions will streamline the experience (i.e. enabling a one-time passcode so customers don't have to remember passwords) while leveraging techniques such as adaptive authentication that steps up security when risk signals warrant it. The goal is to have a checkout experience that feels seamless for customers while remaining robust enough to keep fraud in check.

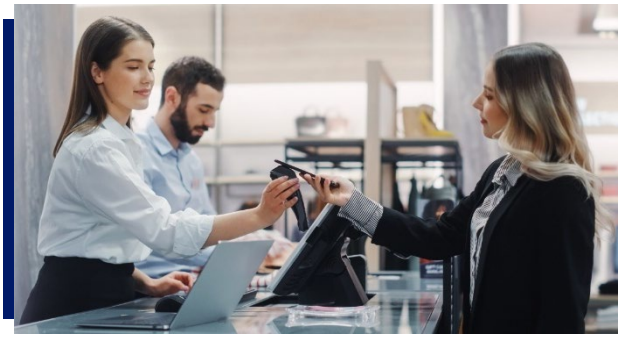
Return on investment matters.

Return on investment is shaped by how effectively payment strategies balance cost efficiency with customer experience. Optimizing solely for cost may reduce per-transaction expense, but it can introduce friction that leads to missed conversions, higher churn, and increased operational complexity. Thoughtful investment in seamless, consistent, and trustworthy payment experiences supports conversion, deepens engagement, and reinforces loyalty.

"A complicated way to pay can stop a decision to buy. It shows up as abandoned checkouts, fewer repeat visits, and sometimes a quiet loss of trust — all while no one realizes payments were the root cause."

– Jeannie Amerson, VP

Transaction-level data amplifies this impact by enabling more effective loyalty programs, personalized offers, and clearer insight into the relationship between customer behavior and purchase conversion (see Pillar 6). When payments reduce friction and increase relevance, customers stay longer and transact more often, driving lifetime value and sustained margin improvement. Because customer behavior, payment preferences, and device usage continue to evolve, payment strategies must be revisited regularly to ensure they continue to meet customer expectations while delivering measurable business outcomes.



Pillar 2: Technology Alignment

Building a Payments Stack That Supports the Customer Journey

As digital transformation continues to reshape enterprise architecture, payments must be understood not as a peripheral but as a foundational component of the customer experience and the broader technology strategy.

Yet in many organizations, payment technologies are still treated as a bolt-on – something to "enable" after the fact rather than intentionally design from the outset as a core element of the tech stack.

Accommodating new payment methods becomes an exercise in how to enable needed capabilities with the least amount of work and cost, and the result is almost always misalignment with customer expectations and the long-term goals of the business. The takeaway: payments cannot be fully optimized unless they are fully integrated into how the organization builds, manages, and scales its technology environment.

Siloed systems create ripple effects across the enterprise.

One of the most common challenges retailers face is the tendency for payments decisions to be driven by a single part of the organization – often operations, finance, or IT – without considering how those choices will reverberate across other teams, channels, or customer experiences. These siloed decisions lead to fragmented systems that don't communicate well with one another, introducing friction at every layer: integration headaches for engineering teams, data blind spots and limited visibility for analytics and fraud teams, and inconsistent experiences for customers moving across in-store, mobile, and digital channels.

Over time, companies patch these gaps by stitching together custom integrations or middleware to force systems to work together. Unfortunately, "Frankenstructure" architecture – built on custom connectors, duplicated payment logic, and multiple uncoordinated vendors – is typically unsustainable. It increases security risks, drives up maintenance costs, and hinders innovation by making even simple enhancements expensive and risky. As retailers expand into new markets, add new digital channels, or attempt to adopt emerging payment methods, the burden compounds. This challenge will become even more pronounced as agentic commerce technologies mature.

True integration requires intentional collaboration, not consensus.

The solution is to integrate customer-first payments strategy with enterprise tech

planning. Be intentional about creating the payments environment you want to build within the context of the customer experience. (See Pillar 1 above).

Because payments connect groups across the organization, and each stakeholder has unique requirements, decisions made in isolation often shift problems unknowingly, downstream. A structured, cross-functional process and disciplined approach are essential to bringing everyone together to set goals and non-negotiables, understand tradeoffs, and align stakeholders around a shared direction across ecommerce, engineering, operations, finance, fraud, loyalty, and in-store teams. The objective is to choose technology that's best for the business and in support of the customer.

Getting there requires stepping back and asking foundational questions, with all stakeholders contributing:

- **What customer experience are we prioritizing, and where are we willing to accept**
- **What principles should guide payment decisions when tradeoffs arise?**
- **What technical, regulatory, and operational constraints are non-negotiable versus nice to have?**

Without true collaboration between departments, as well as between in-store and mobile or online ordering, the payments solution will ultimately fall short of meeting the organization's requirements. However,

when all stakeholders are engaged, it's possible to distill out a payment strategy that's inclusive of all key goals – technology, cost, revenue, and customer experience.

Capabilities before costs.

It's not uncommon for retailers to be overly influenced by cost. For example, a company might choose a point-of-sale technology that integrates with an existing acquirer or gateway because it's less expensive. But this can lock everyone into that solution with negative repercussions down the line in the payment flow. Remember that you can negotiate price; you cannot negotiate functionality. Retailers who select a lower-cost solution and try to push the provider to build custom features often find themselves with a system that cannot meet their needs – resulting in costly workarounds, unhappy teams, and degraded performance.

It's generally best to start with functionality and capabilities that meet the agreed-upon requirements and then negotiate from there. Keep in mind that the right choice is unlikely to be just one solution; but it shouldn't be too many either. Retailers can run into trouble when they end up at either extreme.

For example, take a large, multi-brand retailer running several lines of business, dozens of digital channels, multiple commerce platforms, several POS systems, two hardware providers, multiple payment gateways, and several fraud partners and other third-party solutions. While this decentralized, speed-first approach accelerated time-to-market, it also created vast technical misalignment, inconsistent customer experiences, and operational fragility. This approach led to short-term wins at the expense of long-term health.

On the other end of the spectrum, some retailers have attempt to simplify by consolidating everything under a single provider. Take a sporting goods retailer with an all-in-one payments solution. This company found that while the architecture looked clean on paper, it left them with no flexibility to add enhancements, adapt to new customer needs, or negotiate better commercial terms. The tightly coupled system became a constraint, not an accelerator.

The goal is rarely one provider or twenty – it is the *right combination* of partners and capabilities for the business's long-term vision.

Future-proofing the tech stack requires architectural discipline.

To support growth and customer expectations, including emerging AI-driven experiences, teams must be willing to plan beyond today's immediate needs and adopt payments architecture built for flexibility:

	Orchestration layers to streamline connections
	API-first designs to reduce friction
	Tokenization and identity frameworks for security
	Scalable platforms that evolve with changing customer expectations without requiring full rebuilds or costly overhauls

Decisions made today should reinforce – not constrain – the technology roadmap for the next five years, or companies will struggle to participate as technology shifts. When payments strategy is tightly aligned with enterprise technology strategy from the start, retailers gain the agility to enter new markets, adopt new methods, support emerging channels, and deliver unified experiences across every touchpoint. Instead of reacting to gaps or bolting on temporary fixes, they can innovate confidently and sustainably as they grow

Pillar 3: Risk Mitigation

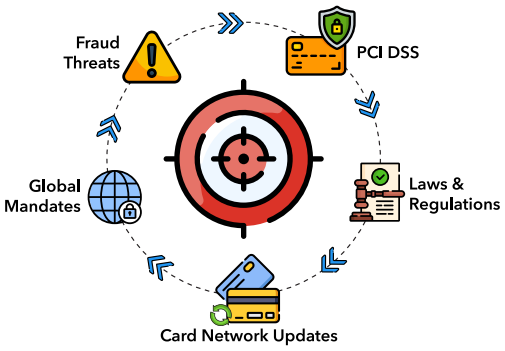
Embedding Compliance & Security into Every Payments Decision

Retailers can no longer treat payments compliance as a box-checking exercise. Regulatory mandates, card-network requirements, and security expectations evolve constantly – and retailers must evolve with them.

This means that optimizing payments systems and processes must include designing them to absorb tomorrow's changes with minimal disruption. By embedding compliance deeply and intentionally within the payments architecture, retailers better position themselves to protect the brand, avoid unnecessary fines and costs, and maintain customer trust over the long term. Because as any smart retailer knows, it's not if you'll be breached; it's when.

Compliance is a moving target.

Every retailer operates within a complex ecosystem of payment compliance mandates, including PCI DSS, PSD2 (Second Payment Services Directive), and various state and local regulations governing how data is stored, processed, and secured. These requirements change frequently and influence every part of the payments stack – from terminals to gateways to mobile apps.



Card networks themselves also play a central role in reshaping compliance expectations. Visa, Mastercard, American Express, and Discover regularly update their rules around fraud monitoring, dispute handling, data security, transaction formatting, and settlement procedures. For example, Visa's new Visa Acquirer Monitoring Program (VAMP), effective since April 2025, consolidates multiple legacy programs into a single global monitoring framework, introducing new metrics for enumeration attacks and standardizing thresholds for card-not-present activity. These changes reflect a shift toward lifecycle risk management, increasing visibility and raising expectations for both merchants and acquirers.

Whether it's VAMP or another card network's mandates, retailers must comply to stay in good standing, avoid penalties, and maintain the ability to accept payments. Most rely heavily on their payment partners – including acquirers, gateways, and orchestration platforms – to implement mandated changes on their behalf. Some work with other external experts to help stay a step ahead of the evolving environment. But even with strong partners, the onus is on each retailer to maintain compliance, awareness and ensure that systems, policies, and data flows align with ever-changing expectations.

A continuous compliance mindset helps build resilience.

Compliance management is not something that can be tacked on late in the process or delegated entirely to partners. It requires ongoing monitoring, proactive adjustment, and a clear understanding of how each choice

impacts payments performance, risk exposure, and strategic flexibility. Treating compliance as a one-time project rather than an ongoing discipline is risky – compliance simply cannot live in a binder, a certification, or a once-a-year audit. Instead, it must be carefully considered in every payments project, architecture decision, and vendor relationship and become a part of the normal course of everyday business operations.

This starts with making thoughtful choices about security technologies such as encryption, tokenization, and fraud-prevention tools. Not all approaches are created equal, and different solutions come with different degrees of flexibility, cost, operational complexity, and routing constraints.

Encryption	VS.	Tokenization
		
Algorithmically altering & transforming plaintext data into a non-readable form		*Replacing sensitive data elements with randomized non-sensitive value*

For example, choosing tokenization or encryption tools from a single acquirer may lower costs or simplify deployment – but it can also limit routing flexibility. If the acquirer controls the token, the retailer may be unable to send transactions to other acquirers without decrypting and re-encrypting data or re-architecting the entire flow and exposing sensitive data in the process. For retailers with multiple acquirers or redundancy strategies, this becomes a strategic limitation. In contrast, a gateway-based or third-party security solution may preserve routing freedom but introduce other tradeoffs such as added cost or technical overhead. These decisions extend beyond software to the physical devices that enable payments.

For example, a QSR brand evaluating its payment architecture had to assess PCI PTS (PIN Transaction Security) requirements when selecting new terminals. And because PTS standards evolve frequently, choosing hardware that could upgrade from PTS 6 to PTS 7 through a software update rather than requiring full device replacement became a material strategic advantage. It reduced long-term compliance costs, avoided operational disruption, aligned the terminal strategy with the broader technology roadmap and delivered approximately *$6 million in cost avoidance*.

Compliance failures are both expensive and avoidable.

Retailers operate in a dynamic threat environment where attackers continuously test defenses, and the financial and reputational consequences of failure can be severe. Protecting customer data is not simply a compliance requirement – it is fundamental to brand health. A single incident can trigger fines, investigations, legal liabilities, churn, and brand damage that takes years to repair.

While compliance investments can feel burdensome upfront, the cost of non-compliance almost always exceeds the cost of doing things right. When retailers treat compliance as an integral part of their payments architecture rather than as a costly obligation, they strengthen operational resilience, protect customer trust, and future-proof their payments environment against constant change.

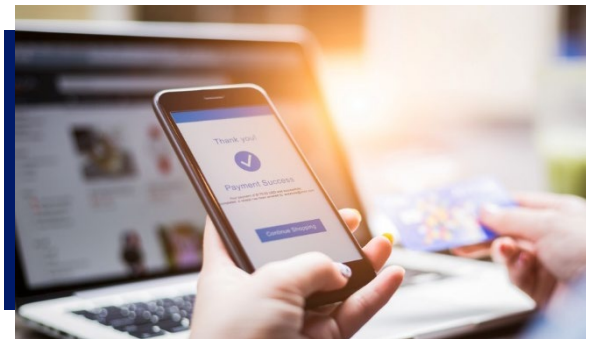
Pillar 4: Redundancy and Reliability

Ensuring Resilient, Always-On Payments Infrastructure

The ability to process payments and accept transactions whenever and however a customer wants to do business is fundamental to payments optimization. Companies that are unable to reliably accept payments risk losing sales, or worse, losing the customer.

Disruptions come at a high cost.

In May 2025, Victoria's Secret lost $20 million in revenue when both stores and e-commerce went dark for four days – a stark reminder of what's at stake. In highly competitive retail environments, even a short disruption to the payment system can translate into immediate and far-reaching impact, including revenue losses from abandoned shopping carts and longer-term hits due to lost customer loyalty. Frustrated shoppers may choose not to return even if your system comes back online quickly. In the case of sustained outages, brand perception and trust erode rapidly, especially among those customers worried about data security. Behind the scenes, inventory accuracy, reconciliation, and reporting can all be negatively affected, piling on the operational headaches.



"Redundancy isn't extra cost - it's choosing when to invest rather than paying the price during an outage."

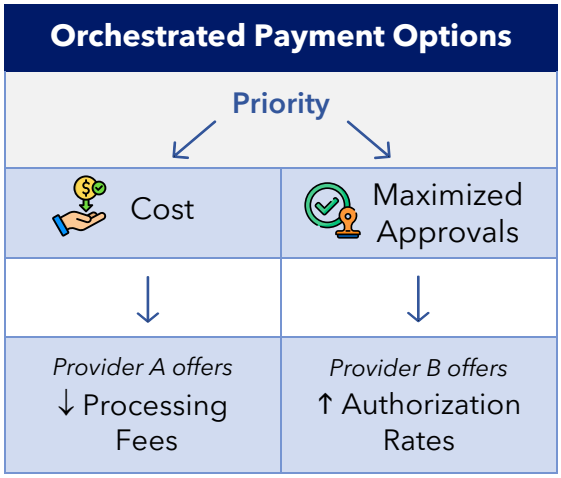
– Patrick Behrens, AVP

Ensuring availability is a significant investment.

Of course, avoiding such consequences comes at a price, and redundancy is inherently a non-low-cost strategy. Implementing secondary systems is a significant investment, but it represents a critical investment in availability and ensuring a consistent customer experience. Such an approach often involves deploying two gateways and/or two acquirers and doing the upkeep to ensure both systems are properly integrated, tested, synchronized, and maintained. If one goes down, the other serves as backup, ensuring multiple pathways to route transactions and navigate around any disruptions.

More sophisticated payment solutions, like orchestration platforms, afford retailers the flexibility to choose exactly where each transaction is routed, enabling optimization for the best possible outcome.

In some cases, the priority is cost. And in others, the goal is to maximize approvals that may be slightly more per transaction, but consistently delivered, higher authorization rates are outweighed by the additional revenue from approved sales.



In practice, smart routing allows retailers to dynamically balance cost savings and conversion rates, ensuring each transaction takes the most advantageous path.

Redundant systems are not for every retailer.

Retailers need to be able to justify the expense of multiple systems, and not all retailers have the same level of need for such a solution. Factors like business model, margins, customer demographics, and preferred payment types all influence the redundancy decision. Consider businesses operating on very slim margins – multiple processors enable intelligent routing to the lowest-cost option at scale, directly protecting profitability.

Similarly, if a significant portion of shoppers depend on a specific card network or digital wallet, a backup provider ensures those payments can still be accepted during an outage or network issue.

Digital-heavy, saturated businesses where most orders come through the website or mobile app and fulfillment is expected in real-time typically have much at stake if a payment system fails. These retailers often have just one chance to capture a sale.

For example, consider a digital-first QSR that relied heavily on mobile and online ordering. With most transactions occurring digitally and fulfillment expected immediately, the business operated in an environment where payment success directly determined whether a sale was captured. If a transaction failed, customers were unlikely to retry or wait and would instead place their order with a competitor.

Leadership understood that, in this context, reliability at the moment of checkout was foundational to the business, as even brief disruptions during peak ordering periods could result in lost transactions with little opportunity for recovery. They prioritized evolving their payments architecture alongside their growth strategy, building in redundancy before downtime could cost them revenue.

In contrast, the more high-end or specialized the product is, the less likely the purchase is to be time sensitive. Someone purchasing a Louis Vuitton bag, for example, is typically not under the same time restrictions as someone trying to put dinner on the table. Plus, there are not as many competitors for customers to switch to in the moment. Even so, for high-ticket items, the risk of a single missed transaction due to an outage can mean losing thousands of dollars or more. High-end retailers need to carefully consider their options; some may do better investing in white-glove customer service and making knowledgeable representatives immediately available to address payment issues versus implementing redundant systems to ensure every sale goes through on the first try.

Redundancy is best viewed as a strategic lever.

Making the choice to invest in redundancy means viewing it not merely as an insurance policy; but as a tool that can materially influence revenue performance, customer experience, and operational stability. When deployed deliberately, it gives retailers far more control over how transactions are routed, how costs are managed, and how customer expectations are met across every channel. At the same time, redundancy builds organizational resilience, making payment failure an isolated event instead of a full-scale disruptions and empowering retailers to shift from reactive problem-solving to proactive optimization.

Reliability isn't about avoiding failure – it's about ensuring flow continues when it happens.

Redundancy keeps commerce moving when one path closes.

Pillar 5: Future Flexibility

Keeping Payments Architecture Ready for What's Next

Payment innovation moves fast – methods like PayPal, Klarna, and Apple Pay went from "emerging" to "expected" in the blink of an eye, and new options will continue to surface just as quickly.

Technology decisions, however, have a way of sticking. Once you've integrated a new platform, built custom logic around it, and trained teams to use it, switching can become costly, disruptive, and politically difficult.

"Future-ready payments are about preserving choice — the ability to route across acquirers, adapt to new networks, deliver new customer experiences, and unlock levers the business will rely on later."

– Erika Curtis, VP

Future flexibility must be a core payments principle, not an afterthought.

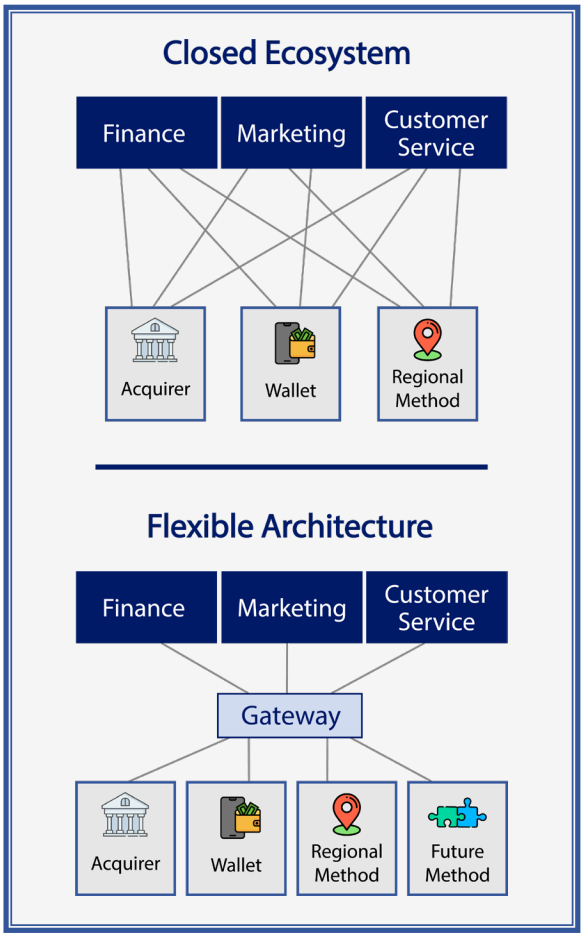
Companies can't realistically foresee every new payment method they'll need in five years, but they *can* be intentional about whether their architecture and partners will make it easy – or painful – to adopt what comes next. They can avoid backing the business into a corner by preventing technology decisions that could lock the company into rigid ecosystems with high switching costs or limited capabilities.

Contract renewals are the ideal time to think about the future, keeping in mind that a "good enough" solution today can easily become a constraint tomorrow, hindering multichannel growth. Sticking with an existing partner that isn't innovating or integrating new payment methods can feel like a win if it avoids conversion fees – especially in sectors like petroleum, where switching is notoriously expensive. But a three-to-five-year lock-in with a stagnant partner can keep your business from adopting new capabilities that your customers may quickly come to expect.

When evaluating or renewing contracts, it's critical to look beyond immediate cost savings and consider total lifetime value, roadmap alignment, and each partner's ability to keep up with industry initiatives. Does this partner give you the flexibility to evolve your payment mix, expand into new channels, and support emerging experiences? Or are you paying less today only to pay more later in lost opportunities and complex migrations?

Architecting for optionality is key.

Consider flexibility at an architectural level. Payment processing is a capability that spans many functional areas and technologies, each with its own specialization and replacement lifecycle. Accounting and finance teams need data for reconciliation. Marketing needs insight into tenders, channels, and customer behavior. Customer service needs access to transaction histories and tokenized payment details. Locking any of these groups into a closed ecosystem can create friction, shadow IT, or workarounds that undermine the very efficiencies the platform was meant to deliver.



One practical way to build optionality is to use a gateway or orchestration layer rather than building and managing direct integrations to acquirer(s) and/or individual payment methods.

With a gateway, the business integrates once and can enable new methods over time as needed, relying on the provider to support emerging wallets, regional methods, or new schemes. There are fees involved – monthly or per-transaction – but the tradeoff is greater adaptability and less bespoke integration work each time the landscape shifts.

Tightly coupled, all-in-one stacks can be a trap worth avoiding.

The allure of a full-stack, all-in-one provider is powerful: fewer contracts, a smaller third-party ecosystem to manage, and an easier initial implementation. For a merchant re-evaluating its third-party payment providers, these benefits can be compelling – especially if teams are under pressure to move quickly or reduce vendor complexity. But once live, tightly coupled architectures can severely limit freedom of movement.

For example, a merchant selected an all-in-one solution to simplify implementation and reduce vendor complexity. Years later, when business needs evolved, the tradeoffs became clear. With gateway, acquiring, reporting, and fraud tools bundled into a single vertically integrated solution, even targeted changes became larger and riskier.

The merchant did not fully consider that if it needed to change acquirers years down the road, it would effectively require re-platforming the entire payments ecosystem. What began as a decision to simplify up front turned into vendor stickiness that limited optionality and long-term growth.

If you choose an all-in-one stack, make sure you are thinking explicitly about exit options and layer boundaries up front. If you needed to change one layer of the stack – acquiring, gateway, fraud provider, reporting platform – could you do so without fully re-platforming?

Future flexibility is about preserving choice.

When it comes to flexibility, there is no one-size-fits-all answer. A card-not-present subscription merchant that depends on high renewal rates would be taking a significant risk by signing an exclusive contract with a single acquirer that doesn't support account updater services, even if it's the cheapest solution on paper. By contrast, a business that only takes Visa, Mastercard, and AmEx in person, and has no plans for digital wallets or subscriptions, might reasonably prioritize simplicity and cost over advanced flexibility. The key is aligning decisions to the long-term business model, not just the current state.

In most cases, prioritizing flexibility, scalability, and interoperability when selecting partners and designing architecture is important and the most cost-effective solution for the long term, even if it costs more today. Investing in flexibility positions your business to adapt as customer expectations and payment innovation continue to evolve, without having to re-evaluate, re-select, and re-implement a new partner every time the market changes – often at much higher cost than if flexibility had been designed in up front.

Pillar 6: Decision Intelligence

Turning Payments Data into Action

Payments generate some of the richest, most actionable data in the business. Every transaction contains insights into customer behavior, operational efficiency, cost, and platform performance.

Yet in many organizations, these insights are fragmented across acquirer reports, gateway dashboards, CRM systems, and other tools and environments, making it nearly impossible to form a unified and holistic view of what's happening in the business.

You can't optimize what you don't measure.

Many companies measure payments performance and optimization narrowly, if at all. Some track metrics like processing costs, chargeback rates, and basic authorization rates. But few leverage their data to build a complete, connected picture of how payments impact customer experience, authorization performance, or overall business growth.

Because of this lack of visibility, many retailers tend to base decisions on assumptions, vendor advice, or legacy practices rather than evidence. They simply default to what's easiest to quantify: cost. Meanwhile, other critical indicators go undermeasured or unmeasured entirely.

These key metrics go beyond cost and help identify the biggest issues or opportunities across the business:

	Conversion Rate
	False Decline Rate
	Retry Success
	Time to Implement New Payment Methods
	Repeat Sales/Customer Retention Rate
	Customer Engagement
	Impact of Change

Without a structured approach to these types of measurements, organizations struggle to understand what's working and what isn't. Trends or leading indicators that signal risk or opportunity often go undetected. By the time a problem surfaces, like a drop in approval rates, spike in chargebacks, or increased latency in checkout resulting in failed conversions, the business is already feeling the impact. Further, companies can't see where investments – such as in new technology partners, redundancy, or fraud prevention – can drive the greatest value or improve business outcomes the most.

For example, consider this subscription merchant for whom retention is critical to the business model. In this case, the merchant was operating on a legacy, homegrown billing platform and managed its own retry logic but lacked visibility into payments performance, particularly renewal approval and decline recovery rates. The data required to understand failed renewals was fragmented across multiple systems, including the internal billing platform, gateway, acquirer, fraud provider, and customer communications tools. As a result, decision-makers had no baseline view of what was driving failed renewals or where recovery efforts were breaking down.

The business addressed this by implementing a structured payments data strategy. This included joining previously disconnected datasets, rebuilding the renewal funnel, evaluating token lifecycle management, analyzing account updater timing, reviewing retry logic, and assessing pre-renewal and post-decline customer messaging. With a unified view, the team could clearly identify where customers dropped off, how often account updater succeeded, and which retry patterns were most effective.

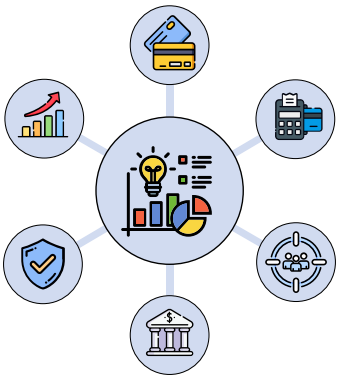
The impact was immediate:

+18pts	-28%
Recovery Rate	**Involuntary Churn**
Improvement	*Decrease*

This led to a rise in customer lifetime value, even as overall provider costs increased. The analysis also reinforced a broader truth: payments optimization is not a one-time exercise. The ability to see, measure, and respond to payment performance enables continuous improvement, better technical decision-making, and stronger customer experiences over time. Without these capabilities, optimization efforts tend to default to periodic, cost-driven decisions rather than an ongoing practice aligned to sustainable growth.

Data and intelligence must sit at the center of every payments strategy.

The most successful organizations treat data as a strategic asset, not a reporting function. It's the proof that tells whether any other payment optimization strategy – customer strategy, technology alignment, risk mitigation, redundancy, and future flexibility – is working to deliver the outcomes it was designed to deliver. Or conversely, that something isn't working, has stalled, and that it's time to pivot to something new.



Within these organizations, connected data environments, shared dashboards, and recurring review processes make performance visible and actionable across finance, technology, operations, and customer experience teams, ensuring everyone is working from the same insights and aligned on where to adjust, improve, and invest next.

A KPI framework for insight-driven optimization

A best-in-class optimization approach begins by defining what success looks like for each pillar and establishing clear, quantifiable KPIs that teams track consistently over time to measure progress, helping to prevent biased measurements. Such a framework might look like this:

Pillar	Example KPIs	Purpose
Customer Experience	• Conversion percentage • Authorization rate • Engagement signals • Renewal rates	Measure experience-driven revenue impact
Technology Alignment	• Deployment speed • API latency • Uptime	Evaluate scalability, reliability, and impacts on customer experience
Risk Mitigation	• Added friction steps • False positive rates • Compliance-driven roadmap delays • Operational and developmental impact	Protect trust and analyze cost, operational impact, and customer impact of compliance
Redundancy & Reliability	• Failover time • Reroute success rate • Recovered transactions • Avoided downtime loss	Ensure operational continuity and business resilience
Future Flexibility	• Time to enable • Cost to enable • Pivot/test & learn velocity	Measure adaptability and ability to innovate quickly

By defining KPIs upfront and reviewing them regularly, teams can detect friction earlier and take corrective action more quickly, before issues escalate. Decisions and adjustments are based on what's really happening in the business, not speculation.

From passive reporting to proactive payments optimization

A connected intelligence framework doesn't just report performance – it predicts where issues or opportunities are emerging. With the right data, retailers can see where authorization rates are slipping by issuer or tender type, whether latency is reducing conversions, or where customer preferences are shifting toward a new payment method or network. These signals are essential for moving optimization from a one-time initiative to an ongoing practice that adapts as the business evolves to sustain profitable growth.

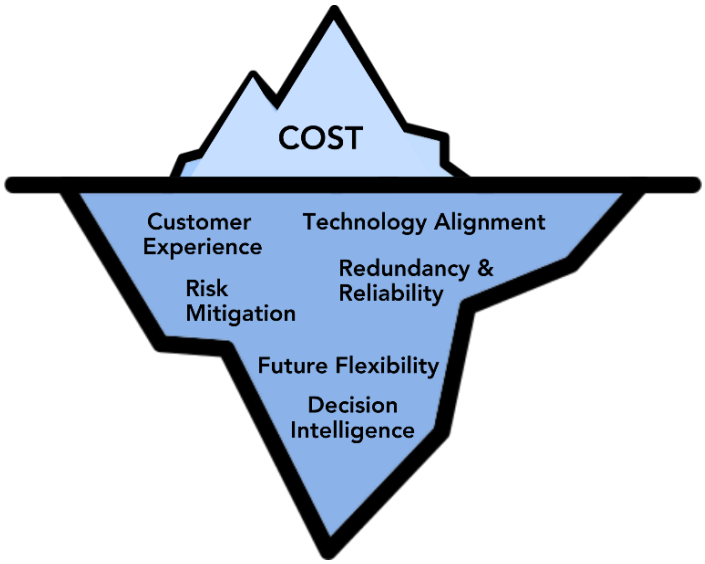
Conclusion

Payments optimization is never just about reducing cost in a single area.

With payments optimization, every choice – whether in customer experience, technology, risk mitigation, redundancy, or flexibility – has ripple effects across the entire payments ecosystem. Saving money in one pillar often creates unintended costs in another, from lower authorization rates to higher fraud exposure, slower innovation, degraded customer experience, or reduced resilience during disruptions.

That's why retailers must take a holistic, interconnected approach to payment optimization. The six pillars do not operate independently; they reinforce one another. Improvements in one area can accelerate gains elsewhere, while shortsighted decisions in any of the pillars can undermine long-term performance.

The real measure of success is not the lowest per-transaction fee – it's the value your payments ecosystem delivers over time. A well-designed payments strategy should increase customer satisfaction, drive higher conversion and repeat purchases, reduce operational friction, strengthen security, and ultimately improve profitability. By viewing payments through a strategic, multi-dimensional lens, it's possible to build an environment that supports your growth today while keeping you agile and competitive for however the payments landscape changes next.



The W. Capra Team

The team of payments experts who authored this whitepaper are dedicated to leading clients in their considerations related payments.

Jeannie Amerson
VP & Exec. Consultant

Patrick Behrens
Associate VP

Clint Cady
Partner

Erika Curtis
VP

Jim DuBoyce
Partner

Josh Mathers
SVP

Shelli Moring
VP

For further discussion on anything payments or retail technology related, reach out to:
inquiry@wcapra.com

About W. Capra

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