

A Payments Playbook for Multichannel Executives

Examining the commercial aspects of
key trends in the payments landscape

Produced in association with ACI Worldwide

Executive summary

KEY SURVEY RESULTS

- Ranked by importance, the top three payment issues are GDPR (92% ranked it as very important or important), PSD2 (89% ranked very important or important) and alternative payment options – including immediate payments (ranked as very important or important by 88% of respondents).
- The greatest appreciation of commercial impact was around alternative payments and immediate payments where 93% of retailers had confidence they understood the impact.
- Fraud prevention was most important for one in five retailers (20%).
- 26% said they were more concerned about fraud prevention than a frictionless experience. Only 6% said a frictionless experience was more important to them.
- More than half (55%) said that customer experience was a priority over cost.



Payments. A subject that for many is simply an end consequence – a process that some retailers forget can make or break the sale if the experience isn't good enough.

Undoubtedly it's a complex area that's riddled with jargon, extensive regulation and necessary procedures. And it's changing fast, as payments technology companies re-shape the market.

Yet there is simply no excuse for ignorance or neglect. User experience is everything in ecommerce and cross-channel retail and, where there's friction in any process, there's a risk customers will shop elsewhere.

Payments is an area where there's a fear among retailers that reducing friction – for example by reducing security measures – will open the business up to fraud and increase costs. How should retailers approach this conundrum?

How do they overcome such barriers to user experience? How do they balance fraud and ease of use, cost to serve and user experience whilst still embracing flexibility and innovation? And do they even need to?

In this playbook, alongside our partner ACI Worldwide, we look at the latest payments acronyms and define them and what they mean for your business. Through a survey of our readers, conducted between October and November 2017, as well as more in-depth retailer interviews we look at how important retailers feel such initiatives are and their understanding of their commercial impact.

In the next section, we examine the challenges that retailers face in balancing a frictionless process with security when it comes to payments and then how they are balancing the customer experience with minimising the cost to serve.

To better understand the jargon and the importance of payments – and how you can derive more commercial benefit from them than simply the value of the transaction – read on. With investment, attention and care, they can offer competitive advantage and enhance customer loyalty. That alone means it's important to understand exactly how important payments are to your business. They simply aren't just about taking your customer's cash.

Liz Morrell, research editor

Shape up your payments for growth

Gone are the days when payments were seen by retailers as purely transactional. Increasingly, leading companies are recognising that their payments strategy is critical to delivering a fast and frictionless shopping experience – with resulting benefits for retention and revenue growth. This change in perspective probably explains the recent findings from Ovum and ACI research, that 60% of merchants expect to increase their investment in payments over the coming 18-24 months.



The biggest and the best are looking at how they can integrate loyalty and rewards with payments, tailor payment methods by channel and country, and manage fraud both pre- and post-transaction. And they're gaining insights from their payments and fraud data to improve customer interactions and drive growth. They are considering the possibilities of open APIs (application programming interfaces), and how they can benefit from the drive to immediate payments. They understand that, within and across borders, consumers want to use payment methods with which they are familiar, and checkout quickly and consistently across all channels.

Across the industry, omnichannel is widely discussed, but it's important that retailers shape their omnichannel strategy based on expectations of where their future business will come from, and on the organisational structure through which it will be delivered. If ecommerce and in-store businesses remain in separate siloes, delivery of a true omnichannel strategy may prove challenging.

Importantly, too, retailers need to look beyond new tools and channels, and develop a payments strategy and roadmap that supports their growth strategy. The roadmap will need frequent updating, given the competitive nature of retail and the pace of change affecting merchant payments.

We would argue that the retailer's underlying payments infrastructure is critical here. While business models vary and many retailers operate multiple platforms today, consolidation to a single payments platform can deliver real benefits – including faster time to innovate, a single customer view, reduced costs and a better shopping experience. Each company needs to determine the path to, and pace of, consolidation that is right for them but the ultimate goal should be a payments platform that offers the flexibility to respond quickly to change and new opportunity.

Finally, a word on security. Every survey of retailers indicates that payments security and fraud are a continuing concern – and our research shows that these concerns both drive and limit investment. Whatever your view, at ACI we would urge you to see security and fraud prevention as enablers of growth. Instead of limiting your expansion, security and fraud prevention measures that are tailored to your business can enhance customer experience, build trust and drive growth.

Payments is a fascinating business which, among retailers, hasn't always commanded the attention it deserves. Today, the opportunities to drive business success through payments have probably never been greater.

Andy McDonald, VP merchant payments, ACI Worldwide

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Key trends in multichannel payments



The world of payments used to be relatively simple. In-store it was simply a choice between cash, charge cards, credit cards and debit cards and it wasn't until the mid-90s that the first encrypted online payment was made. Early online payment experiences were clunky and cumbersome and a world apart from the slicker processes available today.

Now the range – and complexity – of payment options can prove baffling to those without the specialist knowledge it needs. And yet it's vital the importance of the payments process – and a good experience of it – is appreciated across the business.

Sadly this is often lacking. When one retailer in our survey was asked how well issues around payments and payment technology and development were understood across his business – and in particular by his board – his answer was simple. “They aren't. Understanding is pretty poor,” he said.

From contactless payments to mobile wallets, in-app payments to wearable payments, the options are growing all the time as the market looks for easier, cheaper, more secure ways for their customers to spend online.

This rapid development and hunger for innovation is in itself creating challenges. “The biggest challenge for us is the wide choice and growing methods of payment processing to be emulated across our stores, websites and partners – both on mobile and on desktop,” said one respondent to our survey.

In an industry that is evolving so fast, keeping up can be tough. But in a world where cart abandonment rates are running at around 70% and the payment experience is often blamed for that abandonment then keeping up – tough challenge or not – has to be done. “The checkout experience is critical. If consumers can't pay quickly, easily and securely, using the payment methods they prefer, then they will simply go elsewhere,” says Andy McDonald, VP merchant payments Europe, ACI Worldwide.

With enough focus and effort, the payment process can be a strong enforcer of a company's ideals rather than simply just a functional process. “A positive experience at the checkout can build brand reputation and promote customer loyalty, encouraging consumers to return, and spend, again and again. A negative experience sends your customer into the arms of a competitor,” says McDonald.

Retailers in our survey said they face a number of challenges when it comes to payments however. These include ease of use, ease of implementation across borders, a frictionless mobile checkout and ongoing fraud prevention. “It's about making sure the process is efficient but secure,” said one respondent to our survey.

Understanding what works best, and in what markets, for your customers is vital to ensuring retailers enhance the customer experience with the right payment strategies and technologies.

But as we have already noted, it's a market that is evolving fast – both in terms of payment options and technologies, as well as regulatory and compliance requirements. “It's difficult for anyone to keep abreast of all this – and the jargon around payments doesn't help,” says McDonald.

So, what are the current jargon terms that you should be aware of in your business? Over the coming pages we outline some of the key ones, explain their meaning, and look at both how important retailers rate them and how well they understand the commercial impact on their business.

If you haven't done this already then getting to grips with your understanding and importance of each is a great place to start. “The first order of business is to form a view on the importance and relevance of each initiative to your business and your future strategy – and to understand the timelines for any new regulations and compliance requirements,” says McDonald.

Understanding the jargon: eight key terms defined

1

PSD2

What is it?

The European Payment Services Directive 2 (PSD2) is due to come into force in January 2018. The new regulation is designed to increase competition in payments. It will require banks to support Open APIs, will establish strong new guidelines for customer authentication and enable consumers to make online payments directly from their bank accounts via newly regulated Payment Services Providers (PSPs).

What does it mean for your business?

As such, it offers significant opportunity to retailers who will be able to 'ask' consumers for permission to use their bank details. With permission given, the retailer will receive payment directly from the consumer's bank, using APIs – with no intermediaries involved. This will cut the 'middle man' costs for merchants, as well as enabling easier routes for recurring billing and promoting customer loyalty.

PSD2 requires stronger security for online payments, with two-factor authentication. To prevent an increase in cart abandonment, retailers will need to pay careful attention to how they can strike the best balance between the needs for customer convenience and security.

How important do retailers feel this is?

89% said it was important to some degree, with more than a quarter (26%) rating it very important and 63% saying it was important.

How confident are retailers that they understand the commercial impact?

Understanding the commercial impact was less clear, however. More than half (57%) said that they weren't confident that they understood the commercial impact of PSD2. Just under a third (31%) said they were confident and only 11% that they were very confident.

2

What is it?

The EU General Data Protection Regulation (GDPR) comes into force on May 25, 2018. Every organisation that does business with EU customers – regardless of where it is located – will need to comply, and fines for non-compliance can go as high as \$20 million (£14,984,000), or 4% of global turnover (whichever is greater).

What does it mean for your business?

The GDPR has been described as "the biggest change to data protection law for a generation". It has significant implications for retailers, including the requirement for rapid reporting of data breaches, for the appointment of a data protection officer and the privacy-by-design requirements that will impact retailer marketing departments. This represents an opportunity for retailers to 'clean house' and take a careful look at how their customer data is collected, stored and used – using the standards set out in the legislation as a minimum starting point.

Under the regulation, providing evidence of risk mitigation counts as much as securing the data. Retailers will need to be able to demonstrate that they have implemented appropriate measures to mitigate privacy risks, whether or not they have experienced a breach. Security teams must be able to show that they have deployed access controls and rights management, and security measures such as tokenisation and encryption will need to be documented.

How important do retailers feel this is?

This received the highest importance ranking in our survey of 92%. This equated to nearly half (49%) rating it very important and 43% important.

How confident are retailers that they understand the commercial impact?

There was a better understanding around the topic of GDPR with 60% of respondents saying that they were confident they understood the commercial impact and 17% saying they were very confident.

3

ALTERNATIVE PAYMENTS

What is it?

Alternative payment methods (APMs) are payment options that do not include a card. There are hundreds of different types of ecommerce payments and understanding and supporting the payment methods your customers prefer is critical to building customer loyalty and expanding your business internationally.

What does it mean for your business?

APMs are becoming increasingly popular with consumers who seek fast, convenient payment methods that fit with their lifestyles. They offer a good opportunity for merchants to support improved choice, speed and convenience for consumers as well as more consistency across channels – enhancing the customer experience to support better loyalty. They can also help to deepen information about customers, drive higher transaction values and bring the purchasing decision forward.

APMs are now a ‘must have’ for merchants with global aspirations, with the right payment methods able to open up specific customer segments and geographies – particularly in emerging markets or digitally evolved countries where specific alternative payments methods have a stronghold.

How important do retailers feel this is?

This received an 88% ranking with more than half (51%) seeing it as very important and 37% as important.

How confident are retailers that they understand the commercial impact?

Retailers felt they had a high understanding of the commercial impact of alternative payment methods at 94%, with just over a third (34%) saying they were very confident and 60% that they were confident.

4

IMMEDIATE PAYMENTS

What is it?

Immediate or real-time payments are payments made from one bank account to another in a matter of seconds. Payments can be made 24/7x365 and funds are instantly available to the recipient. This creates real opportunity for retailers to reduce costs, improve cash flow and grow their ecommerce businesses in markets with low payment card usage.

What does it mean for your business?

As a form of alternative payment, immediate payments can also encourage new customers who prefer to deal in ‘cash’ rather than use cards – and support new sales opportunities where it would benefit the customer and/or the merchant for the funds to clear instantly.

How important do retailers feel this is?

As with alternative payment options importance was high at 88% with the same bias on importance as for alternative payments with 51% saying it was very important and 37% important.

How confident are retailers that they understand the commercial impact?

As with alternative payment methods retailers felt they had a high understanding of the commercial impact of immediate payments with 94% saying they were very confident.

5

OPEN APIS

What is it?

An API (or application programming interface) is a set of software tools and definitions that controls how developers can interact with or modify an application. An API exposes the functionality of an application to developers, to modify or interface other software with it. An Open API provides external developers with access to a company's proprietary software application. This enables the company publishing the Open API to leverage the skills and expertise of these developers and, so, to access innovations and expertise in the wider community. A retailer will typically consume APIs published by a Payment Service Provider to integrate payment capabilities within the checkout process.

What does it mean for your business?

Payment gateways that combine open APIs and rapid activation of APMs via payment forms are those that are able to deliver agility and scalability. By offering a way to quickly develop and deploy new payment methods or functionality

(either internally or from external suppliers), merchants can take new innovations to market more easily and without heavy costs or resource burdens. This can deliver real competitive advantage for retailers as they seek to take advantage of new technologies and keep up with changing customer demand.

How important do retailers feel this is?

Retailers also thought that this was important with 86% ranking it so. This broke down to nearly half saying it was very important (49%) and over a third saying it was important (37%).

How confident are retailers that they understand the commercial impact?

There was also high awareness around the understanding of the commercial impact of open APIs with 83% showing confidence. This equated to very confident (40%) or confident (43%).

6

MACHINE LEARNING

What is it?

Machine learning is an application of artificial intelligence (AI) that gives systems the ability to automatically learn and improve from experience, without being explicitly programmed. Machine learning focuses on the development of computer programs that can access data and use it to learn for themselves. It can be used in fraud detection to identify patterns and highlight trends too complex to be noticed by humans.

What does it mean for your business?

Machine learning is an important tool for merchants in a variety of ways. Its ability to power predictive analytics means that merchants can use it to analyse and predict customer buying patterns – helping them to make more informed plans about promotions and product launches, for example.

Machine learning can also play an important role as part of a fraud management solution. While it is more difficult to predict fraudulent behaviour than spending patterns, machine learning models can be trained and configured by experts to help build more profiles and expose fraudulent activity without constant human interaction with the tools. The model's objective is to expose underlying fraud trends that are sometimes difficult to detect manually, while protecting merchants from the cost of fraud losses and chargebacks.

How confident are retailers that they understand the commercial impact?

Machine learning was the third most common area that retailers felt least confident in, with 43% saying they weren't confident, 46% saying they were confident and only 11% saying they were very confident.

7

TOKENISATION

What is it?

Tokenisation is a security technology designed to protect sensitive or confidential information by replacing a consumer's account number with a unique value or numeric sequence. This renders transaction data useless to thieves, because they are unable to reverse the process to uncover the original customer data. Tokens are increasingly used in mobile payments and eWallets, and to improve security in cross-channel transactions.

What does it mean for your business?

Tokenisation renders stored card data useless to hackers, helping to protect merchants from the costs and reputational damage caused by a data breach – as well as

helping them meet their data security compliance burdens. The second key advantage is that tokenisation can support improved customer insight, by ensuring sensitive payment information is protected while still allowing merchants to analyse transaction patterns and behavioural data to build more comprehensive customer profiles.

How confident are retailers that they understand the commercial impact?

Awareness around the commercial impact of tokenisation was rather mixed among the retailers we surveyed. Whilst 37% said they weren't confident, 35% were confident and 29% said they were very confident, suggesting various levels of adoption.

8

BLOCKCHAIN

What is it?

Blockchain is a type of distributed ledger or decentralised database, that keeps records of digital transactions. Rather than having a central administrator like a traditional database, (think banks, governments, accountants), a distributed ledger has a network of replicated databases, synchronised via the internet and visible to anyone within the network. Blockchain networks can be private with restricted membership (like an intranet) or public, accessible to everyone.

Blockchain's decentralised, open and cryptographic nature allows people to trust each other and transact peer to peer, without the need for intermediaries. This can bring significant security benefits.

What does it mean for your business?

One of the biggest impacts of blockchain will be on supply chain management. Every time a product changes hands, the transaction can be documented, creating a permanent history of a product, from manufacture to sale. This will dramatically reduce the time delays, administration costs and human error that plague these transactions today. It

will also help to build the transparency and integrity of data, by performing consensus checks and safely storing digital fingerprints of data on immutable blockchain ledgers. Full traceability of the lifecycle of a product is especially important for grocery retailers and leaders in this field are already piloting the technology across their stores.

How important do retailers feel this is?

Just over half of retailers (57%) rated blockchain as important with 17% citing it as very important. However, it also had the biggest number (43%) of retailers saying it wasn't important, suggesting in retailers' minds at least it needs more time to rise up the agenda.

How confident are retailers that they understand the commercial impact?

Understanding of the commercial impact of blockchain was the lowest of all the terms we examined, with 63% saying that they weren't confident they understood its commercial impact. Only 29% said that were confident and only 9% were very confident.

The need to ensure security at every level

One of the biggest challenges for retailers around payments is the need to provide flexibility across markets and segments in order to retain a competitive and distinctive edge. During all this, however, they must focus on providing a frictionless customer experience without it being at the expense of customer security.

The retailer's constant battle therefore is how to balance the frictionless experience with their efforts around fraud prevention – protecting the customer and the business whilst still ensuring a sale is made.

Retailers not only need to ensure the security of customer information – and prevent breaches of their data and payment details – but also need to authenticate the consumer to protect against fraud. “Both processes are essential, and have a direct impact on your brand reputation, your customer relationships and your ability to grow,” says Jackie Barwell, director, payment risk product management at ACI Worldwide. “Both must also be fast, robust and seamless to ensure that, when implemented, there is no negative impact on the customer experience.”

With the responsibility for payment and fraud varying across different departments of the retailers we surveyed – from the ecommerce to accounts team or IT to the customer services centre – keeping control can be tough. This is coupled with the fact that the focus for different departments can be dependent upon their end goal – with ecommerce departments more concerned with making a sale than the safer approach of the accounts department who may be more concerned with preventing fraud, for example.

The need to combine both flexibility with innovation in payments is vital – but doesn't necessarily happen. “Security concerns are frequently cited as the reason why consumers may be slow to adopt new payment methods, sign up for new services or share personal data. At the same time, many of those same consumers will abandon their shopping carts if security checks delay the checkout process,” says Barwell.

HOW DO RETAILERS BALANCE FRAUD VERSUS A FRICTIONLESS EXPERIENCE?

In our survey, retailers admitted they faced challenges in knowing where their focus should lay between security and providing a frictionless experience – with different retailers prioritising different options within their businesses. However, our research showed that generally when it comes to multichannel payments

fraud prevention usually wins over a frictionless experience. “The majority of friction is trivial. The cause for concern about fraud is much more pressing,” said one respondent to the survey.

One in five retailers (20%) said that fraud prevention was most important whilst 26% said they were more concerned about fraud prevention with an eye on a frictionless experience. 22% worked on a compromise between the two. “You need both and for us it’s 50:50 and depends on other factors such as order value,” says one retailer we interviewed.

Conversely, only 6% of respondents said that a frictionless experience was most important for them.

SO WHAT SHOULD RETAILERS DO?

One of the most illustrative examples of such conflict comes with initiatives such as 3D Secure which, though protecting the retailer from fraud, can put off the customer completely since it can disrupt what might otherwise be a frictionless experience. For this reason it’s a risk many retailers choose to take rather than suffer the expense of lower purchasing rates. “We turned off 3D Secure for all payments under £50 as it was killing conversion,” says one retailer we interviewed.

“Each individual retail business needs to decide what level of fraud risk is acceptable to them – some will tolerate higher risk in order to secure more orders; others will take a more conservative approach,” says Barwell. “As an absolute minimum, retailers must understand card scheme requirements and the level of fraud at which penalties are applied, and stay at or below the industry average for fraud and chargeback rates.”

HOW RETAILERS IN OUR SURVEY RESOLVE INCIDENCES IN THEIR BUSINESS WHERE THEY HAVE TO DECIDE BETWEEN A FRICTIONLESS EXPERIENCE AND FRAUD PREVENTION:

- “Revised processes to achieve a sensible compromise.”
- “Speaking to the customer directly.”
- “We ensure everything is safe first and then look to see if we can make the user experience easier.”
- “For late order cut-offs to ensure customers’ orders can be received and processed in time for next-day delivery, we have had on occasion a need to turn off fraud processing.”
- “Fraud prevention won.”

How do you balance cost and experience?



ayment experiences have tended to be a ‘one size fits all’ phenomenon as we have seen. Often retailers simply have it as the last step or just don’t recognise the benefits of investing in innovation and change to provide a better payments experience for their customers.

But invest in it they should since the area of payments offers such opportunity for improvement. However, getting the balance right is vital. “While customer experience is critical to retention and revenue growth, it needs to be delivered at a cost that doesn’t cripple the business,” says Lynn Holland, VP product line manager, merchant payments at ACI Worldwide.

“From a payments perspective, the key to this challenge is flexibility,” says Holland. “Merchants need to use payments tools and technology which are based on open architecture, with the ability to easily adapt and grow with business and customer needs. This helps retailers to continue enhancing the customer experience without the continual drain on costs and resources that comes with large-scale technical redevelopment.”

This allows retailers the ability to better fine-tune the experience for their customers. “Payments platform consolidation plays an important role here, since it can help to ensure consistency of experience for customers across sales channels, provide a single view of the customer across business siloes and reduce the costs both to innovate and operate,” says Holland.

According to a recent survey by ACI and Ovum, more than half (53%) of retailers believe that SaaS or cloud-based solutions can increase their ability to launch new products and services and so this is an option retailers should look to investigate. “These solutions in turn help to reduce operational overheads by minimising payments infrastructure costs,” says Holland.

He suggests that payment solutions that are vendor independent and acquirer agonistic can also help retailers to control costs since it gives them the flexibility to negotiate fees but also ensures that they don’t get locked in to technology that soon becomes outdated. “Many leading retailers are moving to cloud-based payments solutions which are built using agile, open architecture that supports omnichannel services and fast time to market for new innovations,” he says. “They are attuned to their customer preferences and integrating the payment and fulfilment options that these customers want into their payments strategies, to ensure they can deliver an experience that brings those customers back again and again.”

HOW DO RETAILERS BALANCE COST TO SERVE VERSUS CUSTOMER EXPERIENCE?

Having proved that retailers generally still balance fraud prevention over a frictionless experience – but that a frictionless experience is nonetheless important – we also wanted to understand retailers’ balance between cost to serve and the customer experience.

In our survey it was evident that customer experience takes the priority but with an eye on cost. “Customer experience is more important,” said one retailer we interviewed in more depth for this report.

More than half (55%) of those surveyed said that customer experience was a priority but with an eye on cost whilst a third (33%) said it was a compromise between the two. Only 8% of respondents said that cost to serve, with an eye on customer experience, was their main priority.

One retailer in our survey summed up how to determine the balance perfectly. “Follow Apple,” they said. “Nothing on this earth matters more than the customer experience. You are giving trust to companies with whom you expect to share values and ideals and the customer experience – first impressions, the handshake and all that follows.”

FASHION GIANT SAYS EMBRACE THE OPPORTUNITY OF PAYMENTS

The payments director of one international fashion retailer says that there are a lot of opportunities around payments currently – especially when it comes to new regulations such as PSD2 and that retailers should be embracing them rather than avoiding them. “There will be plenty of opportunities to improve the customer experience,” he says – pointing out that delivering a pleasant payment experience is vital. “The customer has to feel there is no pain in pay,” he says.

Keeping on top of the jargon, regulation and compliance issues around payments is key, he says. “This is the secret of this business – stay ahead of these changes, identify them and take them to the limit.”

In his company he says the whole business – including the board – understand the value of payments. “They fully understand that this is a necessity in improving the payments, but the secret is to build a tailored solution,” he says.

When it comes to determining fraud protection or a frictionless experience, the two largely go hand in hand with both of equal importance. When it comes to balancing cost to serve against customer experience however, he says it’s customer experience that wins. “We have to place the client at the centre of everything so for such things the cost is not as decisive but always important.”

RETAIL GIANT SAYS PAYMENTS BEING ‘HOT’ IS A GOOD THING

Of course when it comes to getting businesses and boards to appreciate the importance of payments, it helps when it’s a topic that’s in the news. “The main advantage right now is that payments is HOT,” says one international retailer we interviewed for this playbook.

But he admits that it can be a closed industry with a struggle to find staff with payments knowledge. Keeping ahead of the jargon, regulation and compliance issues is tough. “It’s one of the big challenges. The key is to network with other merchants or solution providers and learn from other verticals,” he says.

Even though his is a large international business he admits that payments technology development knowledge is low – but increasing slowly as the payments team itself also increases. He says the company is working hard on improving the customer experience first. And when it comes to fraud prevention – previously the company’s main focus – he says the trend is also changing too. “Traditionally fraud prevention has been the most important but it is shifting towards customer experience now,” says the retailer.

In summary: Why the time to better understand and improve the payments experience is now

“There simply isn’t any excuse any more for a poor payments experience”



As we have seen throughout this playbook the area of payments is evolving fast – bringing with it both risk and opportunity.

Retailers need to keep up to date with changing practices and new technologies that will impact both how their customers want to pay but also how easily they can pay.

We hope that in our jargon buster section we’ve helped to better explain what some of the current terms mean and the implications that they will have on your business – helping you to better understand both their importance and commercial impact.

There simply isn’t any excuse any more for a poor payments experience. Of course, retailers have a balancing act to do behind the scenes as we explored later in the playbook. Do they prioritise security over reducing friction or the other way round? Does there need to be more of a focus on one or the other? Perhaps, but that’s more a decision for individual businesses to make based on their own risk profiles.

It’s also an issue of investment. Do retailers focus on the cost to serve or delighting the customer by providing the best experience they can when it comes to payments?

Again, these are decisions that only you as a retail business owner can make. But we hope with this playbook we have helped you feel better prepared to make those decisions – and to understand what others in your sector are thinking.

10 action points to implement

1 Ensure you understand the relevance of, and impact of, new payments initiatives and terms on your business.

2 Implement the right payments strategies and technologies to ensure customers can pay quickly, easily and securely.

3 Consider the range of payment methods you offer – and how they compare to your customers’ preferences – to ensure you are offering what’s right for them.

4 Be aware of, and keep up to date with, regulatory and security requirements and changes as well as their impacts.

5 Recognise the need of payments to be part of the overall customer experience – rather than a forgotten failing at the end of the process.

6 Have a seamless cross-channel payments solution to ensure that you deliver the needs of customers across all devices.

7 Decide what level of fraud risk is acceptable to your business and whether you want to risk more for higher sales or be more conservative to protect yourself against potential loss.

8 Ensure you have a fraud solution tailored to the profile of your business but flexible enough to cope with change.

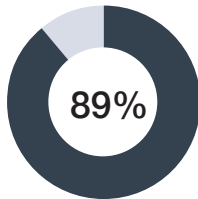
9 Collaborate with partners to reduce fraud – whether that’s other retailers or other players in the payments value chain.

10 If you have legacy systems in place, consider outsourcing payments to a partner who has greater agility and can therefore help you innovate faster.

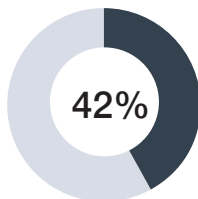
Understanding the jargon: eight key terms defined

1 PSD2

How important do retailers feel this is?



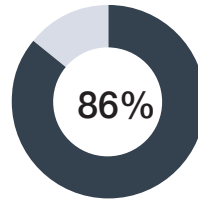
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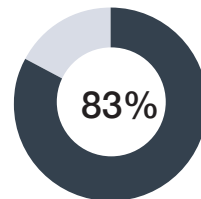
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5 OPEN APIS

How important do retailers feel this is?



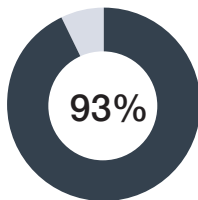
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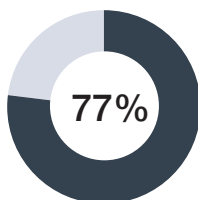
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2 GDPR

How important do retailers feel this is?



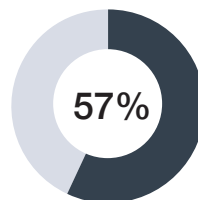
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6 MACHINE LEARNING

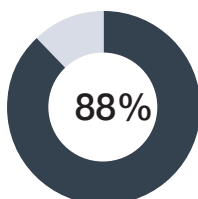
How confident are retailers that they understand the commercial impact?



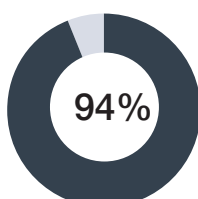
understanding of
commercial impact

3 ALTERNATIVE PAYMENTS

How important do retailers feel this is?



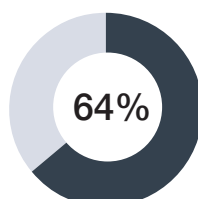
importance



understanding of
commercial impact

7 TOKENISATION

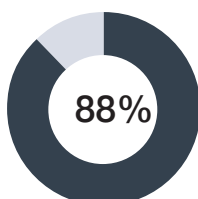
How confident are retailers that they understand the commercial impact?



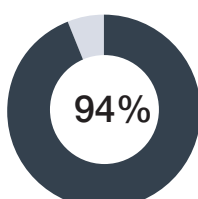
understanding of
commercial impact

4 IMMEDIATE PAYMENTS

How important do retailers feel this is?



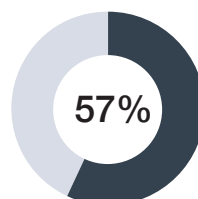
importance



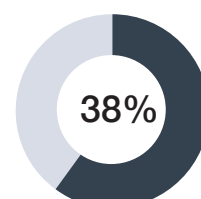
understanding of
commercial impact

8 BLOCKCHAIN

How important do retailers feel this is?



importance



understanding of
commercial impact



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