



PaymentsEd Forum | Boston

Your source for payments education

From Retry Logic to Real-Time Intelligence

AI in Payments Recovery

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Today's Agenda

1

Why This Matters Now

The silent revenue leak, evolving issuer behavior, and why legacy retry logic is losing ground.

2

Demystifying AI & ML in Payments

What models optimize and compliment recovery workflows.

3

The Real-World Playbook

A tale of two companies, patterns that work, and aligning recovery with customer experience.

4

Takeaways & Discussion

What to do Monday morning — plus your questions for Todd & Charlotte.

Why This Matters Now

**10–
15%**

Passive churn is a silent revenue leak

Share of recurring card payments that fail every month and drive the bulk of involuntary churn.

~70%

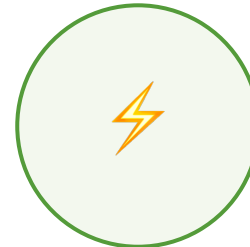
Legacy retry is losing effectiveness

Of involuntary churn is caused by failed payments, not customer intent to leave.



Issuer behavior is evolving

Network rules, fraud signals, token layers, and retry fees are all changing the math on every decline for ROI.



Efficiency > volume

More retries do not equal better outcomes — each attempt has a cost, a risk, and a customer impact.

What Has Changed in Payments



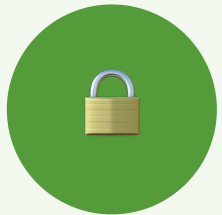
Smarter issuer decisioning

More fraud signals, more false positives, more 3DS challenges.



Network pressure & retry fees

Issuer fines, excessive-retry monitoring programs, and cost-per-attempt are rising.



Tokens & wallets everywhere

Network tokens, gateway tokens, Apple Pay, PayPal — more routes, more points of failure.



Richer data, more options

ML-driven processors, account updater, and orchestration give teams new levers — if they use them.

The Core Problem of Failures & Retries



Static retry schedule logic treats all failures the same — fixed schedules or with simple logic ignores why the decline happened.



Each failed payment has a different recovery probability — one-size-fits-all wastes your retry attempts.



Retry timing and strategy directly impact success — day, hour, and cadence can move the needle. Small wins add-up.



Retry without customer outreach leaves hard declines stranded — recovery and CX must run together.

The opportunity: retry logic that reads the context of each decline and routes the next action accordingly.

Demystifying AI vs ML

AI is the umbrella term. ML is the engine powering payments recovery today.

AI

The umbrella term

- Decision-making systems and agents
- Includes rules engines, ML, LLMs, agentic workflows, and agents
- The goal: make a better next-best action

ML

The pattern engine

- Specific models trained on historical data and real-time results
- In payments, ML predicts retry success likelihood and adjusts based on results
- Has been quietly available for 20+ years

AI/ML programs are not an “all-in project”

Start with one decline type, one model signal, one measurable outcome.

What ML Optimizes

Six decisions a model can make smarter than a fixed rule.



When to retry

Day of week, hour of day, payroll cycles, local holidays.



Whether to retry

Profile + initial response code = stop, proceed, or wait.



Number of attempts

Use the right budget of attempts and stop when marginal value turns negative.



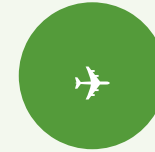
Routing & stop logic

Switch processors, other PMs, or stop when response codes signal is a dead end.



Retry amount

Full auth, or partial auth with a defined floor.



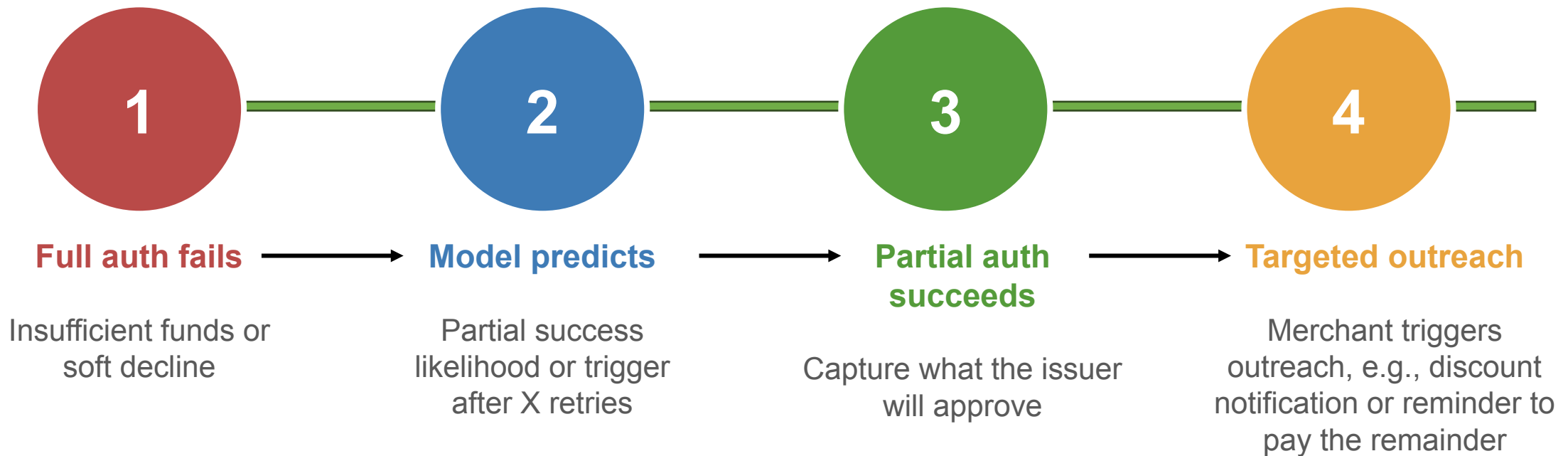
CX hand-off

Merchant actions: emails, in-app, & care completes the workflow.

Partial Authorization Strategy

When a full auth fails, a partial success beats a total loss — if paired with outreach.

Partial success + outreach can recover transactions that would otherwise fall to the floor.



A Tale of Two Companies – recovery approach

Company 1 — Hands-off

- No internal payments/fraud team
- No internal retry strategies
- Heavily reliant on 3rd party for retries
- **Auth rates < 50%**
- **High chargeback rates**
- **Expensive auths**

VS

Company 2 — All internal

- Dedicated team monitoring rates
- Developing internal retry strategies
- No 3rd-party retry optimization
- **Auth rates > 80%**
- **Low chargeback rates**
- **Transactions failing, high passive**

Where we found balance — *auth 72–75%, low chargebacks, lower passive churn*

- ✓ Dedicated team focused on optimization, compliance, cost
- ✓ Internal retry strategies by product & plan (monthly vs. annual)
- ✓ 3rd-party vendor at end of internal dunning, across products
- ✓ Happy medium between auth and settlement rates (72–75%)
- ✓ Chargebacks monitored with refund guidelines
- ✓ Lower passive churn for failed transactions

Patterns That Work



Don't retry for low-probability cases — don't attempt those that won't convert.



Dynamic retry timing — retry when the issuer/customer most likely to approve, based on your historical results into models.



Smart stop logic — read response codes & transaction costs; stop retries before marginal value turns negative.



Payment method escalation — route to the customer's other stored methods (wallet, ACH, or backup cards), along with processor routing.



Layer in outreach & messaging — know when a retry alone won't close the gap.

Aligning Payments and Retention

*Match the action to the recovery probability —
not every decline needs the same response.*

High probability

Silent retries — don't disturb the customer

- Soft declines & insufficient funds at known-good times
- Retry on predicted success windows
- Keep the CX invisible

Medium probability

Retry + messaging — invite the customer

- Banner messages at login
- Emails with pay button
- Post-dunning grace period + final attempts
- More surface options to show a pay button

Low probability

Customer intervention required

- Hard declines, card closed, lost, or fraud block
- Direct outreach to update method of payment
- Care, win-back offers, and account recovery path

Recovery and Customer Experience are aligned — one flexible strategy, not two teams.

Merchant Example: Full Retry Lifecycle

Eight practical moves that separate a recovery program from a policy.

1

Determine

What to retry based on issuer & card-brand response codes.

2

Prioritize

Hard declines first. Those need customer outreach and an PM update.

3

Offer more ways

Multiple PMs, card, ACH, direct debit, wallets, plus local options by geo location.

4

Customize

Strategies by product & plan. not one-size-fits-all.

5

Consider ML

Use partner ML solutions as a hybrid with internal rules. Compare data, evaluate risk.

6

Utilize routes

Additional processors to re-attempt failures from the primary processor.

7

Active Win-Back

After final retry, reach out with discounts or campaign offers.

8

Reactivate

Make it easy to come back, no fraud friction for returners.

Key Takeaways



More retries ≠ better outcomes

Volume adds cost and chargeback risk; precision adds revenue.



ML needs tuning & monitoring

Models drift. Watch errors and retrain on fresh data.



Issuer behavior changes

Rules and risk policies shift; your strategy must shift with them.



Org alignment is critical

Finance, payments, CX, care all rowing in the same direction.



Align payments & customer strategy

Recovery is a CX decision, not just a finance one.



Efficiency is the new KPI

Measure recovered revenue per attempt, not attempts per failure.

Q&A

Your questions, our experience — let's dig in.

Thank you

Don't forget to submit your session evaluation!

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