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Innovation in Dunning Strategy

Reimagining Payment Failure Recovery as a Lever for Trust, Revenue, and Differentiation

Ami Domadia, Sr. Product Manager, Payments — Adobe

Key Takeaways

1. Reframe dunning from a reactive back-end process into a **proactive experience-design** surface
2. Skillful use of **payment intelligence** to drive UX decisions
3. Experimentation opportunities across timing, communication, and recovery flows to make recovery a **differentiator**

What the Customer Sees vs. What Your System Already Knows

What the customer sees

"Payment is failing. Please update your payment methods."

What does this mean?



I just used this card yesterday.

I don't have another payment method.

Why is this my problem?

What your system already knows

error_code

FAILED_ACTIVATE_CARD

Translation

The customer likely received a new card and hasn't activated it with their bank yet.

A better message

"If you received a new card, please make sure it's activated with your bank."

A/B test result

+15% lift in recovery rate

Product Discovery: How We Learn What Actually Helps

EMPATHIZE

Listen

Interview customers directly

what they expected, where they got stuck, what they tried first

Interview support agents

what actually fixes the failure on a call, what customers ask, where calls escalate

DEFINE

Analyze & Synthesize

Decline codes × recovery behaviors

e.g., what % of NSF declines recover, and via which customer action

Synthesize qual + quant

turn raw findings into a clear, sharp problem statement

IDEATE

Hypothesize

Identify the highest-leverage UX hypotheses

across timing, message, channel, and flow

Prioritize by impact × effort

then validate by A/B test

Payment Intelligence in Payment Recovery UX

- **Normalize decline codes** from payment vendors into standardized decline reasons
- **Decline reasons cluster into actionable patterns**—insufficient funds, expired card, issuer “do not honor,” 3DS failure, fraud holds—and each one points to a **different next-best-action**.
- Stop shipping a generic “update your payment method”. Match the message to the cause:
 - **New card not yet activated** → “If you received a new card, please make sure it’s activated with your bank.”
 - **Failed expired card** → “Please update the expiry date on your card”
 - **API timeouts** → “Please try submitting your payment again”
- Analyze the data: Recovery rate with message content, time of day, channel, decline code, difficulty of resolution—and route each customer to the next-best-action most likely to recover *them*.

A/B Test 3 Recovery Levers

- **Timing** — retry windows, notification cadence, time-of-day, payday vs. mid-cycle, calendar-aware sends.
- **Communication** — channel mix (email, in-app, SMS, push), tone (urgent, helpful, transparent), subject-line framing, sender identity, language localization.
- **Recovery flow** — optimize number of clicks needed to get to success
- **The discipline:** hold out a control, segment by decline reason, and judge winners on **downstream retention**—not just the lift in conversion rate in payment recovery flow

Summary & Key Takeaways

1. Dunning is a **design challenge**, not just an operational one.
2. Payments data is UX data; **learn from payment recovery patterns** to shape the words and flows you ship.
3. **Test rigorously** across timing, communication, and UX; measure **overall recurring payment success rate**, not just the lift in conversion rate

Thank you

- Don't forget to submit your session evaluation!

Discussion Prompt

What's the most surprising thing you've learned from a dunning experiment—and what would you try next?

- Ami Domadia, Sr. Product Manager, Payments — Adobe