

PSP Success: Enabling a Threefold Cross-Border Conversion Rate Increase

The Setup

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One of ACI's payment service provider (PSP) clients launched a new cross-border eCommerce solution for merchants looking to sell in Asia, Australia, Africa, Europe, North America and South America. As an ACI client, the PSP's merchants had access to the full range of ACI's tools for increasing the conversion rate. However, not long after the solution's launch, the conversion rates were stubbornly low — around 23% (a good conversion rate should be over 50%), despite guidance from the PSP.

The PSP then approached ACI for assistance improving its merchants' conversion rates. ACI payment experts coordinated closely with the PSP to first understand the causes behind the low conversion rates and then devise solutions to solve the problem.

The experts' investigation quickly made it clear that the problems arose from the PSP and merchants' unfamiliarity with the countries they had expanded into. The merchants were attempting to replicate what had worked in their home market, when conditions dictated unique strategies.

After assessing the situation, ACI's experts uncovered four major issues negatively affecting the conversion rate: an overly stringent 3-D Secure setup, merchants incorrectly using payment data fields for internal purchase reference information, failing to validate data before it was sent to the acquirer and an inadequate CSC setup. By taking action to correct each of these issues, ACI's guidance helped the PSP's merchants vastly improve conversion rates.

THE CHALLENGES

- PSPs, and by extension, their merchant customers, are easy to describe. But uncovering the root causes and implementing an action plan is easier said than done. However, with support from an experienced payments provider such as ACI, PSPs can deliver significant improvements in conversion rates for their merchants.





Challenge 1

An Improper 3-D Secure Setup Blocks Fraud and Genuine Purchases

3D Secure is an effective tool to block fraud. The two-step verification process ensures only genuine cardholders can complete a credit card sale. The fact that most major card brands have their own version — Verified by Visa, Mastercard Secure Code, American Express SafeKey, Diners ProtectBuy and JCB J/Secure — testifies to the tool's efficacy. Yet, when implemented incorrectly, it can cause problems, as was the case for many of the PSP's merchants selling cross-border into Brazil. The tool is virtually unknown to Brazilian shoppers, and when they encountered the 3D Secure page, the majority abandoned their shopping carts.

To overcome this problem, the PSP instructed merchants to use shoppers' BIN numbers to automatically identify Brazilian cards and bypass 3D Secure in those instances. The change, once implemented, immediately raised the PSP's merchants' overall conversion rate from 23% to 53%.

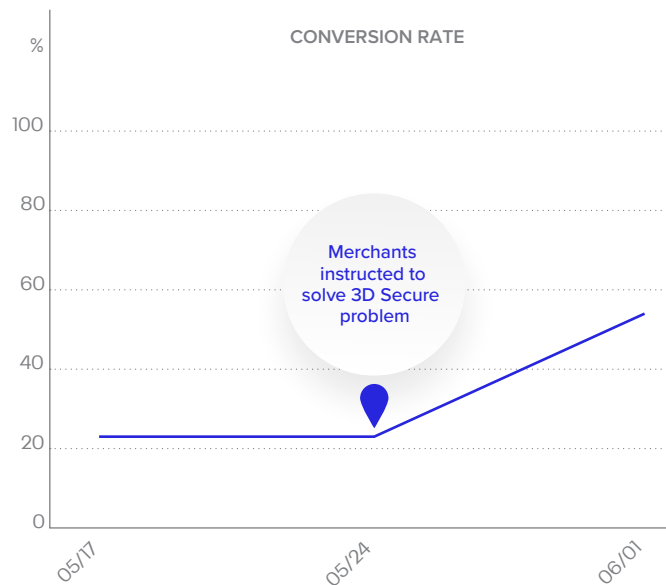


Figure 1

Solving the 3D Secure challenge made a substantial impact on the conversion rate.

Challenge 2

Merchants Trigger Fraud Alerts by Misusing Data

The payments data shoppers enter is only part of what acquirers and fraud prevention providers use to determine a transaction's legitimacy. Merchants can also add data to a transaction. Investigations by ACI's payment experts uncovered a common issue among the PSP's clients: Many were automating data fields, such as empty slots in the billing address, with internal reference tags. The unfortunate side effect of this practice was that it caused the merchants' acquirers and fraud prevention providers to frequently block transactions because of data discrepancies. By directing offending merchants to cease automating these types of data fields, the PSP's merchants' conversion rate increased from 53% to 56%.

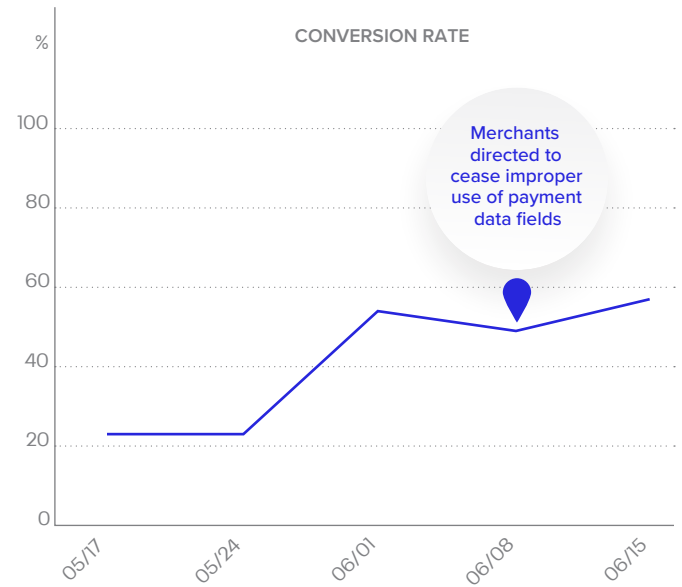


Figure 2

Solving Challenge 2 provided an uptick in the conversion rate.

Challenge 3

Overreliance on Card Security Codes Disrupts Authentic Sales

Card security codes (CSCs, also known as card verification codes or CVVs) are the three-digit codes on the back of credit cards. They are a security feature built especially for card-not-present transactions. Requiring shoppers to input a CSC almost always deters fraud without harming conversion rates.

However, many shoppers in South America were unaccustomed to entering CSC details. Thus, many shoppers either misentered CSC data and had their payments rejected or abandoned their shopping carts when prompted to enter a CSC. Therefore, the PSP advised its merchants to deactivate the use of CSCs in several South American countries. As a result of the new strategy, the PSP's merchants' overall conversion rate improved from 56% to 60%.

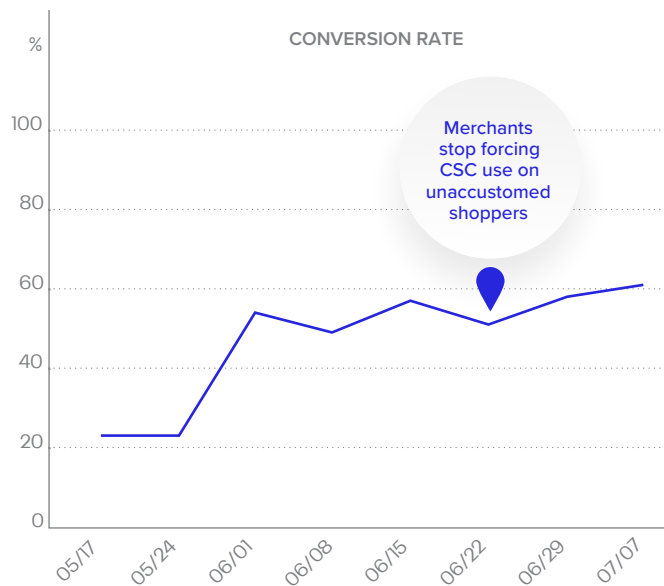


Figure 3

Fixing Challenge 3 resulted in a further rise in the conversion rate.

Challenge 4

Invalid Data Causes the Acquiring Bank to Reject Many Transactions

It is common for shoppers to misenter payments data because card numbers are long. Unfortunately, even minor mistakes can result in a rejected payment. And once rejected, many shoppers are discouraged and do not try again, instead abandoning their shopping cart.

ACI discovered this was a common problem for the PSP's merchants: shoppers' incorrect data was submitted to acquirers and, predictably, rejected. The fix: the PSP encouraged merchants to utilize ACI's data validation tool that, before sending data to the acquirer, checked for errors. The system then alerted shoppers to errors, allowing them to make changes before ultimately submitting the payments. As a result, the PSP's merchants' overall exchange rate improved from 60% to 71%.

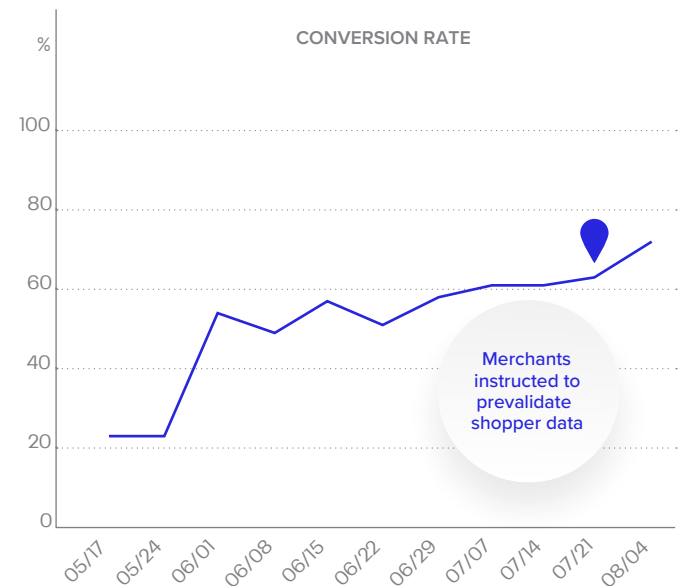
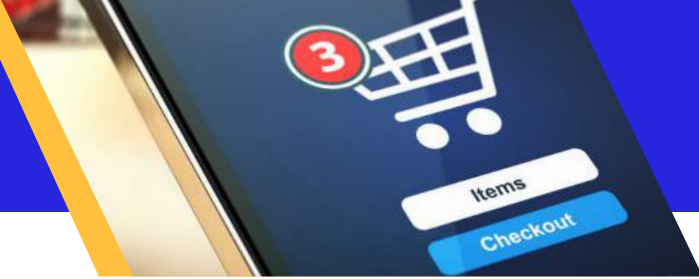


Figure 4

Immediate data validation brought conversion rates up further.



Final Result

Deftly Utilize the Tools for Immediate Improvement

The problems the PSP and its merchants faced in their cross-border endeavors are common when expanding into relatively unfamiliar new markets. Every merchant had the tools needed to achieve a high conversion rate in every country, they only lacked a coherent and specific strategy to deal with the various situations. ACI's expert guidance helped the PSP identify the problems and direct the merchants to take precise action using ACI tools, ultimately raising the overall conversion rate from 23% to nearly 72%.

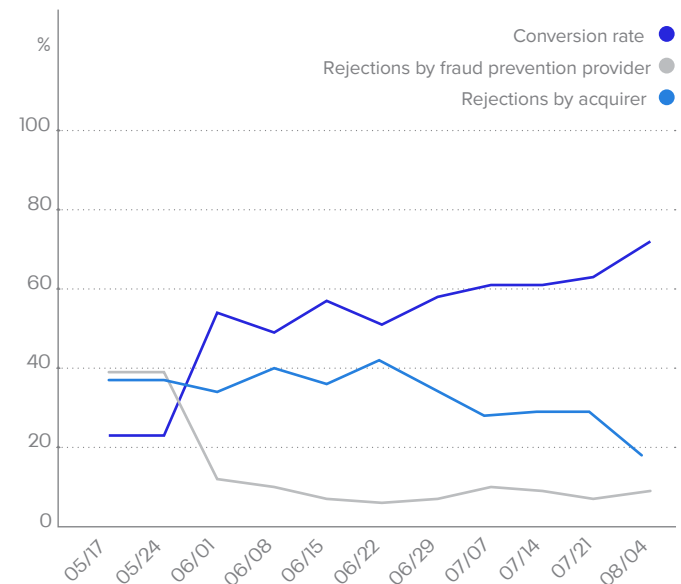


Figure 5

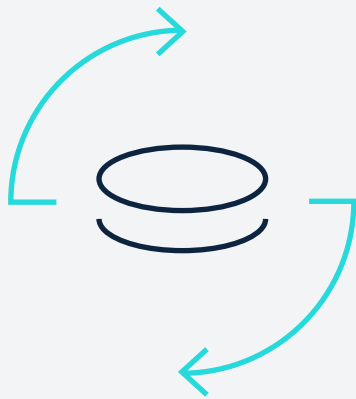
Conversion rates grew, while rejections by acquirers and fraud management consistently dropped.

WANT TO DRIVE HIGHER CONVERSION RATES FOR YOUR MERCHANTS? START CREATING YOUR OWN SUCCESS STORY.

Speak to one of our cross-border payment experts.

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