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Your source for payments education

Building an Optimization Roadmap:
Quick Wins to 90-Day ROI

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Payments: The Last Major Cost Center Without a System

Most merchants don’t have a systematic optimization strategy.

Common realities:

- Payments span Finance, Risk, Treasury, Product
- Optimization is episodic, not continuous
- PSP reporting focuses on settlement — not economics
- Ownership is fragmented

The Cost of “Good Enough”

For a $1B TPV merchant:

- 10 bps improvement = $1.0M in savings to bottom line

- 1% auth lift = material revenue

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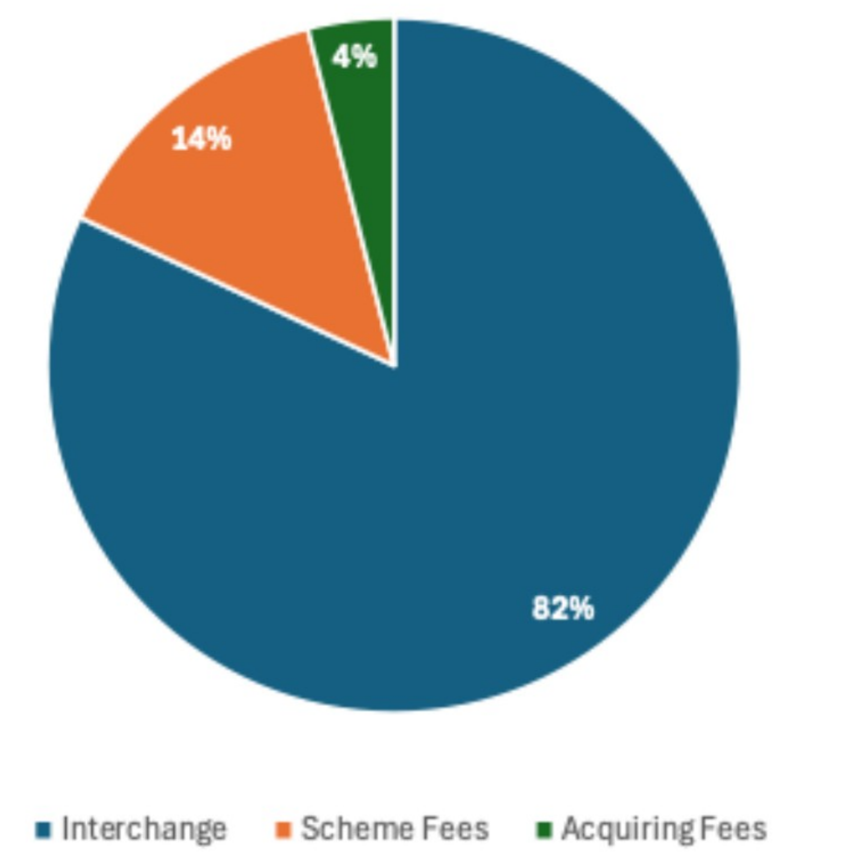
Where Card Fees Actually Go

- Interchange represents the majority of total card cost
- Scheme and acquirer fees are meaningful — but secondary
- Small shifts in interchange qualification materially impact margin



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Optimization Is Not a Project

Optimization requires:

- Visibility
- Control
- Continuous monitoring

Without a system, savings don't persist.

The Optimization Progression with a System

Quick Wins > Sustain > Scale

- Payments optimization isn’t one project, it’s a progression
- Each phase builds on the last
- Skipping steps leads to short-lived result.

Phase 1: Capture Leakage (0-90 days)

Goal: Identify and capture immediate, low-effort savings

Typical levers:

- Interchange
- Tokenization
- Routing
- Retry
- Chargeback recovery

Outcome: Immediate economic lift + executive momentum

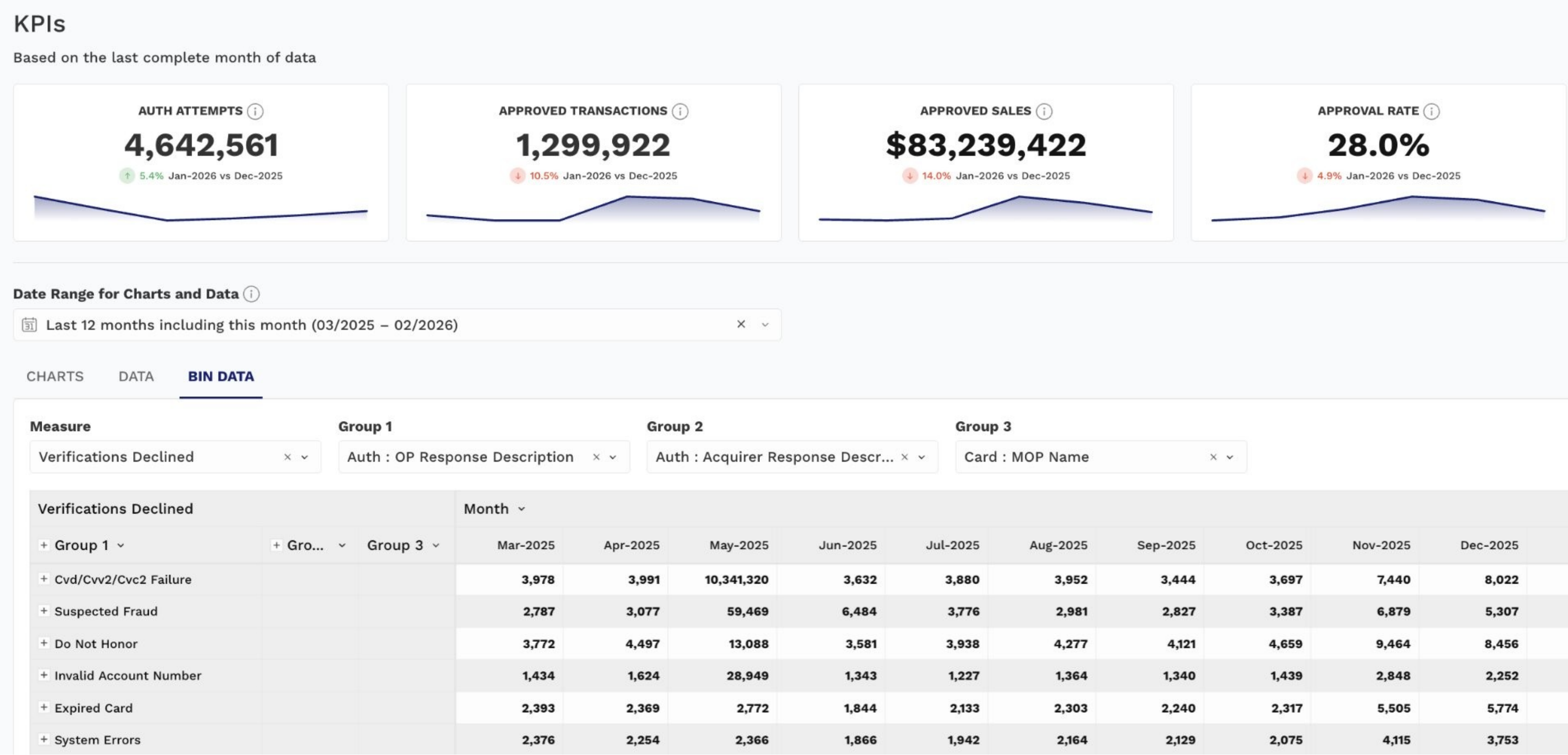
Card Testing: Fraud Strategy Can Increase Cost

CVV declines spiked from <4K to 10.3M

~$1.4M incremental fees

Fraud traffic impacts cost, not just approval rate.

Optimization must align fraud + cost strategy.



KPIs

Based on the last complete month of data

AUTH ATTEMPTS	APPROVED TRANSACTIONS	APPROVED SALES	APPROVAL RATE
4,642,561	1,299,922	$83,239,422	28.0%
5.4% Jan-2026 vs Dec-2025	10.5% Jan-2026 vs Dec-2025	14.0% Jan-2026 vs Dec-2025	4.9% Jan-2026 vs Dec-2025

Date Range for Charts and Data

Last 12 months including this month (03/2025 – 02/2026)

CHARTS DATA **BIN DATA**

Measure: Verifications Declined

Group 1: Auth : OP Response Description

Group 2: Auth : Acquirer Response Descr...

Group 3: Card : MOP Name

Verifications Declined			Month									
Group 1	Gro...	Group 3	Mar-2025	Apr-2025	May-2025	Jun-2025	Jul-2025	Aug-2025	Sep-2025	Oct-2025	Nov-2025	Dec-2025
Cvd/Cvv2/Cvc2 Failure			3,978	3,991	10,341,320	3,632	3,880	3,952	3,444	3,697	7,440	8,022
Suspected Fraud			2,787	3,077	59,469	6,484	3,776	2,981	2,827	3,387	6,879	5,307
Do Not Honor			3,772	4,497	13,088	3,581	3,938	4,277	4,121	4,659	9,464	8,456
Invalid Account Number			1,434	1,624	28,949	1,343	1,227	1,364	1,340	1,439	2,848	2,252
Expired Card			2,393	2,369	2,772	1,844	2,133	2,303	2,240	2,317	5,505	5,774
System Errors			2,376	2,254	2,366	1,866	1,942	2,164	2,129	2,075	4,115	3,753

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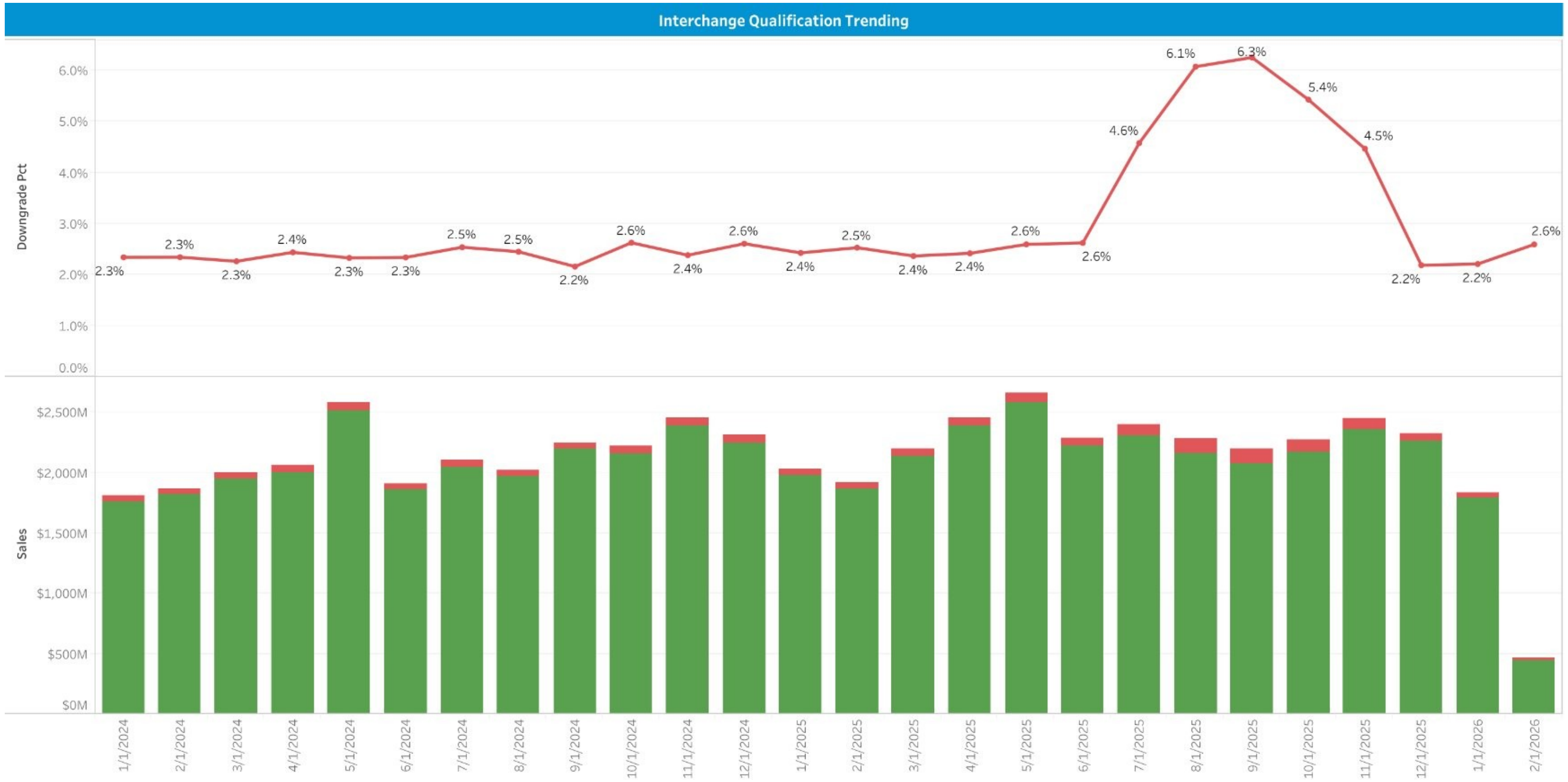
How Downgrades Quietly Destroy Payment Economics

1% increase in downgrades = ~$120K/month

Root causes:

- Missing L2/L3
- Settlement timing
- Auth-to-clearing mismatch
- MCC misclassification

Downgrades are operational failures - not random events



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Phase 2: Sustain the Savings (3-9 months)

Why Optimization Regresses - common failure modes:

- One-time consulting review
- No standardized data layer
- No monitoring cadence
- PSP-dependent insight
- Ownership ambiguity

How to Create Structural Control:

- Standardized reporting
- Daily monitoring
- Drift detection
- Defined ownership
- Cross-functional visibility

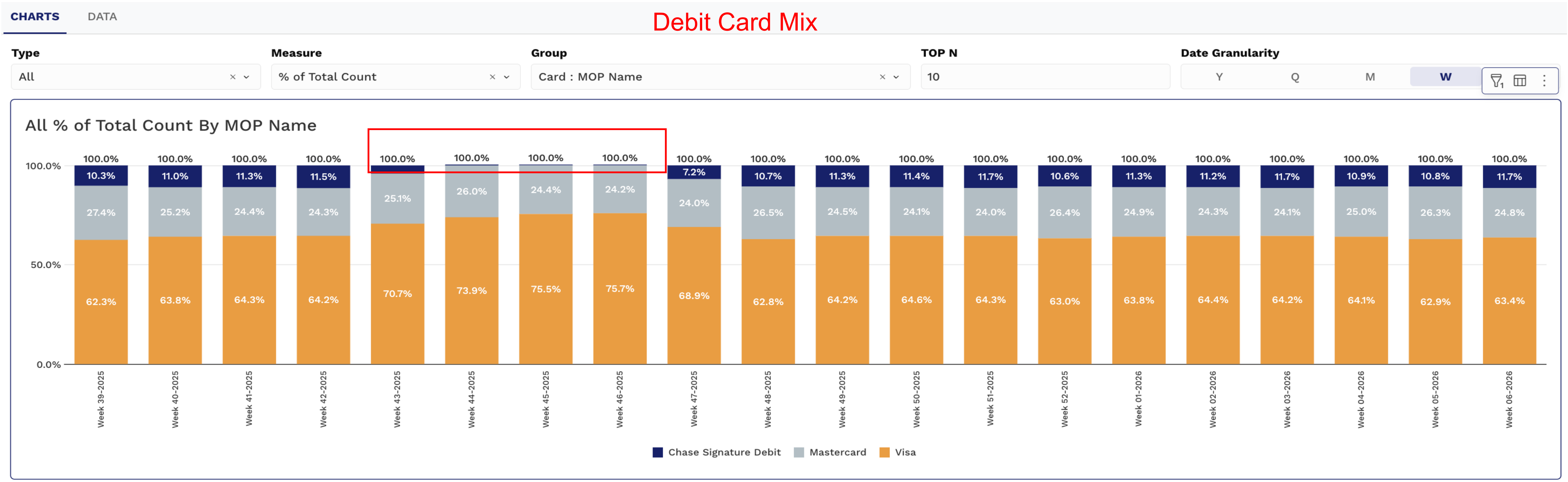
Savings become structural - not accidental.

Configuration Drift: Debit Routing Example

ChaseNet debit routing shift unnoticed >>> Effective debit cost increased

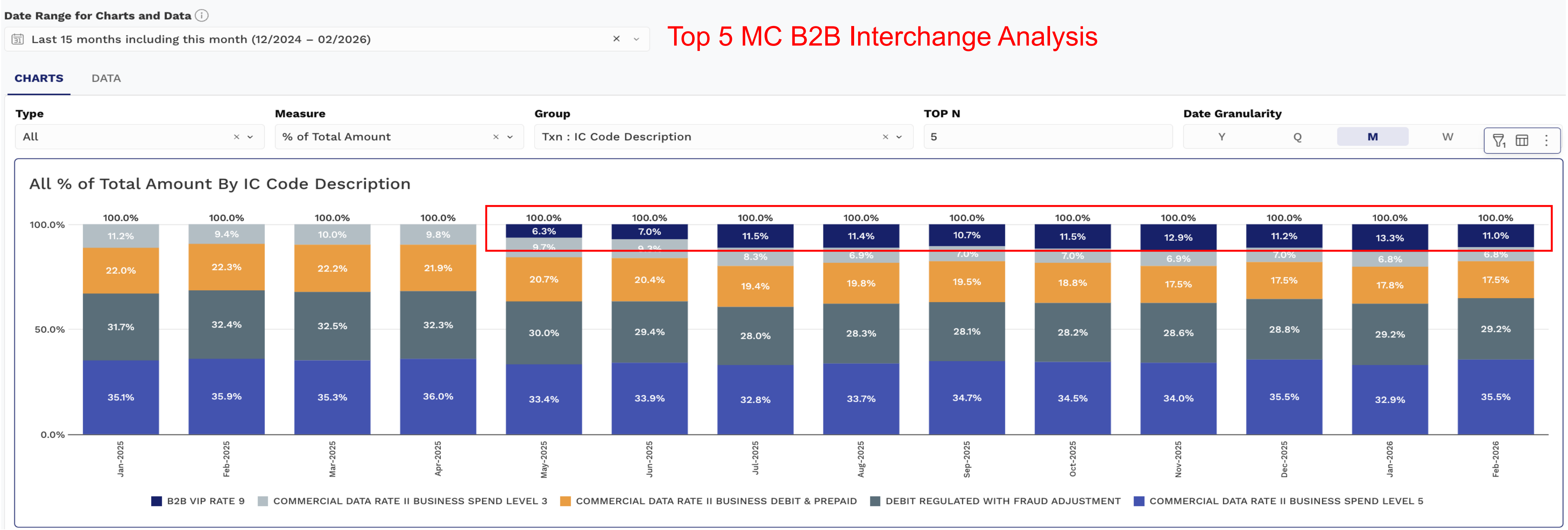
>>> Analytics flagged anomaly >>> Economics normalized

- **Monitoring prevents silent margin erosion**



New Interchange Categories = New Cost Risk

- Mastercard introduced B2B VIP Rate 9 (2.95% + $0.10) — ineligible for L2/L3 — shifting volume into a higher effective interchange category.
- Continuous mix monitoring detected the drift early, allowing exposure to be quantified and communicated.
- Without monitoring, category drift becomes a silent tax.



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Phase 3: Payments as Strategic Lever (9-24 months)

Focus areas:

- Vendor & network negotiation leverage
- Authorization strategy by issuer
- Cross-border acquiring strategy
- Scenario modeling
- Forecasting cost exposure

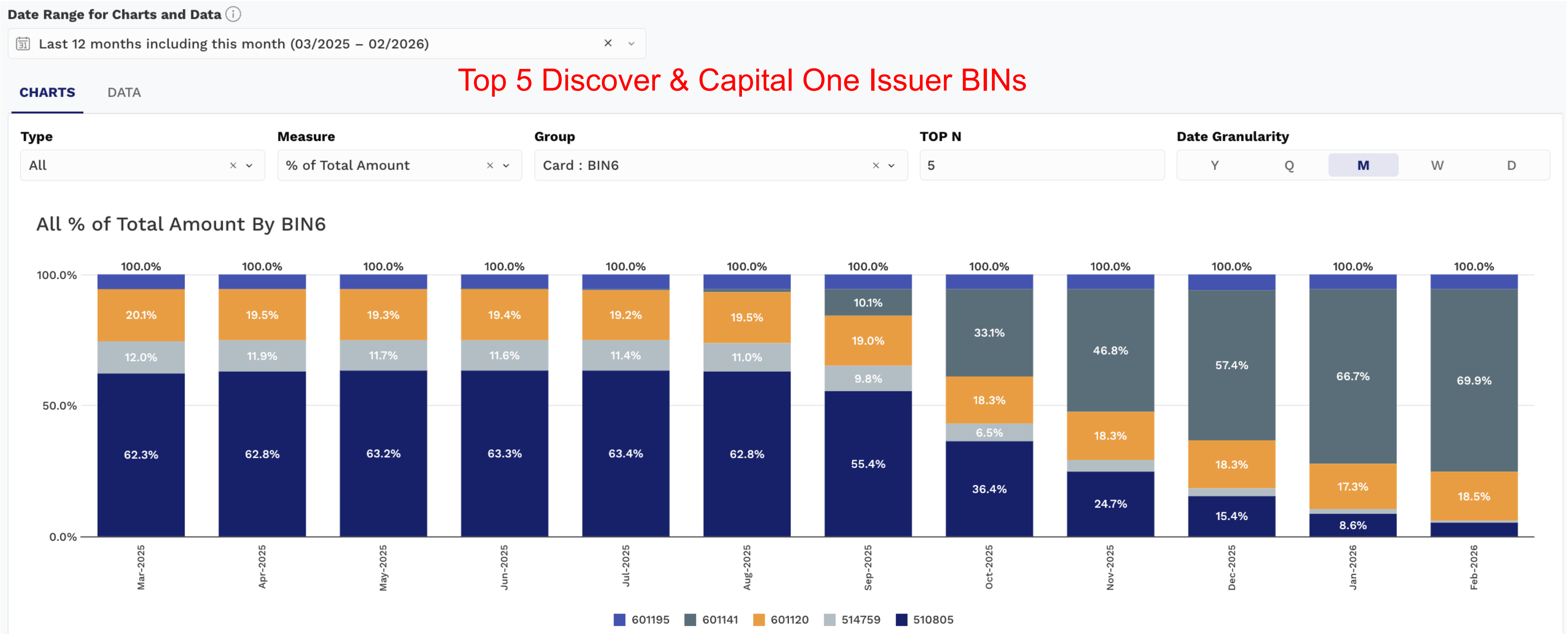
Outcome: Payments become a strategic input to planning.

BIN Migration: Issuer Strategy Impact

Regulated >>> unregulated debit migration >>> Effective cost increased

>>> BIN analytics surfaced exposure

- **Optimization must evolve with issuer behavior.**



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Where Payments Is Going

- From dashboards >>> decision systems
- From analysts >>> AI-assisted workflows
- From fragmented >>> unified

Final thought - Payments are not just a cost to minimize. They are an economic system to manage.

Thank you

Don’t forget to submit your session evaluation!

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