nuvei

Accelerating revenue growth

How incremental payment optimization can drive up to 30% revenue gains

Introduction

Imagine the thrill of a Formula 1 race.

As the lights go out and the cars accelerate down the track, each team's strategy, precision, and speed come into play. In this world, every decision, from tyre choice to pit stop timing, can be the difference between winning and trailing the grid.

In the business world, particularly in payments, this same level of strategic acumen and agility is critical.

Just as a Formula 1 team adapts to changing track conditions and rivals' tactics, businesses must navigate the complex landscape of global payments with precision and adaptability.

Whether it's capturing new markets like a team entering a new race circuit, or optimizing payment processes like fine-tuning a racing car's aerodynamics, the parallels are striking.

The allure of financial success, like the prestige of a Formula 1 victory, has always been captivating. Yet, often, the mechanisms powering these triumphs work quietly in the background, as do the engineering teams in a race garage.

In business, payments are the fuel in every transaction, propelling every sale to a customer and every disbursement to suppliers or employees.

Companies increasingly recognize the strategic importance of payments: two-thirds of businesses—and nearly four-fifths of the most digitally advanced businesses—now view payments as a vital component of their overall strategy[1].

Consider how successful companies in the business world, much like the champions of the Formula 1 grid, have differentiated their customer experience and driven revenue using innovative payment strategies.

Starbucks led the market on omni-channel commerce with Mobile Order & Pay, enabled by the powerful Starbucks Rewards program and Starbucks Card stored value program, which now has more than $1.6 billion of customer funds on deposit.

And Uber has long been the archetype for “invisible payments” by automating payment at the end of a ride, which has enabled it to re-invent ground transportation and capture 25% share of the global taxi and ride-hailing industry.

[1] 451 Research Study: Voice of the Enterprise via Forbes: https://www.forbes.com/sites/jordanmckee/2023/01/09/payments-a-tool-for-driving-growth-during-an-economic-downturn/

The story is the same outside of North America: companies like Grab in Southeast Asia and Rappi in Latin America have been able to rapidly grow and expand across borders through their digital payments infrastructure and thoughtful localization.

It's clear from these examples that some well-known brands have been able to leverage payments to transform their business. But we believe any merchant can leverage payments optimization as a revenue accelerator – and those that rely on old ways of doing business risk falling behind.

To shed light on this topic, Nuvei shares insights from an executive survey of more than 300 merchants around the world, and qualitative insight from twenty payments leaders across the biggest merchants across various sectors.

See the Research Methodology section for more details. This effort aimed to uncover the strategies that can positively impact any merchant's bottom line. However, achieving this growth isn't straightforward – there is no one magic bullet.

The impact of individual payments wins is often measured in basis points, but basis points add up to percentage points.

30%
potential revenue uplift from optimizing your payments

Merchants should consider five key strategies where even subtle changes can make a significant impact:

1 Localize payment experience	**2 Amplify purchasing power**	**3 Design a smooth payment UX**
4 Optimize payment metrics	**5 Master customer data**	

While merchants may not need to check every box on this list, it's critical they start making holistic updates to their payments operations now.

Not doing so puts them at risk of getting left behind as consumers come to expect a modern payment experience.

Let's look at each of these strategies in more detail and discuss steps your business can take to leverage payments optimization as a revenue accelerator.

Localize payment experience

Think of payment methods as different racing tracks in Formula 1. Just as a driver needs to understand the unique characteristics of each circuit to perform well, customers need payment options that they are familiar with. A mismatch in this understanding can severely hinder the customer experience.

Similar to how a Formula 1 team meticulously prepares for each Grand Prix, considering each track's nuances, merchants need to adapt to their customers' payment preferences in all regions they do business in.

That means merchants need to adapt to customers' payment preferences, including how they pay, what currency they're paying in, and when they're paying, among other characteristics.

When designing payment experiences, merchants face a decision akin to a Formula 1 team choosing its race strategy. They can either focus deeply on a specific market, similar to a team specializing in certain tracks, fully immersing themselves in the local payment landscape and leading in payment innovations.

Or, they can go "broad", like a team preparing for a variety of tracks, by accommodating diverse payment preferences across different cultures.

Here, merchants would focus on providing a diverse range of payment methods to cater to the unique preferences of customers across different geographies.

This entails understanding and offering region-specific payment options, currency accommodations, and localized payment experiences.

Of course, the most ambitious merchants, might choose to do both – making their mark deeply within a market while also casting a wide net to cater to a global audience.

The key is to understand your audience and ensure that your payment narrative resonates clearly with them.

INTRODUCTION
LOCALIZE PAYMENT EXPERIENCE
AMPLIFY PURCHASING POWER
DESIGN A SMOOTH PAYMENT UX
OPTIMIZE PAYMENT METRICS
MASTER CUSTOMER DATA
CONCLUSION
RESEARCH METHODOLOGY

The rise of Alternative Payment Methods

Merchants have a large menu of payment tools that they can use to provide more options to customers in their home markets. The evolving world of digital payments has birthed alternatives like digital wallets (like GooglePay and Apple Pay), TPSPs facilitating account-to-account (A2A) bank payments, and Buy Now Pay Later (BNPL) lenders. These APMs are rapidly gaining traction.

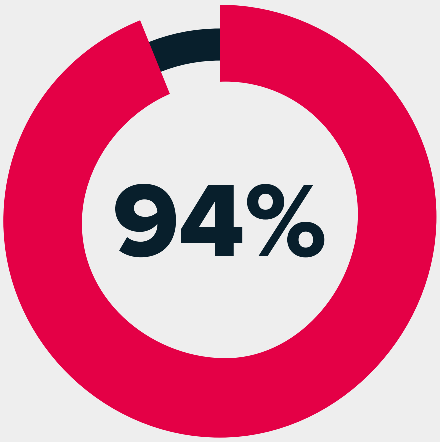
The survey's data shows that 94% of merchants now accept at least one APM, with 35% incorporating all three types.

Digital wallets have proven impactful with merchants observing significant upticks in conversion rates after their introduction. But what quantifiable evidence is there that increasing payment options drives revenue?

A notable 33% of merchants surveyed identified the use of digital wallets as the primary driver for sales growth.

Moreover, 22% echoed the benefits of integrating additional alternative payment methods. The Subscribed Institute's findings further bolster this, revealing businesses that accepted over five payment methods saw a 4% revenue growth bump compared to those with fewer options[2].

[2] The Subscribed Institute via FT. https://www.ftstrategies.com/en-gb/insights/how-the-ft-thinks-about-making-payments-as-frictionless-as-possible-for-its-consumers/



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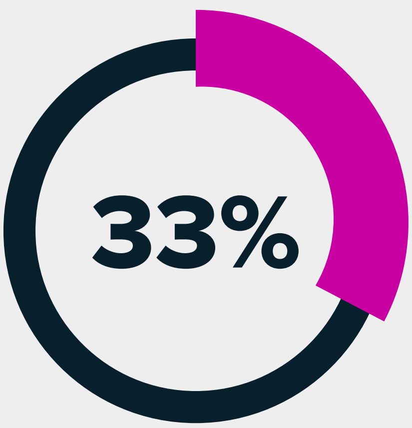

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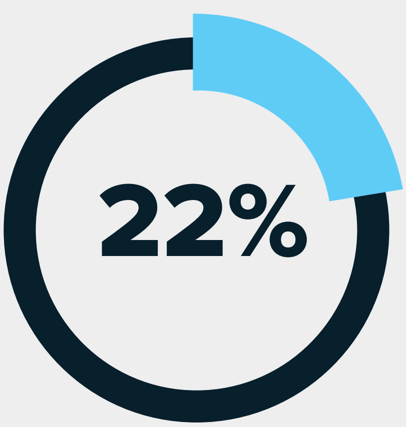

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Use payments to solve customer needs

A former Chief Digital Officer of the largest convenience store chain in the world shared how their company leveraged alternative payment methods to unlock incremental growth in the US **- by working backwards from a clear understanding of customer needs.**

When this well-known brand tried to get people to load money into a stored value account to reduce its own payments costs, they didn't see much traction but, when they looked at customer pain points, they found product-market fit.

"Cash customers are often left out" of digital commerce, including the ability to order local deliveries, so adding the ability to load cash at the POS provided a digital payments onramp for unbanked customers.

"We gave incentives to people to load funds, even if was just cash over the counter," and found that helped create new habits.

"If people use a solution three times, there's a 90% chance they stick with it," according to this payments executive. The convenience store chain also found there were opportunities to apply practices common in cross-border selling at home:

"When we really looked at who our customers are, we found that in American cities there were large Chinese populations. By providing the international payment methods that people in those communities were familiar with, we were able to capture their business."

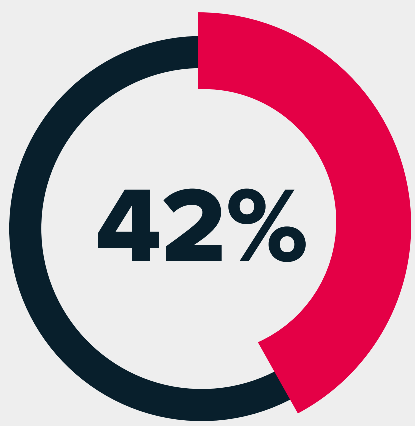
The business impact of these payments innovations was more frequent purchases, lower costs per transaction, and increased throughput in stores thanks to mobile payment tools, all of which added up to a more than 2x return on investment from the program.

Meeting the challenges of global commerce

In serving international customers, the Head of Payments at Patreon, made a crucial observation: “You can’t force people to pay in a method they don’t have.” For merchants to succeed in each market, it's pivotal to align with consumer expectations. But this seemingly simple idea is riddled with intricacies. A significant 42% of merchants surveyed described localization as a pressing challenge.

A former Head of Global Payment Partnerships for a ride-sharing network spoke about expanding into Latin America and trying to serve consumers that did not have payment cards. “Way back in 2015, there were not as many non-card digital payment options either, so we enabled our drivers to accept cash. While less than ideal from an operational perspective, it was a necessity from a sales perspective.”

That ride-sharing network had never accepted cash before and it was a counter-intuitive move for a technology company focused on rapidly growing without adding lots of operational complexity, but that was a key move to unlocking growth in foreign markets that worked very differently than the U.S. and Canada.



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Global payments require global partners with local expertise

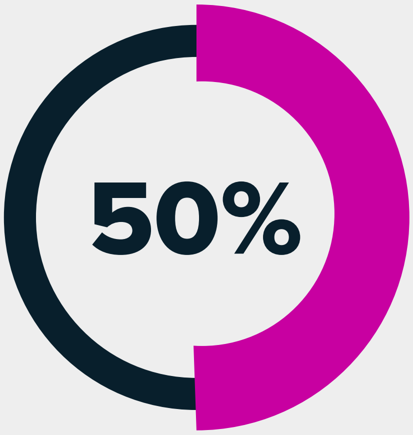
To tailor their commerce experiences for each market, multi-national merchants must translate product and payment pages into local languages, adjusting the payments flow and security rules to match market norms, and offer locally popular payment methods. Partnerships with global payments providers offer merchants the ability to access these capabilities.

According to the research, almost 50% of multi-national merchants actively seek partnerships with a local provider. Another 44% reported adding regional payment methods via an existing payment acceptance partner.

Many merchants (especially in digital goods, travel, and services) go a step further and use managed merchant of record solutions to sell as a local merchant and clear payments locally without creating a local legal entity or physical presence. This approach can unlock measurable and meaningful improvements in payment success rates.

As you look at your own business, think about whether you are offering international customers as familiar of an experience as companies based in their market.

Are you asking your customers to change how they shop and pay to suit you, or are you making an effort to make them feel at home?



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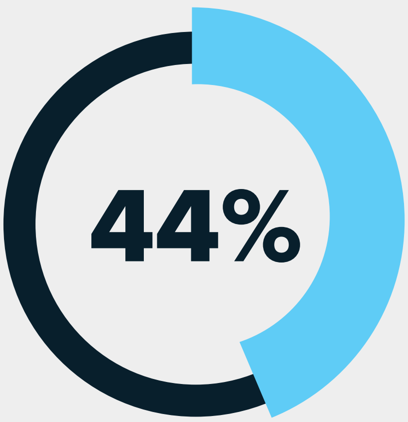

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WESTJET

CASE STUDY | **Removing blockers to international expansion**

WestJet, a top-ten North American airline serving over 25 million passengers a year, partnered with Nuvei to help solve unique payments compliance issues that were inhibiting WestJet's international expansion. While WestJet had historically operated flights domestically within Canada, the airline began to expand its overseas operations with the addition of new routes to Ireland and the United Kingdom in 2014.

As WestJet began to accept Euro and Pound transactions, the airline uncovered a critical operational compliance challenge which prevented the airline from easily accepting new currencies, critical to international expansion efforts.

After working with several providers to no avail for over a year, WestJet was introduced to Nuvei as a potential partner who could deliver a compliance solution, as well as uncover additional payments efficiency opportunities.

Within a matter of months, Nuvei solved WestJet's compliance issue and prevented WestJet from incurring significant penalties from a payment card association. With Nuvei's robust payments platform, skillsets, and dedicated support, Nuvei was able to quickly identify the root cause of WestJet's compliance issue, remediate their noncompliance, and has since supported WestJet's payments operations as the airline has continued to expand internally into Asia, Western Europe and beyond.

Nuvei's ability to step in at the last second and work within WestJet's existing payment ecosystem prevented substantial revenue loss for WestJet. Nuvei continues to be a key partner for WestJet as the airline continues to expand its international operations, with monthly check-ins with WestJet payments leaders to collaborate and proactively identify solutions to improve and scale payments operations and capabilities.

Building your payments scorecard

The benefits of localization aren't just theoretical. Real-world experiences of various industry operators suggest revenue gains of 5%, 10%, and even up to 20% by enhancing the payment experience through localization strategies.

Diversifying payment methods and tailoring them to local markets are crucial strategies for boosting sales and fostering customer satisfaction. By understanding customers' preferred payment methods, currencies, and languages, merchants can enhance the purchasing experience, increase conversion rates, and ultimately drive revenue growth.

5% to 20%

revenue gains to be made by enhancing payment experiences

PAYMENTS OPTIMIZATION	EST. REVENUE UPLIFT*	METRICS FOR TRACKING	DIFFICULTY
Adding APMs beyond major card brands (e.g. regional card networks and A2A schemes)	3% - 4% ↑	Conversion Rate Transaction Attempt Rate First-time Transaction Success Rate	3/5
Implement digital wallet functionality (e.g. PayPal, Apple Pay, Google Pay, etc)	3% - 5% ↑	Conversion Rate Transaction Attempt Rate First-time Transaction Success Rate	2/5
Adapt the payments experience to new markets (e.g. Interfaces, Currencies, Merchant of Record, etc)	2% - 10% ↑**	Conversion Rate Transaction Attempt Rate First-time Transaction Success Rate Transaction Error Rate	5/5

↑ Total = 8% - 19%

* Estimated revenue uplift is calculated according to merchant reported revenue impact. Actual revenue uplift will vary by business based on factors such as industry, geography, implementation CX/UX experience, etc. Because of these additional factors, Nuvei cannot guarantee all merchants will achieve revenue uplift within the estimated range.

** Localization revenue uplift estimates are based on reported impacted of a combination of features and interviews with payment experts who've witnessed the benefits of localization firsthand.

Amplify purchasing power

Navigating life's expenses

The success of a Formula 1 team doesn't hinge entirely on its drivers. Reality is far from it. Each of the drivers rely heavily on their teams, their strategic decisioning and the build of the car to reach success.

Support is crucial in Formula 1 and in the real world, through life's unpredictable journey, everyone has expenses.

Whether it's a significant life event, such as buying a home or funding higher education, or unexpected challenges like emergency medical bills or urgent car repairs, financial burdens can loom large. Income or savings aren't always available at the right time. In these moments, it's not uncommon for people to need financial assistance to move forward.

Borrowing money and easier access to earnings can provide the necessary lifeline to navigate these financial hurdles, ensuring that life's milestones and surprises don't become insurmountable obstacles.

Companies that are helping their customers overcome life's obstacles with the aid of embedded financing services (e.g., alternative credit, enhance payout controls) are quickly attracting the attention of consumers, commercial buyers, and investors. Just as credit cards were revolutionary in democratizing credit, embedded financing is quickly being recognized as a major innovation offer adopters significant commercial advantages.

Since the 1970s, credit cards have become a significant credit facilitator of commerce. They help people smooth out their monthly expenses and they provide easy access to short-term credit. However, they aren't suitable for everyone. Some people can't get a credit card because of their financial history and other people just don't want to deal with the perceived complexity of a revolving line of credit.

Types of embedded finance

Just as a Formula 1 driver might need advanced technology or a team's strategic guidance to succeed on the track, consumers sometimes require flexible payment options to fulfill their desires. But how can businesses provide these 'strategic tools'? Embedded finance stands out as the answer when easy-to-use payment methods just aren't enough.

Embedded finance offerings like point-of-sale credit enable customers to move forward with their purchase today and can also influence decisions on big-ticket items. One clothing and décor website reported that customers who used BNPL often spent 80% more than customers who did not use BNPL and returned to shop more frequently.

Popular embedded finance options include BNPL products andmerchant-managed installment plans. Merchants considering these different financing products should consider that each operates slightly differently.

+80%

potential cart value increase by introducing BNPL

BNPL (Buy Now, Pay Later)

Description:

BNPL allows consumers to purchase items immediately and pay for them in installments over a set period of time.

Short-term installment plans tend to be free of interest while longer-term plans (6-24 months) typically do require the consumer to pay some amount of interest.

Potential Impact:

Merchants who offer BNPL report seeing increased conversion rate, increased average order size, and higher shopping frequency.

Potential Partners:

Leading BNPL providers include Klarna, Clearpay and Afterpay and others.

Considerations for Merchants:

1. **Attracts a broader range of customers, especially those who might not have access to traditional credit.**
2. **BNPL providers can provide an incremental channel for marketing/offers.**
3. **Limited risk if customers default on payments.**
4. **Merchant fees typically higher than cards.**

Merchant-managed installments

Description:

This is when a merchant directly offers installment payment options to customers, managing the financing, credit risk and billing internally or with the help of a third-party provider.

Potential impact:

Merchants who offer in-house installments report seeing increased conversion rate, increased average order size, and overall higher revenue.

Potential partners:

White-label installment providers include SplitIt, Paythen, and others.

Considerations for merchants:

1. **Higher control over customer data and experience.**
2. **Potentially lower fees than BNPL services.**
3. **Delayed receipt of funds and full credit risk exposure.**
4. **May require complex configuration of SaaS tools or investment in in-house infrastructure.**

zalando

CASE STUDY | Accelerating growth through "Try First, Pay Later"

Zalando, a leading German fashion marketplace, has long valued investment in payments as an accelerator. Even prior to the explosion of Buy Now Pay Later platforms such as Klarna in the late 2010s, "open invoice" had been the predominant preferred payment method in Germany.

Zalando, as one of the leading ecommerce platforms in Germany, not only supports this method but acknowledges it as a strategic priority for its business. It went as far to stand up a separate business unit, Zalando Payments, whose VP directly reports to the group CFO – and it invested heavily in optimizing payments for its customers and its clients.

Where other platforms enabled payment by invoice, Zalando Payments embraced it. One example – boldly realizing the cost/benefit of supporting deferred payments for much riskier transactions than their competition and building in-house AI risk management capabilities to assess credit more accurately.

Another, entirely detaching the payment process from the transaction flow in an offering dubbed "Try First Pay Later," letting approved customers select and execute any payment method, not just credit card, after trying on their items.

Initiatives like these demonstrate how Zalando recognized the specific cultural appetite for deferred payments in Germany and committed to it as a value driver, not a cost center. They paved Zalando's way to becoming one of Germany's, and Europe's, leading fashion retailers despite only launching in 2008.

Building your payments scorecard

It's clear that embedded finance offers merchants a potent tool to enhance revenue and profitability.

By catering to consumers' immediate financial needs and preferences, these tailored solutions can boost purchase conversion rates, increase average order sizes, and foster greater customer loyalty.

PAYMENTS OPTIMIZATION	EST. REVENUE UPLIFT*	METRICS FOR TRACKING	DIFFICULTY
Provide embedded financing solutions (e.g. BNPL, Installments)	2% - 3% ↑	Conversion Rate Transaction Attempt Rate First-time Transaction Success Rate Chargeback Rate	4/5
↑ **Total = 2% - 3%**			

* Estimated revenue uplift is calculated according to merchant reported revenue impact. Actual revenue uplift will vary by business based on factors such as industry, geography, implementation CX/UX experience, etc. Because of these additional factors, Nuvei cannot guarantee all merchants will achieve revenue uplift within the estimated range.

Design a smooth payment UX

The art of the sale: navigating the conversion funnel

Just as a Formula 1 race can lose its excitement with unnecessary pit stops and strategic errors, so can a shopping journey lose customers with unnecessary complexity or confusing design. When a customer experience becomes too convoluted, shoppers disconnect, losing the engagement that keeps them invested in the purchase.

Similarly, when shoppers face a cumbersome payment experience, they often abandon their carts, detaching from what could have been a rewarding purchase. In both scenarios, simplicity and clarity are key to ensuring a memorable and satisfying conclusion.

Our research found many merchants (over 40%) measure their conversion rate to determine the percentage of users who successfully complete a purchase.

And the results are not always good: while shopper conversion rates vary widely by industry, the Baymard Institute estimates that

online shoppers abandon nearly 70% of shopping carts.

This is a dramatic figure, but it is also not a very practical metric. Merchants keen on optimizing their revenue should consider a more granular approach to measuring conversion by dissecting the various stages of the customer shopping journey.

[3] https://baymard.com/lists/cart-abandonment-rate

By doing so, they can gain invaluable insights into specific points where potential customers might be losing interest or facing challenges.

- How many shoppers load a product page?
- How many shoppers add products to their shopping cart?
- How many shoppers view their shopping cart?
- How many shoppers click “pay”?
- How many transaction attempts are successfully completed?
- How many sales result in disputes or chargebacks?

This segmented analysis offers merchants the opportunity to precisely pinpoint friction points or bottlenecks that could be hampering the conversion process. For instance, if a significant number of customers load their shopping cart but do not click “pay,” there might be concerns regarding additional fees or available payment methods that need to be addressed.

Similarly, if there's a drop between clicking on “pay” and payment success, it could indicate issues with the merchant’s payment processor integration or message formatting. By compartmentalizing the conversion journey, merchants can implement targeted strategies to enhance each phase and deliver a better customer experience.

Decoding the checkout journey: where shoppers disconnect

To get a more practical understanding of conversion rate issues, merchants were asked to identify where in the buying journey were customers most likely to abandon their cart.

Merchants reported that a huge 70% of overall cart abandonment happens after the customer enters the transaction flow.

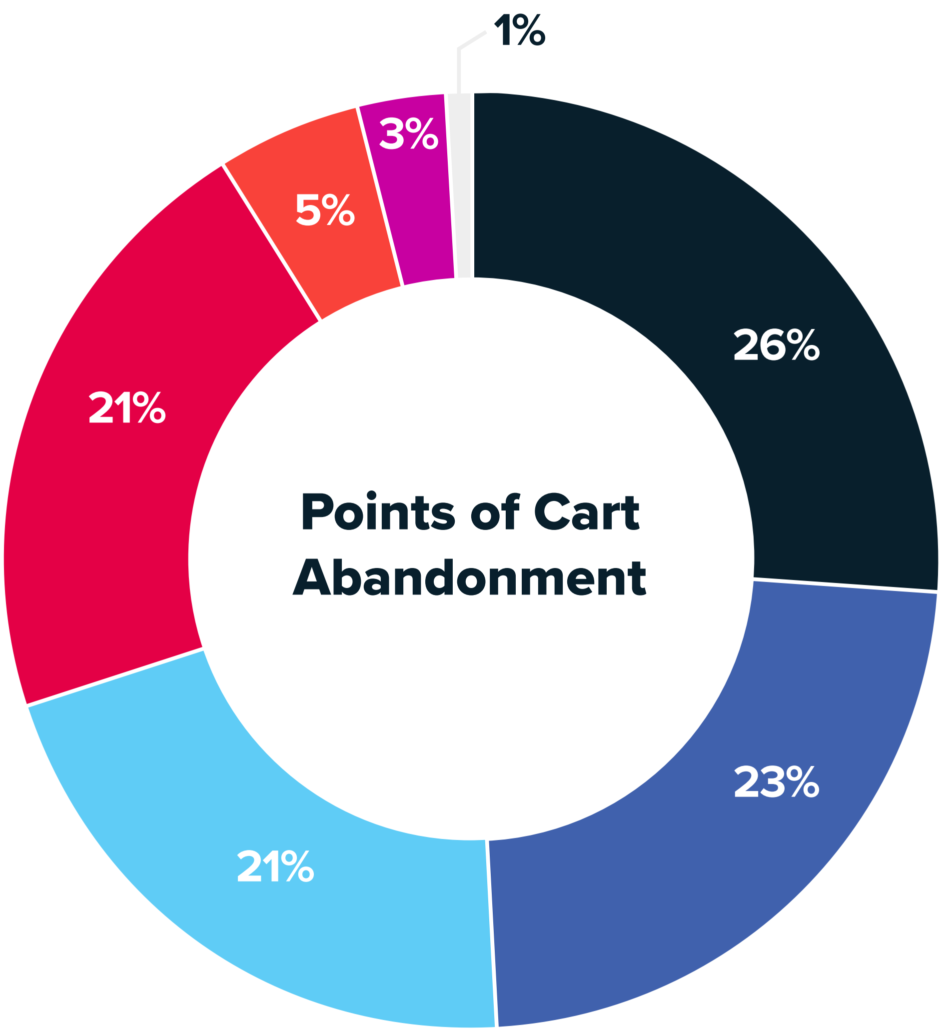
70%

of overall cart abandonment happens after the customer enters the transaction flow

FIGURE 1 | **Drivers of cart abandonment**

RESEARCH QUESTION:

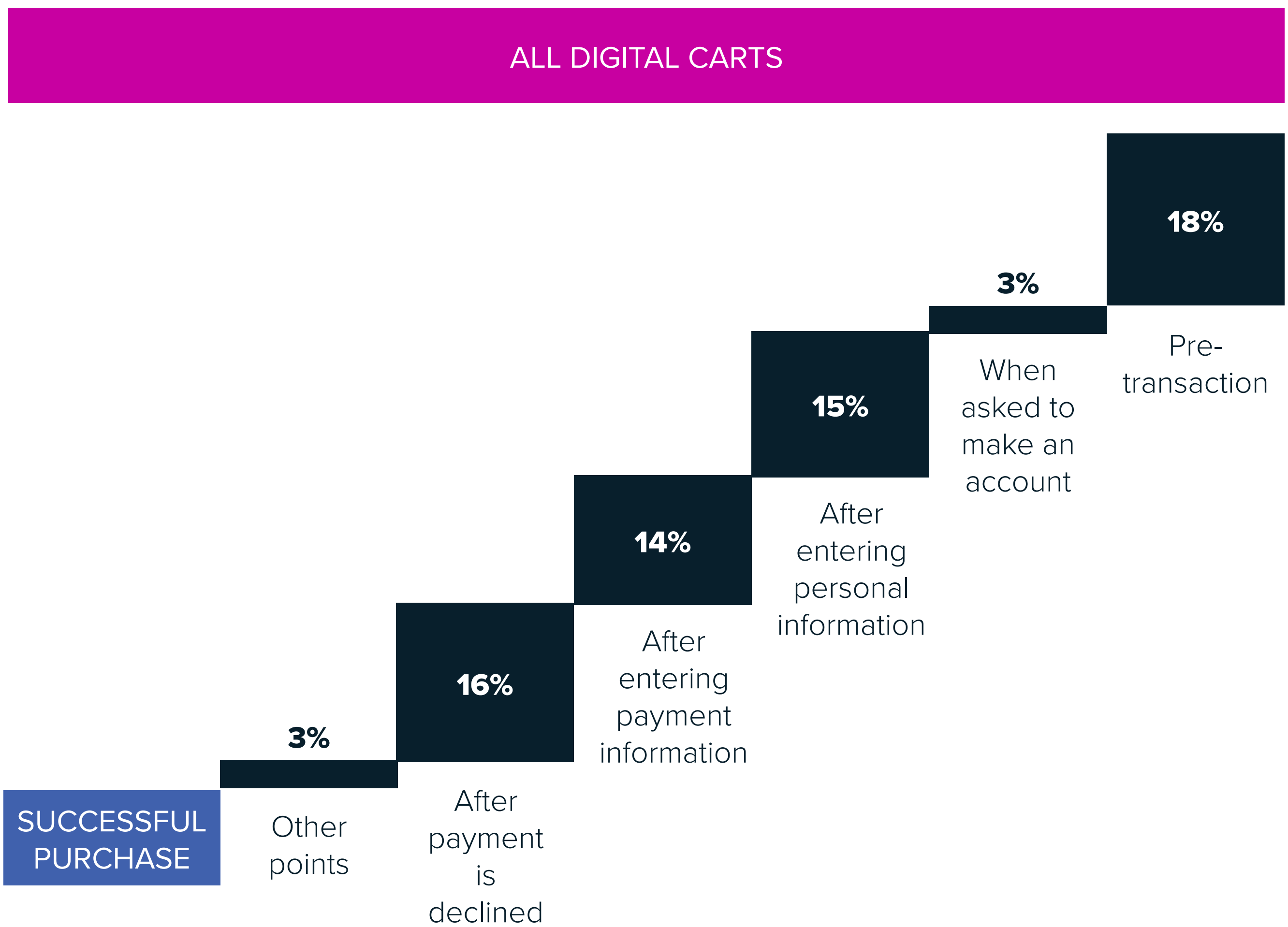
At what point of the transaction flow are your customers most likely to abandon their cart?



KEY:

- After adding items to cart or taking other actions, pre-transaction
- After payment is declined / other error message
- After entering personal information (e.g. address)
- After entering payment information
- When prompted to sign in or up for a loyalty / merchant account
- I don't know
- Other

FIGURE 2 | **Drivers of cart abandonment**



Clean-up on aisle three: tactics to streamline the buying journey

To improve transaction performance, merchants should invest in three areas: removing friction, providing relevant payment and financing options, and minimizing errors or delays in the experience.

1. **Low-friction payment paths:**
By the time a customer has entered the transaction process, they have signaled very high intent and desire to complete their purchase – so make it easy for them! Enabling autofill via browser plug-ins, digital wallets, and express payment options reduces the burden on the customer. Customers can complete a one-time purchase without creating an account, which they may not want to do, and browser autofill functionality eliminates the need to fill out twenty fields. Express payment options like Apple Pay or Shop Pay let customers effectively skip the entire merchant payment process and address the anxiety some customers have with disclosing sensitive payment details.

2. **Relevant payment and financing choices:**
As discussed in sections 1 and 2 of this paper, merchants must anticipate and support the payment preferences of their target audience. That can mean different payment and financing options depending on where a customer lives and what they are buying. Merchants should test different options to prioritize the most relevant ones because offering too many payment options can add complexity and be counterproductive.

42%

of merchants cite that most carts are abandoned at point of giving payment info

3. **Ensuring promptness and accuracy:**
Errors and delays are a big driver of cart abandonment. Almost a quarter of merchants said that their customers primarily abandoned carts following error messages and 31% of merchants listed “slow transaction time” as one of the top three most common pieces of customer feedback they’d received. This is troublesome because nearly a third of consumers expect an online transaction duration of less than two minutes and two-thirds of consumers expect it to be under four minutes, according to Capterra’s Online Shopping Survey[4]. In a world where consumers have many choices of where to buy and have been conditioned to expect instantaneous gratification, the payment experience is a make-or-break moment.

31%

of merchants cited slow transaction time as common feedback

[4] https://www.capterra.com/resources/online-checkout/

Merchants are making many investments in their payment experience to reduce friction and improve conversion, according to the survey.

SHARE OF MERCHANTS REPORTING A POSITIVE IMPACT ON CONVERSION RATES

Feature Enhancement	% of Merchants	Friction Reduction				
		Saves Time	Reduces Errors	Avoids Confusion	Enhances Buying Power	Builds Trust
One-Click Payment	95%	✓	✓			
Stored Payment Method	84%	✓	✓			
Guest Checkout	83%	✓				
Offering APMs	81%			✓	✓	✓
Offering Digital Wallets	81%	✓	✓	✓	✓	✓
Ecommerce Services (e.g. Shopify)	80%	✓				
Subscription Payments	80%	✓				
Self-Checkout (in-person)	78%	✓				
Split Payments	75%	✓	✓		✓	✓
Embedded Finance	72%				✓	
Autofill and Address Verification	70%	✓	✓			

After the sale: digital payouts

Digital payment solutions and streamlined experiences are not only relevant to the collection of money from customers. They also play a role in disbursing funds for use cases like refunds, rebates, insurance claims, gig economy payouts, employee payroll and expense reimbursements and many other activities.

Digital payout solutions enable businesses to realize more integrated, efficient, and secure ways to manage financial flows – and new revenue streams. One of the primary advantages of digital payout solutions is their ability to improve efficiency. Traditional disbursement methods, such as checks or bank transfers, are often time-consuming and prone to errors, especially in an international / cross-border context.

Digital payout solutions, on the other hand, can be initiated programmatically and often processed in real-time with little to no manual inputs. This approach not only saves time but also reduces operational costs.

Another significant reason for businesses to invest in digital payout solutions is the meaningful customer demand for faster payments.

The Federal Reserve recently found that most U.S. businesses (83%)[5] and most consumers (75%)[6] are already using faster payments, and most (about two-thirds of businesses and consumers alike) say they are likely to use faster payments more often in the future.

[5] https://fedpaymentsimprovement.org/wp-content/uploads/051823-business-research-brief.pdf
[6] https://fedpaymentsimprovement.org/wp-content/uploads/051823-consumer-research-brief-1.pdf
[7] https://www.pymnts.com/news/faster-payments/2021/consumers-willing-to-pay-to-receive-instant-payouts/

Companies are reaping benefits from working with modern payment processors to enable digital payout experiences to both consumers and businesses.

In the consumer world, for example, companies like Airbnb, Cash App and Robinhood now offer instant payouts for a fee (typically 1-2% of the payment value) and, according to a 2021 survey,

about one-third of U.S. consumers said they would pay to receive their money faster[7].

In the business world, thousands of companies are using digital payout solutions to enable earned wage access and instant reimbursement of expenses if employees provide sufficient documentation to ensure compliance with applicable policies.

Building your payments scorecard

In review, there are many ways to reduce friction for your customers.

These features compound to shave valuable seconds and minutes off transaction times and reduce opportunity for payment errors, ultimately generating a streamlined experience.

PAYMENTS OPTIMIZATION	EST. REVENUE UPLIFT*	METRICS FOR TRACKING		DIFFICULTY
Incorporate buy buttons / oneclick solutions	4% - 6% ↑	Conversion Rate Transaction Attempt Rate	Cart Abandonment Rate	3/5
Incorporate ecommerce services (e.g. Shopify)	2% - 3% ↑	Conversion Rate Transaction Attempt Rate	Cart Abandonment Rate	1/5
Implement split payments or flexible payments capabilities	2% - 3% ↑	Conversion Rate Average Order Value	Fraud Prevention Rate Chargeback Rate	4/5
Incorporate guest checkout capabilities	1% - 2% ↑	Conversion Rate Transaction Attempt Rate	Cart Abandonment Rate	2/5
Implement stored payment methods	1% - 2% ↑	Transaction Speed Conversion Rate	Retention Rate	2/5
Enable subscriptions / recurring payments	1% - 2% ↑	Conversion Rate Average Order Value First Time Payment Success Rate	Authorization Rate Payment System Uptime Transcation Error Rate	3/5
Enable autofil and address verification	1% - 2% ↑	Conversion Rate First Time Payment Attempt / Success Rates	Transaction Speed	2/5
Offer cashierless or self-checkout	1% - 2% ↑	Conversion Rate First Time Payment Attempt / Success Rates	Net Promoter Score Average Order Value Fraud Prevention Rate	5/5
↑ Total = 10% - 20%**				

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** Some features have overlapping benefits and may result in smaller marginal returns when multiple features are enabled (e.g. stored payment methods and ecommerce services)

Optimize payment metrics

Behind the paddock

Our discussion thus far has focused on how to improve the customer experience to drive sales before and during the payment process, but what about after the consumer hits submit? What can go wrong in those few seconds while a consumer is waiting for a payment confirmation?

Well, the answer is a lot. Authorization issues, time outs, system availability issues and more can cause a customer to receive a false decline.

It's like if you were to click on a live stream of your home Grand Prix, only to have it buffer indefinitely or receive a connection error. You still want to watch the race, so you switch to a different streaming service.

Between 30-40% of authenticated transactions for ecommerce merchants in Europe are declined and 20-40% of those declines resulting in a fully lost transaction.

A Director of Global Payment Strategy at a leading digital travel agency shared that they had seen declines be as high as 1 in 6 transactions in some markets. During these events they knew many of these were false but could not immediately resolve the issue; as a result, this merchant knew they were losing millions of dollars of sales to other sites.

Merchants often classify false declines as an inherent cost of fraud prevention, which generally stands as their primary concern. But what if merchants have their priorities mixed up? While preventing fraud is important from both a cost and a reputational perspective, merchants may be over-valuing it compared to dollars lost to false declines.

[8] https://ekata.com/blog/ecommerce-fraud-trends-and-statistics-merchants-need-to-know-in-2023/
[9] https://www.forter.com/blog/do-you-have-a-problem-with-false-declines/#:~:text=3%20minute%20read-,While%20the%20purchasing%20journey%20presents%20many%20opportunities%20for%20fraudsters%20to,than%20they%20do%20to%20fraud.

Our research estimates that European ecommerce retailors could lose around $25B this year just to false declines, but only around $12B to fraud.

The fraud prevention vendor Forter has an even more dramatic estimate: they believe that in 2021 that merchants may have lost up to 75 times more revenue to false declines than fraud[9].

30% to 40%

number of declined transactions in Europe

20% to 40%

number of these declines that result in a fully lost transaction

Strategies for profitable and secure transactions

About half of the merchants surveyed reported difficulty balancing fraud prevention with customer experience. While this fear is legitimate since fraudsters excel at picking off the low hanging fruit, it should not be paralyzing.

Merchants can use several tactics to inform and balance their payments equation:

- **Optimize around maximizing profitability; everything else is an "input metric"**
- **Enhance real-time metric monitoring**
- **Authenticate customers when in doubt (or required by law)**
- **Develop partnerships with providers who proactively look for fraud and false decline trends**

FIGURE 3 | **How merchants are using payment features to optimize payments metrics**

PAYMENT FEATURES INCORPORATED	AUTH RATE	FRAUD PREVENTION RATE	CHARGEBACK RATE	COMMENTARY
Stored payment	76%	70%	52%	These payment features require additional authentication methods to use (e.g. biometrics, PIN, password) which is why they improve network authorization rates and reduce fraud.
Digital wallets	71%	73%	69%	
One-click payment	71%	60%	66%	
Additional payment methods beyond card	76%	61%	64%	APMs like A2A typically require bank account verification, which have a higher success rate. Adding multiple payment methods means consumers have more options is one method does not work.
Personalization of the payment experience	69%	64%	63%	Personalization can help merchants prioritize payment methods with the best authorization rates, without compromising security.
Split / partial payment methods	68%	54%	56%	Split Payments and Embedded Finance improve authorization by granting consumers easier access to credit and partial authorizations to avoid hard declines. Note, Split Payments rarely increase fraud rates, whereas Embedded Financing opens merchants to additional avenues of identity theft.
Embedded financing / BNPL	68%	47%	48%	
Ecommerce services (e.g. Shopify)	64%	59%	68%	Oddly, ecommece services do not have the same level of positive impact on authorization or fraud prevention as stored payments, digital wallets and one-click. This may be because it requires third-party integration that can result in more errors.

PAYMENT FEATURES INCORPORATED	AUTH RATE	FRAUD PREVENTION RATE	CHARGEBACK RATE	COMMENTARY
Subscriptions / recurring payments	63%	59%	43%	Subscription payments are passive, so authorization rates suffer when consumers receive new payment credentials. One merchant reported that subscriptions have lower authorization rates than non-subscription transactions, because a failed subscription authentication automatically initiates several retries.
Guest checkout	50%	59%	52%	Guest checkout reduces friction for consumers, but there are no checks to validate data input, and few identity datapoints overall.

Figures indicate the percentage of merchants who incorporate the listed feature to influence the identified metric.

Solving for the right variable

Merchants often juggle between maximizing approval rates, reducing payment fees, and minimizing fraud. This can even result in a political battle between different functional teams who are measured on different priorities. However, a singular focus on any one of these input metrics can eclipse the overarching goal: profitability.

To maximize profitability, merchants should make payments optimization decisions based on the contribution margin (that is, the revenue remaining after subtracting the variable costs that go into producing a product) of the incremental sales that are likely to result. If loosening a fraud rule could result in $1,000 of additional fraud losses but it's likely to produce $1,100 of additional contribution margin from sales that would not have otherwise happened, a merchant should make that change.

In an ideal world, merchants should make dynamic payment orchestration choices based on the characteristics of individual transactions. For instance, low-margin transactions, are inherently vulnerable to profit erosion from fraud losses and it would be prudent for merchants to employ stricter fraud controls on those transactions.

On the flip side, high-margin transactions permit a slightly relaxed approach, and the emphasis should be on ensuring legitimate customers aren't inadvertently pushed away. That said, transaction-level optimization remains very challenging to put into practice.

Our research found that 87% of merchants reported using payments data in some capacity to make decisions and the most sophisticated merchants do try to solve for maximizing profitability, though it is often reflected in their overall strategies, not necessarily dynamic rules.

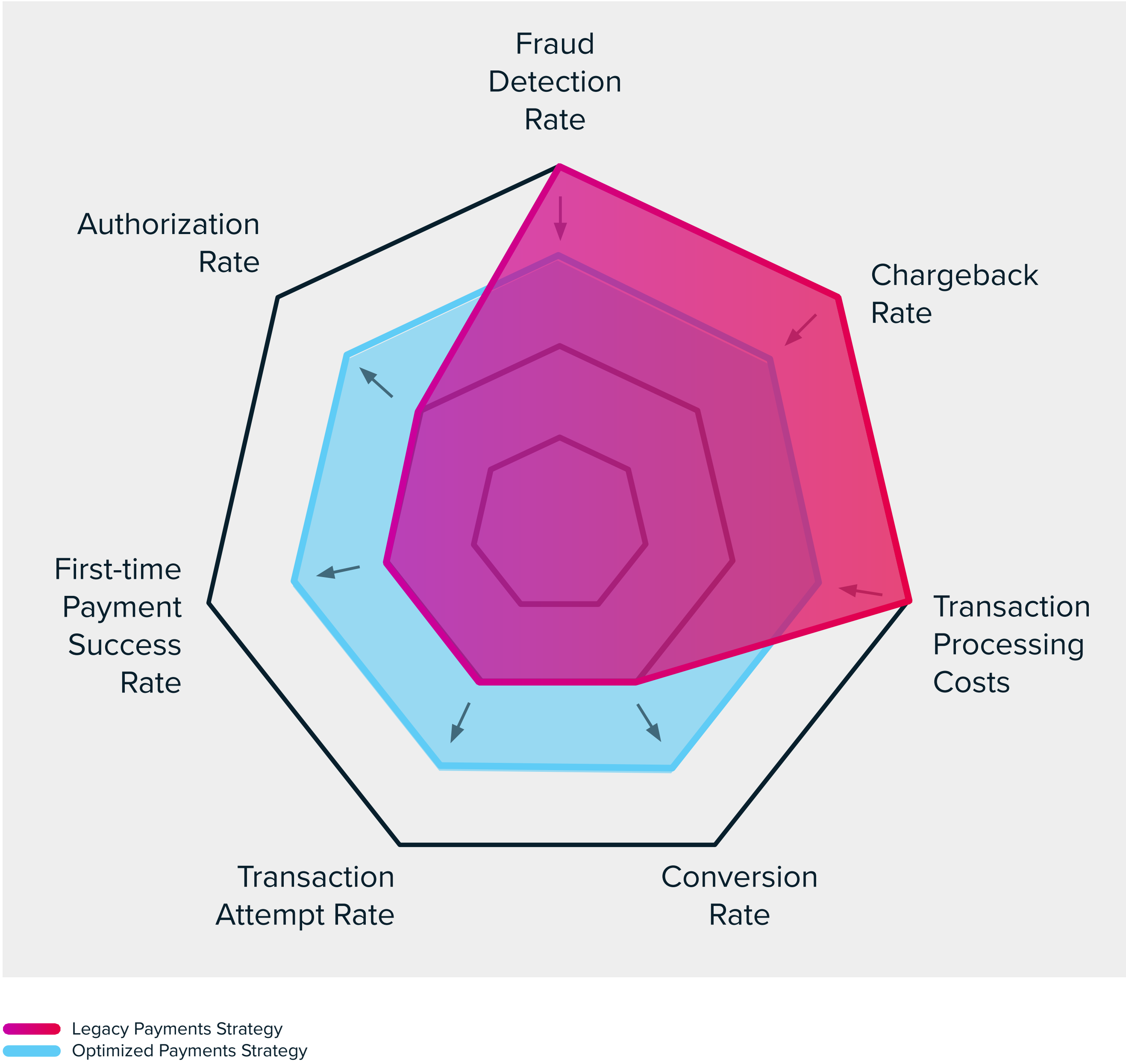
Software, digital content, and entertainment merchants with very high gross margins tend to be less focused on cost and fraud controls than brick-and-mortar retail, restaurant and grocery merchants who have to work with relatively low gross margins.

As you look at your own business, consider whether you are measuring your decisions around customer frictions, payment methods, fraud rules and other payment orchestration choices based on the ROI of the incremental transactions that result.

87%

of merchants use payments data to make decisions

FIGURE 4 | **Balancing revenue and cost metrics**



Data: a necessary Input for data-driven decisions

Many merchants lack visibility into their payments data. A third of merchants pinpoint this lack of accessibility to data as a critical pain point. Some merchants are still limited to monthly PDF reports that must be translated into machine-readable data.

What may be more surprising is that some of the most modern PSPs still cannot provide merchants with complete transaction-level data, such as interchange classifications, on a daily or near-real-time basis.

As a result of these data gaps, our research reveals that

about 40% of multi-national merchants track only one to three payments metrics.

Additionally, the metrics that merchants track vary wildly, with none being tracked by more than 50% of merchants.

Many merchants do not feel their data is comprehensive enough or clean enough to be able to use it effectively.

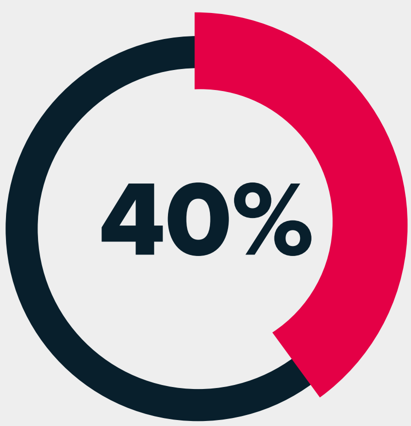
A Senior Manager of Digital Payments for a multi-national fuel retailer said that they collect payment data "but accessing that data is time consuming and difficult" and it's still a future goal to have consolidate real-time payment data in a single dashboard.

Going global can make data challenges even more acute. Nykol Kroeker, Assistant Treasurer Operations at WestJet, said that since expanding outside of Canada, WestJet now works with four acquirers, including Nuvei.

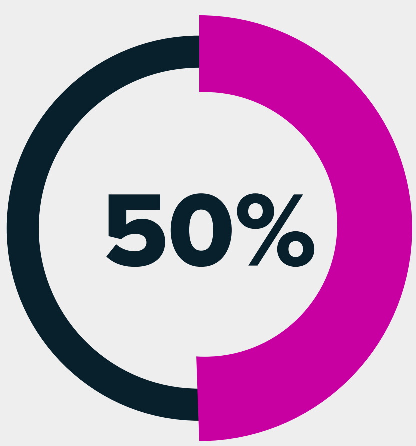
Adding acquirers has made it easier for WestJet to operate abroad and provided more routing flexibility, but it has also added complications to reconciliation and reporting operations.

These challenges mainly affect internal operations but can trickle down into the customer experience.

As WestJet continues to expand, they will also be working with providers to develop a “single source of truth” for payments.



As a result of these data gaps, our research reveals that about 40% of multi-national merchants track only one to three payments metrics



Additionally, the metrics that merchants track vary wildly, with none being tracked by more than 50% of merchants

Don’t hesitate to authenticate

While removing friction from the payment journey is generally the right strategy, friction can serve a purpose. Customer authentication – such as 3D Secure, one-time passcodes, or requiring the creation of a customer account – is an important tool to secure transactions when required by law, expected by consumers, or there is a suspicion of fraud.

Customer authentication doesn’t have to be incredibly obtrusive. Dynamic 3D Secure rules allow merchants and PSPs to decide when step-up authentication is performed.

Frictionless Flow enables risk-based authentication to be performed in the access control server, allowing issuers to approve a transaction without input from the cardholder in an obtrusive modal. And native mobile integration allows merchants to integrate the 3D Secure process into their mobile apps and leverage Face ID/Touch ID.

“Friction is expected in some markets”

said the Head of Payments for Patreon. In countries where Strong Customer Authentication is required, consumers have grown to expect a two-factor authentication process and tend to trust merchants more who use it.

Interviews with global payments leaders pointed to the UK and India as markets where the absence of SCA could cause a consumer to become suspicious.

Partnering for success

Collaborations often lead to successful Formula 1 partnerships and, in the payment world, partnering can be a game-changer as well. Tens of thousands of new fintech companies have appeared over the last ten years and a substantial number of them are focused on digital payments.

By partnering, merchants can spot fraud trends earlier, extract valuable data insights, and share the cost of payments infrastructure modernization by using SaaS tools.

Solutions are not just coming from industry outsiders. Forward-thinking merchants are constantly learning about new offerings from their payment processors and the card networks.

Nuvei clients, for example, benefit from tokenization, payment compliance tools, and fraud detection engines that are highly configurable with over 200 parameters and support from expert teams who proactively monitor transaction activity and alert merchants to emerging risks.

Visa and Mastercard, via a series of acquisitions, also offer merchants fraud management offerings like Verifi and Ethoca. These solutions allow merchants and issuers to exchange real-time signals that help better validate transactions and manage disputes outside of the expensive chargeback process.

CASE STUDY | Innovating through complexity

Virgin Atlantic was founded by Sir Richard Branson in 1984 with a vision is to be the world's most loved travel company. The company now flies more than four million passengers per year to 35 destinations and around the world through joint ventures with Delta and Air France-KLM.

Keli Sandeman, Payment Strategy Manager at Virgin Atlantic, spoke about their experience evolving Virgin Atlantic's payments strategy and infrastructure.

Keli noted that **"payments are not just about the customer experience, but they're also really important to the financial health of the business."**

Payment capabilities define how quickly merchants like Virgin Atlantic can get money into their account, how quickly they can refund customers, and so much more.

Keli has advocated for greater appreciation of the strategic importance of payments at Virgin Atlantic and shared that **"the rising importance of payments has given us a voice at the board level of our company."**

Virgin Atlantic has invested recently in implementing a payments orchestration platform to uplevel its infrastructure. This platform, along with the global payments, reconciliation, and reporting capabilities of Nuvei and Virgin Atlantic's other acquirers, has allowed the airline to improve authorization decisioning through dynamic data-driven routing at the BIN level.

Virgin Atlantic tracks authorization outcomes and uses that data to make better routing decisions. Keli also said that insights provided by Nuvei and other processors have helped Virgin identify areas for improvements and the value case for investment.

Building your payments scorecard

Optimizing the payments equation doesn’t have to mean compromising security. Merchants can make decisions that improve their customer experience and profitability while keeping fraud and costs in balance.

By implementing the tactics described in this section, merchants can realize a revenue uplift of 10% - 20% without a dramatic surge in fraud losses.

Payment orchestration solutions that empower more dynamic business rules and routing of transactions can let merchants further hone their payment processes.

PAYMENTS OPTIMIZATION	EST. REVENUE UPLIFT*	METRICS FOR TRACKING		DIFFICULTY
Incorporate buy buttons / oneclick solutions	4% - 6% ↑	Conversion Rate Authorization Rate Fraud Prevention Rate	Chargeback Rate Transaction Speed Cart Abandonment Rate	3/5
Implement digital wallet functionality (e.g. Paypal, Apple Pay, Google Pay, etc)	3% - 5% ↑	Conversion Rate Authorization Rate Fraud Prevention Rate Chargeback Rate	Transaction Attempt Rate Cart Abandonment Rate Average Order Value First Time Payment Success Rate	2/5
Incorporate ecommerce services (e.g. Shopify)	2% - 3% ↑	Conversion Rate Authorization Rate Fraud Prevention Rate	Chargeback Rate Transaction Attempt Rate Cart Abandonment Rate	1/5
Implement split payment or flexible payment capabilities	2% - 3% ↑	Conversion Rate Authorization Rate Fraud Prevention Rate	Chargeback Rate Average Order Value	4/5
Implement stored payment methods	1% - 2% ↑	Transaction Speed Authorization Rate Conversion Rate Fraud Prevention Rate	Chargeback Rate Conversion Rate Retention Rate	2/5
Enable subscription/ recurring payments	1% - 2% ↑	Conversion Rate Authorization Rate Transaction Speed Fraud Prevention Rate Chargeback Rate	Average Order Value First-time Payment Success Rate Payment System Uptime Transcation Error Rate	3/5
↑ **Total = 10% - 20%****				

* Estimated revenue uplift is calculated according to merchant reported revenue impact. Actual revenue uplift will vary by business based on factors such as industry, geography, implementation CX/UX experience, etc. Because of these additional factors, Nuvei cannot guarantee all merchants will achieve revenue uplift within the estimated range.

** Some features have overlapping benefits and may result in smaller marginal returns when multiple features are enabled (e.g. stored payment methods and ecommerce services)

Master customer data

The stuff that dreams are made of

Formula 1 teams building their brand know the value of loyal fans. While enthusiasts might appreciate the nuances of lesser-known races, It's the major events and teams like the Mercedes AMG PETRONAS team that are household names, drawing massive viewership and merchandising revenue.

These teams understand what their fans want and provide experiences that create strong emotional connections, much like studios producing blockbuster franchises in the movie industry.

Businesses in other industries have also realized the importance of experiences and personalization to cultivate brand loyalty. Credit card issuers offer rich rewards and exclusive experiences to gain "top of wallet" preference.

Hotels and airlines try to surprise and delight their frequent customers through upgrades and special benefits. Personalized communications further amplify this connection by making it seem like a brand is speaking directly to "you."

By harnessing data analytics and customer insights, businesses can craft messages tailored to individual preferences, histories, and behaviors, making consumers feel seen, valued, and understood.

Show me the money: the power of payments data

What does this have to do with payments? It's all about the data. Payments data is among the highest-quality data accessible to an organization:

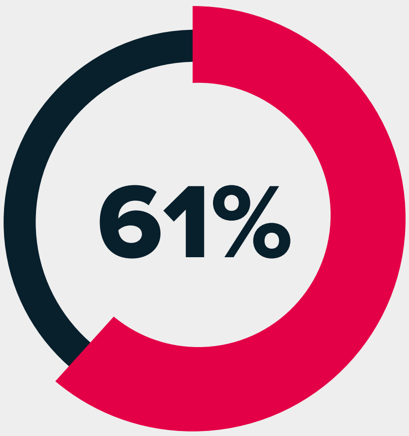
- Payments data is attributable to a specific consumer
- Payments data is attached to clear consumer intent & action
- Payments data is highly structured and accurate
- Payments data is timely, particularly when captured in real-time or near real-time

Payments data can be used to track customer behavior, identify trends, and make better business decisions.

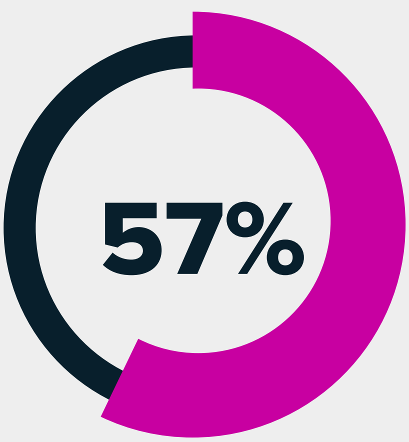
For example, an organization can use payments data to determine which products or services are most popular, which customers are most likely to churn, and/or how to optimize their marketing campaigns.

Our research found that 61% of surveyed merchants are using payments data to analyze customer preferences and 57% are using payments data to identify cross-sell and upsell opportunities.

In the following paragraphs, we will examine how payments data can act as a driver of customer loyalty, marketing, and personalization – each of which can drive revenue for a merchant.



61% of surveyed merchants are using payments data to analyze customer preferences



and 57% are using payments data to identify cross-sell and upsell opportunities

Customer loyalty

Loyalty is a key driver of successful businesses- loyal customers spend more, cost less to serve, and generate positive word-of-mouth which brings in other customers.

Customer loyalty is also a key differentiator between businesses: the average customer retention rate for most businesses is below 50% according to SurveySparrow[10], and two-thirds of customers are open to switching brands if a competitor offers a better experience according to Forbes[11].

Payments data can help businesses drive customer loyalty.

By understanding customer preferences and purchase patterns, businesses can offer personalized loyalty programs, promotions, incentives, and other rewards that are tailored to each individual buyer's specific needs – driving conversion, higher customer retention and overall customer lifetime value.

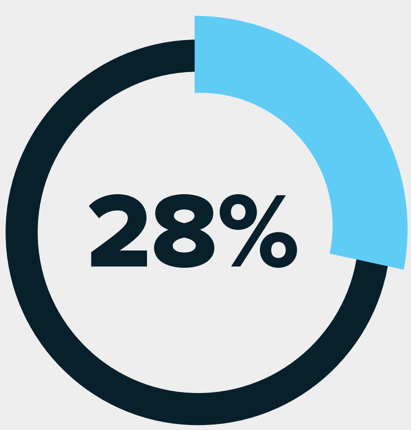
Only 28% of surveyed merchants are using payments data to personalize loyalty programs and rewards.

That means that most merchants can incorporate payments data into their customer loyalty strategy and capture additional benefits.

[10] SurveySparrow 50+ Essential Brand Loyalty Statistics for 2022 (March 2022)
[11] Forbes 50+ Essential Brand Loyalty Statistics for 2022 (March 2022)

A leading global retailer explained that they think of payments as closely linked to customer loyalty.

Providing branded or co-branded payment products helps the consumer get the best possible price/deal when shopping at their locations and gives the merchant behavioral data which allows them to improve their customer experience and more accurately target marketing to customer segments.



Only 28% of surveyed merchants are using payments data to personalize loyalty programs and rewards

Marketing

While marketing campaigns with a broad focus can drive sales, effective marketing strategies require an in-depth understanding of consumer needs and preferences. Merchants can use payments data for market strategies such as identifying target audiences, personalizing marketing messages, and tracking the effectiveness of marketing campaigns.

Payments data is one of the best ways to enable the last point because a completed payment is the only indisputable proof of a consumer's decision to purchase something after being exposed to marketing related to that product or service.

53% of surveyed merchants are using payments data for marketing purposes.

Of those 66% used payments data to target marketing campaigns, 61% are using payments data to segment customers and 59% are using payments data to tailor product recommendations.

Ballard Designs, a primarily catalog retailer, sought to grow their brick-and-mortar store footprint, while simultaneously reducing catalog circulation to manage costs. Ballard turned to data, including payments data, to determine how to optimize a multi-channel brick-and-mortar and catalog footprint.

After opening 12 retail stores, the company can continuously optimize its marketing strategies with customers and attribute customer purchases across channels using payments data.

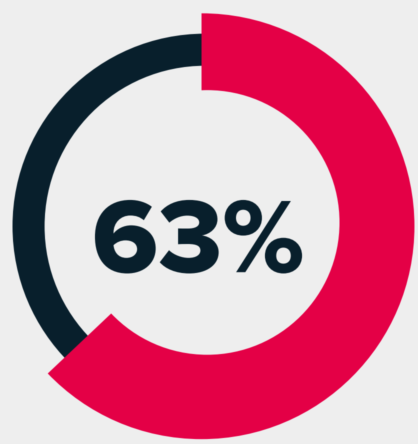
Personalization

Personalization driven by data can help merchants create memorable shopping experiences based on customers' demographic profiles, their purchase history and shopping activity patterns. Perhaps most importantly, these personalized experiences can different merchants – increasingly the likelihood a customer will return and turn into a loyal customer.

Having the right data to understand consumers' needs, preferences and intent is vital to a successful personalized experience or product/service. Payments data is one source of this data. Merchants can use personalization for recommendation engines, content personalization, and personalized pricing.

JustFab, a subscription fashion brand, is focused on delivering personalized experiences to its customers. By combining payments data and other data sources, they were developed a personalized marketing strategy to target prospect/lapsed customers.

Customers who subscribed via the personalized marketing strategy generated 100%+ higher customer lifetime value than other customers.



63% of surveyed merchants are using payments data to personalize loyalty payments experiences

Building your payments scorecard

In conclusion, using payments data to inform customer loyalty, marketing and personalization have significant potential to drive incremental revenue.

These elements are further away from payment process, but they are still highly valuable in the experience of merchants interviewed in this study.

PAYMENTS OPTIMIZATION	EST. REVENUE UPLIFT*	METRICS FOR TRACKING	DIFFICULTY
Use collected payments data to make better recommendations	1% - 2% ↑	All	2/5
Use collected payments data to personalize the buying journey	1% - 2% ↑	All	5/5
Use collected payments data to personalize discounts/coupons/ rewards	0% - 3% ↑	All	4/5
↑ **Total = 2% - 5%****			

* Estimated revenue uplift is calculated according to merchant reported revenue impact. Actual revenue uplift will vary by business based on factors such as industry, geography, implementation CX/UX experience, etc. Because of these additional factors, Nuvei cannot guarantee all merchants will achieve revenue uplift within the estimated range.

Conclusion

Any Formula 1 team principal understands the importance of a strong finish to a race, so let's cross the finish line on how payments can be the winning formula to accelerate revenue growth for your company:

1 **Providing a Familiar Experience:**

Merchants can find global reach by supporting localized payment methods preferred by customers in their target regions.

2 **Expanding Purchasing Power:**

Customers sometimes need a little extra credit to move forward with purchases – and merchants are in an ideal position to offer embedded finance solutions at the point of sale.

3 **Seamless Payment Experience:**

Streamlining payments by reducing friction and complexity is essential to avoid cart abandonment.

4 **Solving the Payments Equation for Profitability:**

Merchants need to get access to complete and timely data – and then use it to make payment optimization decisions that balance conversion, cost, and fraud considerations.

5 **The Sequel – Customer Loyalty:**

Payment data can help craft personalized experiences ensures customers keep coming back, much like fans anticipating the next film in a series.

Like the gradual development of a Formula 1 team's strategy over a season, the cumulative impact of marginal gains leads to meaningful revenue growth over time. Just as a race season involves multiple Grand Prix, each offering opportunities to refine strategies, businesses have time to enhance their payment experiences through ongoing adjustments. So start working on payment optimization early and be open to iterations.

However, delaying these optimizations can result in falling behind competitors. As we mentioned earlier, there is no one magic bullet to unlock double-digit revenue growth through payments.

The impact of individual payments wins is often measured in basis points, but basis points add up to percentage points, and there is no better time than the present to start optimizing your digital payments experiences and operations.

INTRODUCTION
LOCALIZE PAYMENT EXPERIENCE
AMPLIFY PURCHASING POWER
DESIGN A SMOOTH PAYMENT UX
OPTIMIZE PAYMENT METRICS
MASTER CUSTOMER DATA
CONCLUSION
RESEARCH METHODOLOGY

Tabulating your payments scorecard

PAYMENTS OPTIMIZATION	EST. REVENUE UPLIFT*	METRICS FOR TRACKING			DIFFICULTY
Adapt the payments experience to new markets (e.g. interfaces, currencies, etc)	2% - 10% ↑**	Conversion Rate Transaction Attempt Rate	Transcation Error Rate	First Time Payment Success Rate	5/5
Incorporate buy buttons/ oneclick solutions	4% - 6% ↑	Conversion Rate Authorization Rate	Fraud Prevention Rate Chargeback Rate	Transaction Speed Cart Abandonment Rate	3/5
Implement digital wallet functionality (e.g. Paypal, Apple Pay, Google Pay, etc)	3% - 5% ↑	Conversion Rate Transaction Attempt Rate		First Time Payment Success Rate	2/5
Adding APMs beyond major card brands (e.g. regional cardd networks and A2A schemas)	3% - 4% ↑	Conversion Rate	Transaction Attempt Rate	First Time Payment Success Rate	3/5
Incorporate checkout services (e.g. Shopify)	2% - 3% ↑	Conversion Rate Authorization Rate	Fraud Prevention Rate Chargeback Rate	Transaction Attempt Rate Cart Abandonment Rate	1/5
Provide embedded financing solutions (e.g. BNPL, Installments)	2% - 3% ↑	Conversion Rate Checkout Attempt Rate	First Time Payment Success Rate	Chargeback Rate	4/5
Implement split payment or flexible payment capabilities	2% - 3% ↑	Conversion Rate Authorization Rate Fraud Prevention Rate		Chargeback Rate Average Order Value	4/5
Enable autofill and address verification	1% - 2% ↑	Conversion Rate Transaction Speed		First Time Payment Attempt/Success Rate	2/5

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Tabulating your payments scorecard *(cont.)*

PAYMENTS OPTIMIZATION	EST. REVENUE UPLIFT*	METRICS FOR TRACKING			DIFFICULTY
Implement stored payment methods	1% - 2% ↑	Transaction Speed Authorization Rate	Fraud Prevention Rate Chargeback Rate	Conversion Rate Retention Rate	2/5
Use collected payments data to make better recommendations	1% - 2% ↑	All			2/5
Enable subscription/ recurring payments	1% - 2% ↑	Conversion Rate Authorization Rate Fraud Prevention Rate	Chargeback Rate Average Order Value First-time Checkout	Success Rate Payment System Uptime Transaction Error Rate	3/5
Use collected payments data to personalize the buying journey	1% - 2% ↑	All			5/5
Offer cashierless or self-checkout	1% - 2% ↑	Conversion Rate First Time Transaction Attempt/Success Rate	Net promoter Score Average Order Value Fraud Prevention Rate		5/5
Use collected payments data to personalize the discounts / coupons / rewards	0% - 1% ↑	All			4/5
↑ **Total = 20% - 35%*** **					

* Estimated revenue uplift is calculated according to merchant reported revenue impact. Actual revenue uplift will vary by business based on factors such as industry, geography, implementation CX/UX experience, etc. Because of these additional factors, Nuvei cannot guarantee all merchants will achieve revenue uplift within the estimated range.

** Localization revenue uplift estimates are based on reported impact of a combination of features and interviews with payment experts who've witnessed the benefits of localization firsthand.

*** Some features have overlapping benefits and may result in smaller marginal returns when multiple features are enabled (e.g. stored payment methods and ecommerce services)

Official Team Partner

ABOUT NUVEI

Nuvei (Nasdaq: NVEI) (TSX: NVEI) is the Canadian fintech company accelerating the business of clients around the world. Nuvei's modular, flexible and scalable technology allows leading companies to accept next-gen payments, offer all payout options and benefit from card issuing, banking, risk and fraud management services.

Connecting businesses to their customers in more than 200 markets, with local acquiring in 50 markets, 150 currencies and 680 alternative payment methods, Nuvei provides the technology and insights for customers and partners to succeed locally and globally with one integration.

We are proud partners of the Mercedes AMG PETRONAS Formula 1 Team.

For more information, visit www.nuvei.com

Research Methodology

Nuvei want to thank Accenture who provided research support on this paper. The views and opinions expressed in this paper do not necessarily reflect the views or positions of Accenture.

To gather comprehensive insights into merchant strategy and experiences with payments, Accenture employed two primary modes of research:

1. An executive survey targeting 317 multinational merchants that sell directly to consumers
2. Twenty executive qualitative interviews with payment leads from top merchants in North America and Europe

Survey demographics

The survey instrument was designed and distributed to managers and executives at multi-national B2C merchants that met the following qualification criteria:

- Headquartered in the United States, Canada, or the United Kingdom
- Consumer sales operations in at least two countries
- Recorded at least $25MM in consumer sales (for 2022 reporting period)
- Familiar with payment operations at their organization
- Influential or part the executive decision-making process affecting payments operations (note, this was a quota and not a hard disqualification)

Ultimately 317 executives qualified for the survey. Below are the resulting demographics of the survey sample.

FIGURE 5A | **Respondents by number of countries of operation**

RESEARCH QUESTION:

In how many countries does your business sell products/services to consumers?

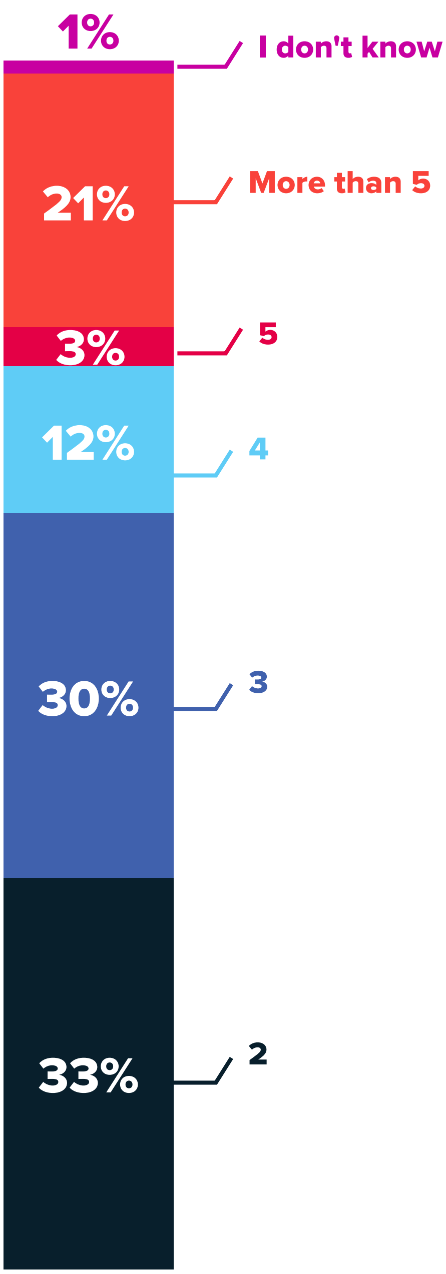


FIGURE 5B | **Respondents by 2022 B2C Revenue**

RESEARCH QUESTION:

What was your organization's approximate B2C sales revenue in 2022?

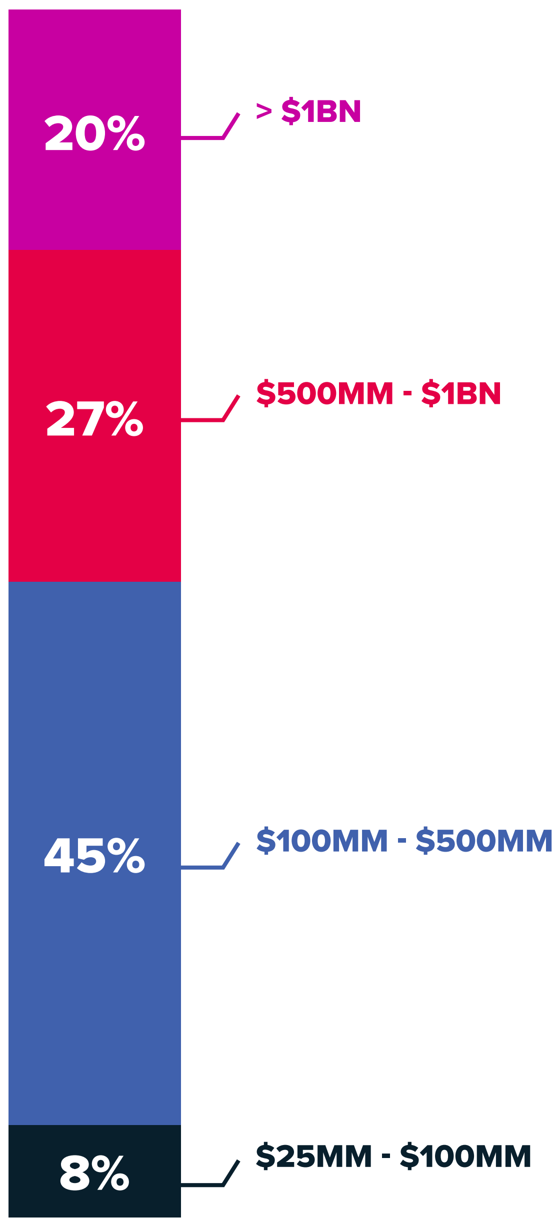
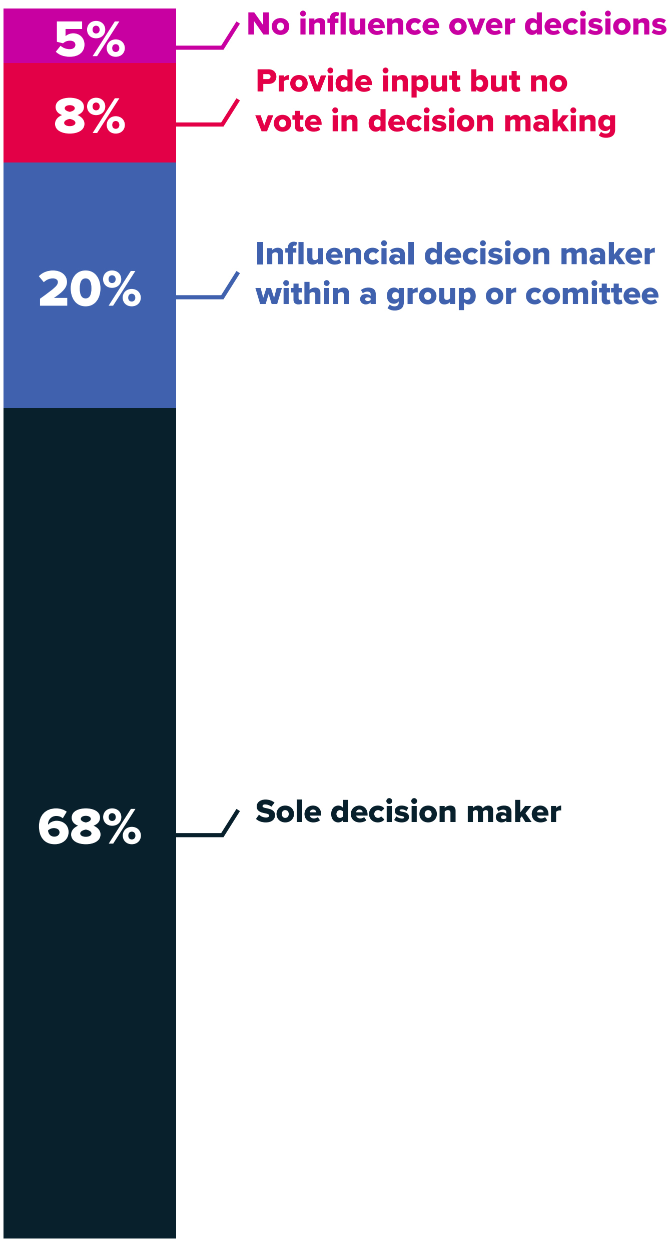


FIGURE 5C | **Respondents by Payments Influence**

RESEARCH QUESTION:

What influence do you have over payments-related strategic development, and/or sourcing decisions within your organization?



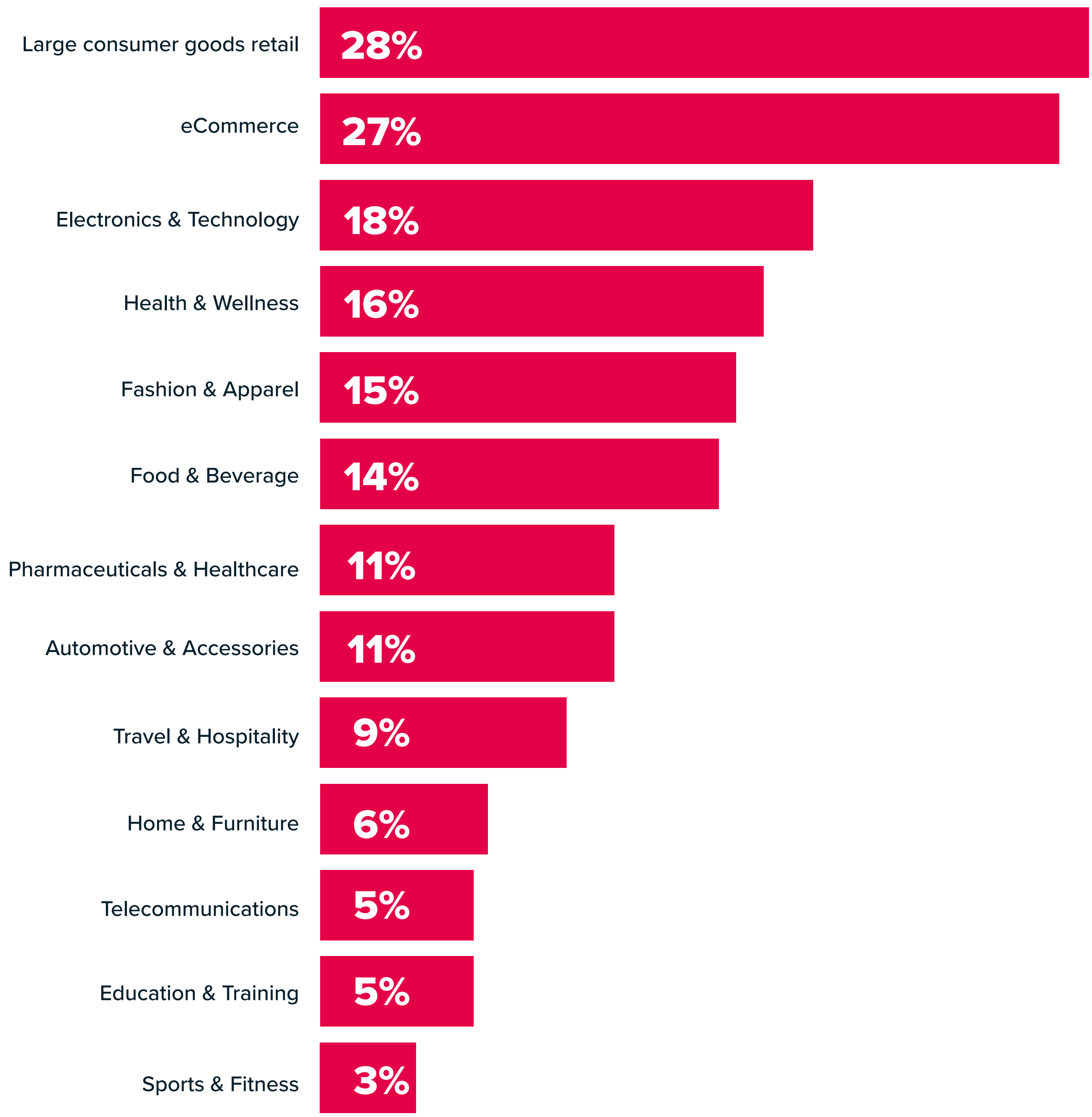
INTRODUCTION
LOCALIZE PAYMENT EXPERIENCE
AMPLIFY PURCHASING POWER
DESIGN A SMOOTH PAYMENT UX
OPTIMIZE PAYMENT METRICS
MASTER CUSTOMER DATA
CONCLUSION
RESEARCH METHODOLOGY

FIGURE 6 | **Respondents by industry alignment**

RESEARCH QUESTION:

What industry does your business most closely operate in?

Percentage of respondents (%)

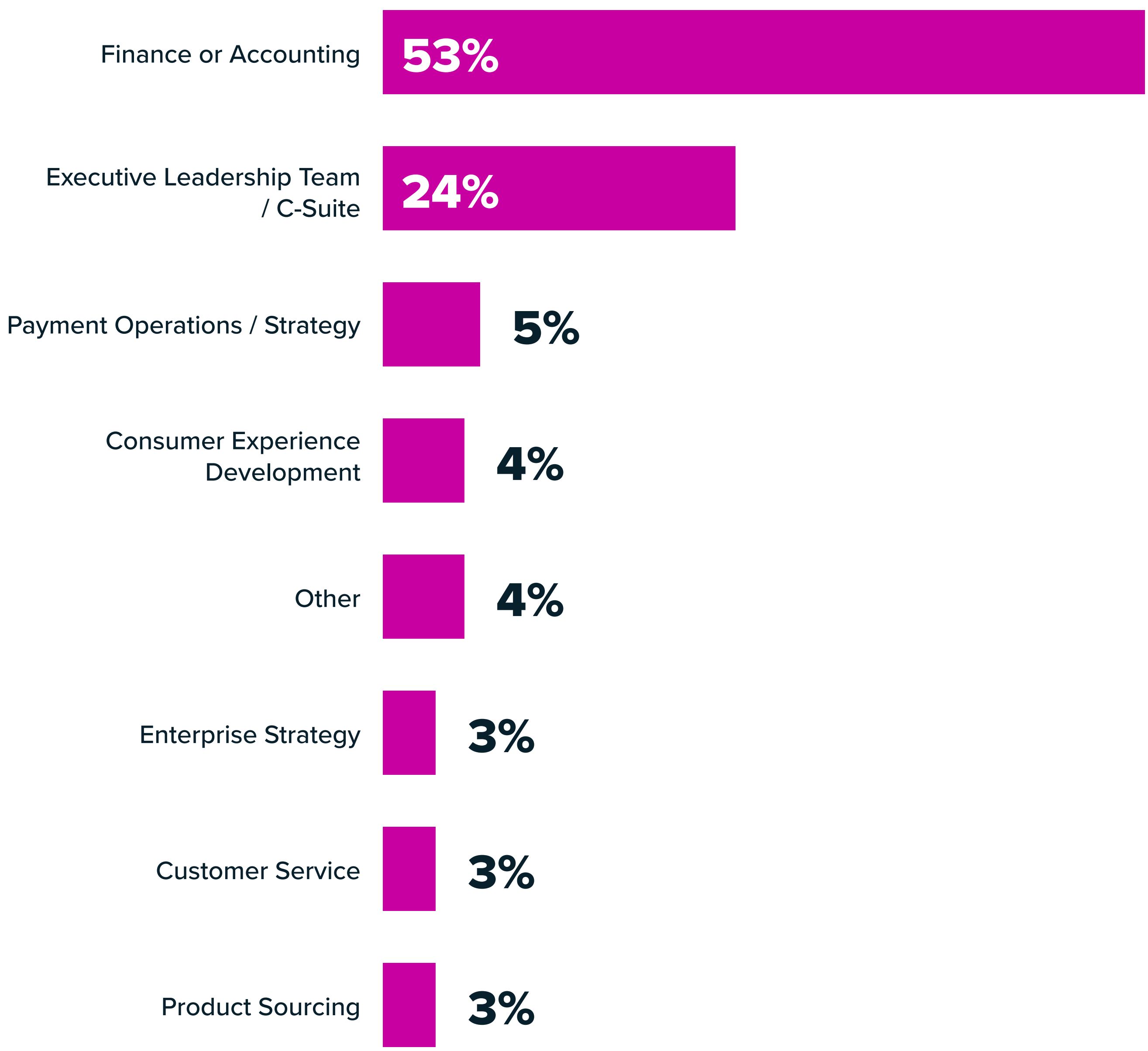


Note: respondents were allowed to align themselves with multiple industries.

FIGURE 7 | **Respondents by business function**

RESEARCH QUESTION:
Which business function best describes your role?

Percentage of respondents (%)



Merchant interviews

Over 15 hours of interviews were conducted with experts representing industries including, marketplace retail, consumer retail, travel, fuel, food and dining, and entertainment.

Interview subjects represented merchants with over $1Bn in consumer sales.

Interview topics included:

- Current payment strategies and operations
- Payment strategy roadmaps
- Integration of select payments features (e.g., digital wallets, embedded financing/BNPL, A2A and regional card acceptance, payment orchestration platforms, etc.)
- Examples of revenue accelerating payment strategies
- Use of payment data
- Consumer shopping and payments behavior
- Localization of payments and regional differences

INTRODUCTION
LOCALIZE PAYMENT EXPERIENCE
AMPLIFY PURCHASING POWER
DESIGN A SMOOTH PAYMENT UX
OPTIMIZE PAYMENT METRICS
MASTER CUSTOMER DATA
CONCLUSION
RESEARCH METHODOLOGY