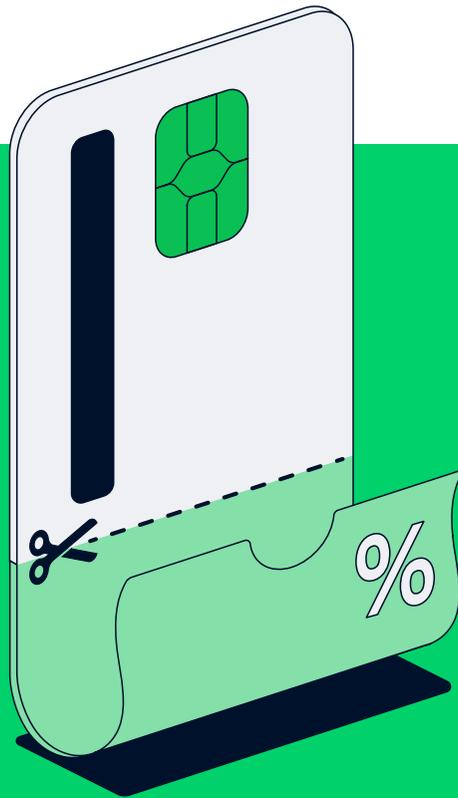


Report

Strategies to reduce your total cost of payments

Discover how payment technology can help you slash costs
and grow your revenue.



adyen

engineered for ambition

Payments pave the path to profitable growth

Conducting cost-benefit analyses is essential to running a business. The more complex the service, the more difficult it is to see the value a partner can bring.

Businesses must evaluate payment providers on more than price alone. Focusing solely on surface-level factors often leads to hidden costs down the road. When it comes to the total cost of payments, the transaction fee is merely the tip of the iceberg. Initial savings might not translate into long-term cost efficiency.

To showcase how much you can save on the total cost of payments, we conducted a comprehensive analysis of the top 100 global businesses by processed volume on Adyen's platform. The aggregated platform data paints a clear picture: The right strategies will help you save costs and gain revenue at scale.

Discover detailed strategies and real-life examples from companies like Delivery Hero, Kiko Milano, Ikea, and H&M, that demonstrate how a holistic payment approach can drive profitability and growth.

Contents

Save on interchange and scheme fees	4
Achieve higher conversion rates and less fraud	9
Ensure in-person payments are set up for success	13
Increase your efficiency with a unified payment solution	18
Realize significant savings and unlock the full potential of payments	21

Key highlights

The biggest benefits of a holistic approach to payments on your bottom line at a glance.

16.5%

Drop in standard payment fees by sending rich data with each payment. Our top 100 businesses saved US\$71.89 Million in 12 months with Enhanced Scheme Data (ESD).

49%

The average amount saved per transaction on fees with Local Payment Methods (LPMs). Offering other payment methods cuts costs significantly and increases conversion and satisfaction. Our top 100 businesses saved US\$ 201 million, with some of their payment traffic routed through LPMS over 12 months.

US\$7.55 billion

This is what our top 100 businesses gained in incremental revenue over 12 months with strategic use of network tokens, with a 6% increase in authorization rate compared to PAN.

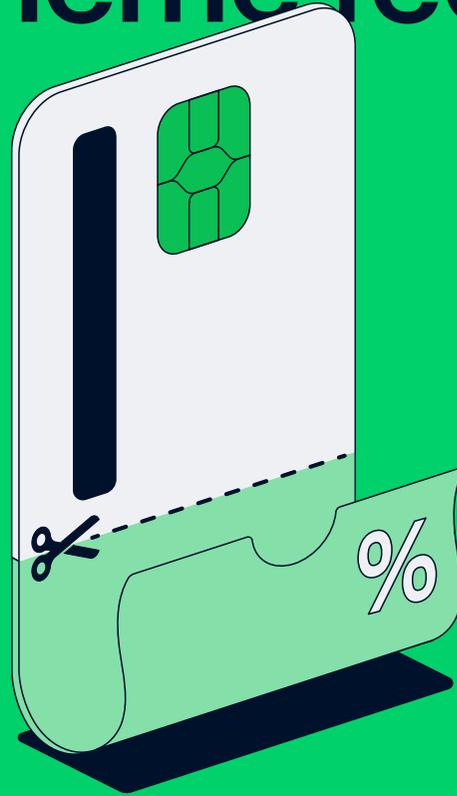
US\$1.08 billion

Our top 100 businesses saved US\$1.08 billion over 12 months by automatically updating account data with RTAU (Real Time Account Updater).

5000

Terminals were rolled out globally in less than two months by Kiko Milano, with significantly shorter onboarding.

Save on interchange and scheme fees



On the surface, payment pricing seems pretty straightforward. Flat or blended pricing is easy to understand as it includes all the different fees that make up your payment cost. Since there's no differentiation, however, it can get expensive quickly when you process large volumes.

Flat pricing includes the three fees that make up your card payment cost:

1. **Interchange fees:** Charged by the cardholder's bank
2. **Scheme fees:** Charged by the card schemes for using their networks
3. **Acquirer markup:** Charged by the acquirer for acquiring funds from your customer.

According to our data, interchange and scheme fees typically make up 85% of payment costs for our customers. Reducing these fees will significantly lower your overall processing costs. Payment providers that bill using [Interchange ++ pricing](#) differentiate between these costs, helping you unlock potential savings.

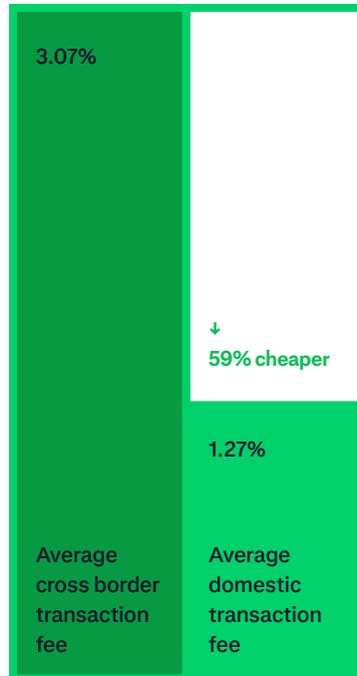
In this chapter, you'll discover how to cut your interchange and scheme fees by:

- Working with a local card acquirer
- Routing payments via the best network
- Adding local payment methods
- Sharing more data with the card schemes

Choose local acquiring

Just like mobile roaming fees, transactions are cheaper when processed domestically. For example, when a US business processes payments in the EU, these transactions are treated as cross-border and incur higher fees. By setting up a local entity in the EU, businesses can leverage local acquiring and process these transactions domestically, reducing transaction costs by an average of 59%.

The main drawback to local acquiring is added complexity. Global businesses end up juggling multiple acquirers and entities across multiple territories. That's why working with a partner with local acquiring licenses in all major markets is crucial. Your business will benefit from local acquiring on a global scale with just one contract.



180 basis points

can be saved on each cross-border transaction through local acquiring.

Source: Aggregated data for the top 100 businesses using Adyen, based on processed volume over 12 months (1 June 2023 to 31 May 2024), with comparison on cost of interregional cross border transactions vs domestic transactions.

FLIXBUS

“Adyen helped us with local acquiring in the US, which had a positive effect. We were able to reduce our bank declines by 21%.”

Dennis Friemerding — Team Lead Payments, Flixbus

Route payments via the best network

Interchange and scheme fees vary per region and fluctuate frequently. To mitigate this, your payment provider can dynamically route payments via the network that offers the best rate and the highest chance of authorization.

For example, US debit networks co-brand all their cards, giving each card two possible approval routes. Most providers will select the cheapest route. Others use intelligent solutions based on machine learning to balance cost and performance by finding the best route for authorization and price. This ensures the cheapest fee (potentially 26% cheaper) and the highest approval rate.

[→ Learn more about Adyen's revenue optimization tools](#)

This report analyzes potential cost-saving opportunities by comparing the top 100 businesses globally in Unified Commerce and Digital based on processed volume. This analysis spans 1 June 2023 to 31 May 2024, excluding two areas: Intelligent Payment Routing, which uses data from a US Debit transactions pilot study (15 July to 15 August 2024), and Store and Forward, using aggregated data from the top 10 businesses in 2023, along with estimates for the top 100 businesses based on declined in-person transactions. The aggregated data ensures comparative insights while maintaining merchant anonymity and data privacy.

↓
**26% average reduction
in payment cost**

**30 days of US debit
transactions**

↑ **0.22%**

Average authorization uplift
with US debit

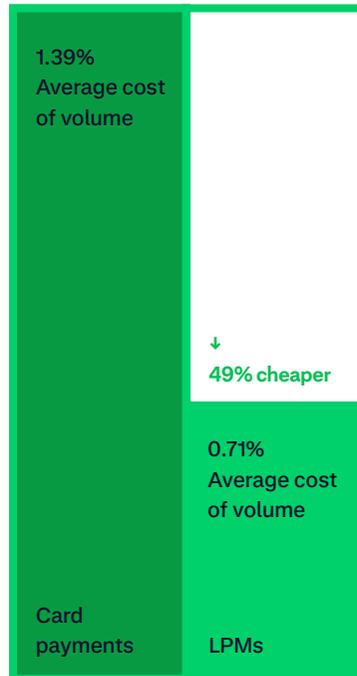
Source: Aggregated data for Adyen customers piloting US Debit from 15 July to 15 August 2024.

Save money by diversifying payment methods

Payment preferences vary as much as language. While credit cards are the first choice in the US, many Brazilians prefer to use the bank transfer method [PIX](#). Even in markets where credit cards traditionally dominate, new methods like Buy Now, Pay Later (BNPL) are gaining traction.

Local Payment Methods (LPMs) can be up to 49% cheaper than cards. An added benefit is that offering your customers their preferred payment methods is a great way to boost conversion since 55% of consumers report abandoning a purchase if their preferred payment method isn't available.

[→ Discover popular payment methods around the world](#)



US\$201 million

Saved by top 100 businesses by routing some of their payment traffic through LPMs.

Source: Aggregated data for the top 100 businesses using Adyen, based on processed volume over 12 months (1 June 2023 to 31 May 2024), with comparison based on average cost of volume.

DW
Daniel Wellington

“We see that consumers prefer the industry standard for payment and delivery. Today, Daniel Wellington is live in more than 50 markets with a variety of local payment methods.”

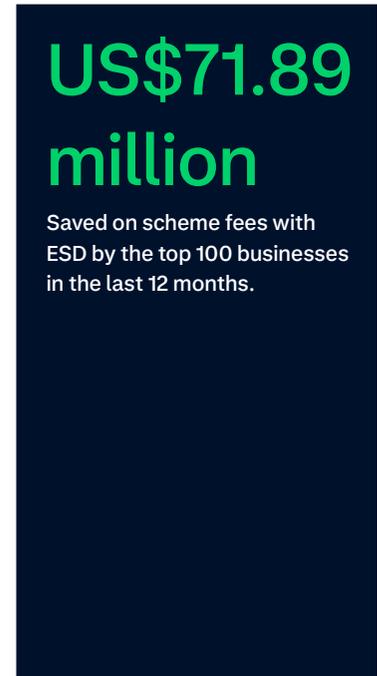
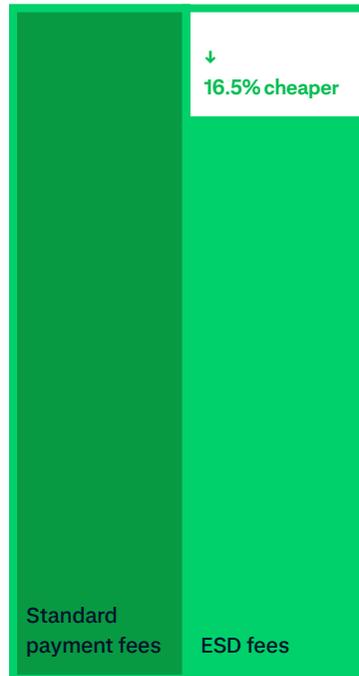
Natasha Belinska — Ecommerce Product Manager, Daniel Wellington

Send more data to card schemes to benefit from lower fees

Card payment processing has three levels. Level one requires minimal information. Businesses that only submit level one miss the opportunity to lower their scheme fees significantly.

Card scheme fees can be up to 16.5% less for transactions with level two and level three data, also called Enhanced Scheme Data (ESD). The extra data helps issuers in their risk assessment, increases transaction verification, and reduces fraud.

[→ Learn more about Enhanced Scheme Data](#)



Source: Aggregated data for the top 100 businesses using Adyen, based on processed volume over 12 months (1 June 2023 to 31 May 2024).

“One of the biggest global social media platforms saved US\$27m in a single year by providing Enhanced Scheme Data.”

Increase conversion and reduce fraud



Payments can fail for a multitude of reasons. The issuer might reject the approval request, or the customer's card might have expired. Another reason might be your risk settings. Finding the perfect balance between optimizing conversion and preventing fraud is challenging.

In this chapter, discover how to keep conversions high and fraud low by:

- Increasing authorization rates with Network Tokenization
- Reducing churn by updating account data in real time
- Leveraging data to avoid chargebacks and limit false positives

Increase authorization rates with network tokens

Network tokens are a powerful tool for improving payment acceptance, reducing fees, and increasing security. Customer details are authenticated during the first transaction and replaced by an encrypted network token, which is used for subsequent transactions.

Card schemes tend to charge less for processing tokens as an added bonus. We found that strategic use of network tokens gave a 6% higher authorization rate than Primary Account Numbers (PANs). As a result, the top 100 businesses on our platform gained over US\$7.5 billion in incremental revenue over 12 months with network tokens.

[→ Learn more about network tokens](#)



US\$7.55 billion
in added revenue

Source: Aggregated data for the top 100 businesses using Adyen, based on processed volume over 12 months (1 June 2023 to 31 May 2024).

HUGO BOSS

“Network tokens are bringing us closer to seamless one-click checkouts.”

Boris Griesinger — Head of Finance Operations, HUGO BOSS

Reduce involuntary churn caused by lost or expired cards

Cards get lost, stolen, or expire all the time. Normally, this leads to payment failure, chargebacks, and involuntary churn. In addition to missed revenue because of churn, businesses incur extra costs in the form of retry fees and re-acquisition.

Network tokens are updated by the scheme or the network, removing this cause of failure altogether. Since network tokenization is a relatively new technology, many recurring payments are still linked to a specific PAN. Account updater solutions, like our [Real Time Account Updater](#) (RTAU), can help reduce involuntary churn by automatically checking for updated card details.

→ [Learn more about reducing subscription churn](#)

US\$1.08 billion

Saved revenue by the top 100 businesses
by automatically updating account data over 12 months

Source: Aggregated data for the top 100 businesses using Adyen, based on processed volume over 12 months (1 June 2023 to 31 May 2024).



KLOOK

“One of the great things about working with Adyen is that technologically advanced services like network tokens are offered at a much earlier phase.”

Michelle Xue — Associate Director, Payment Solutions, Klook

Reduce chargebacks and false positive declines with data

Your risk settings must be high enough to weed out potential bad actors and avoid too many fraudulent chargebacks. If they're too low, your false positive declines will increase instead.

You can use risk tools that leverage data and machine learning to separate legitimate customers from fraudsters more effectively. That way, you'll avoid blocking genuine sales while keeping your business safe.

→ A commissioned study conducted by Forrester Consulting on behalf of Adyen found that enterprise businesses can reduce chargeback write-off rates by 27% and false positive declines by 40% on average on our platform.

[→ Learn more about our fraud tools](#)



"Thanks to Adyen's data-driven approach, our chargebacks have decreased by 78%, and our false positives were reduced by 50%."

Kathrin Renner — Senior Payment Manager, Delivery Hero

Upgrade your in-person payment performance



The right in-person payment solutions will improve your in-store conversion by eliminating queues and letting you process sales even when your network is down. Behind the scenes, more efficient hardware management will unlock considerable time and cost savings.

In this chapter, discover how you can boost your in-person payment performance by:

- Delivering amazing in-person payment experiences
- Processing payments offline if your network goes down
- Managing your hardware more efficiently

Deliver amazing in-person payment experiences

80% of retail transactions happen in stores. Long checkout lines and poor payment experiences can cause significant revenue loss. Clunky, hard-to-use hardware also frustrates employees and slows down onboarding, causing yet more bottlenecks.

In-person payment technology has come a long way in recent years. It's lighter, cheaper, and often cloud-based, keeping in-store experiences flowing smoothly so you can:

Speed up in-person payments and reduce queues

Long queues kill in-store conversion. That's why there's an increase in self-checkouts that let shoppers bulk scan and mobile point of sale devices that let employees accept payments anywhere in the store. With innovations like [Tap to Pay](#), businesses scale up in-person payments without investing in additional hardware.

Another factor that will help reduce queues is transaction speed. When you're accepting hundreds of transactions in a short time span, a single second per transaction has a big impact.

Give customers a choice about how, when, and where they shop

Customers expect your physical and digital worlds to be in sync. Connecting online and in-person channels in the backend lets businesses offer flexible cross-channel shopper journeys.

Take [Payment links](#). These let customers securely complete purchases during a phone call or video consultation. And BNPL increases the affordability of high-ticket items.

[→ Learn more about our in-person payment solution](#)



“Adyen processed individual transactions a full second and a half to two seconds faster than our previous systems, allowing our fans to return to the pitch faster.”

[Peter Romics](#) — Director Merchandising & Licensing, Authorized Officer, FC Bayern Munich

Process payments even if your network goes down

When the wifi fails, in-person payments halt, causing frustration and revenue losses. To help mitigate this, you can use POS devices that rely on mobile data or use terminals with a Store-and-Forward function. These terminals capture payment details and store them until the connection has been re-established. Then, they forward the request to the backend for processing and online approval.

Connectivity issues can be damaging, so it's essential to challenge your payment provider regarding how they prepare for unexpected outages. To ensure uninterrupted customer experiences, we've:

- Set up our data centers for redundancy to keep payments flowing in case of a power outage, equipment failure, or other unexpected event.

- Keep up the highest uptime rates for both online and in-person transactions.
- Stress test our payment terminals with over 10,000 tests by 50 robots.
- Perform all development, system administration, networking, database administration, and security activities in-house for maximum control and free of third-party dependency.
- In 2023, Adyen customers saved 2 million in-person transactions and USD 42.1 million by using Store and Forward.****
- Adyen customers lost €482 million in declined transactions in 2023.***** Store and Forward could have recovered up to 90%, or €385 million.

[→ Learn more about offline payments](#)

**** Aggregated data for top 10 businesses using Store and Forward in the year 2023.

***** Estimated aggregated for top 100 businesses based on declined in-person transactions in the year 2023.

US\$42.1 million

Saved by top 10 businesses using Store and Forward for in-person transactions in 2023.

Source: Aggregated data for the top 10 businesses using Adyen that activated Store and Forward in 2023.



"We've had stability and reliability with Adyen, receiving all payment types quickly and efficiently regardless of payment types."

Noel David — General Manager of Finance, True Alliance

Manage your hardware more efficiently

Managing a terminal fleet can be cumbersome, especially if you're operating across different regions. The right payment provider can help you streamline your fleet management and launch new terminals in no time via a centralized back office, reducing Full-Time Equivalent (FTE) costs by up to 75%.

Source: Forrester. The Total Economic Impact of Adyen Report. October 2021.

Our customer area lets you:

- View the status of every terminal in your fleet
- Order new devices and replacements
- Update terminal software instantly through the cloud
- Schedule automated reports for all your terminals

[→ Learn more about our terminal fleet management](#)

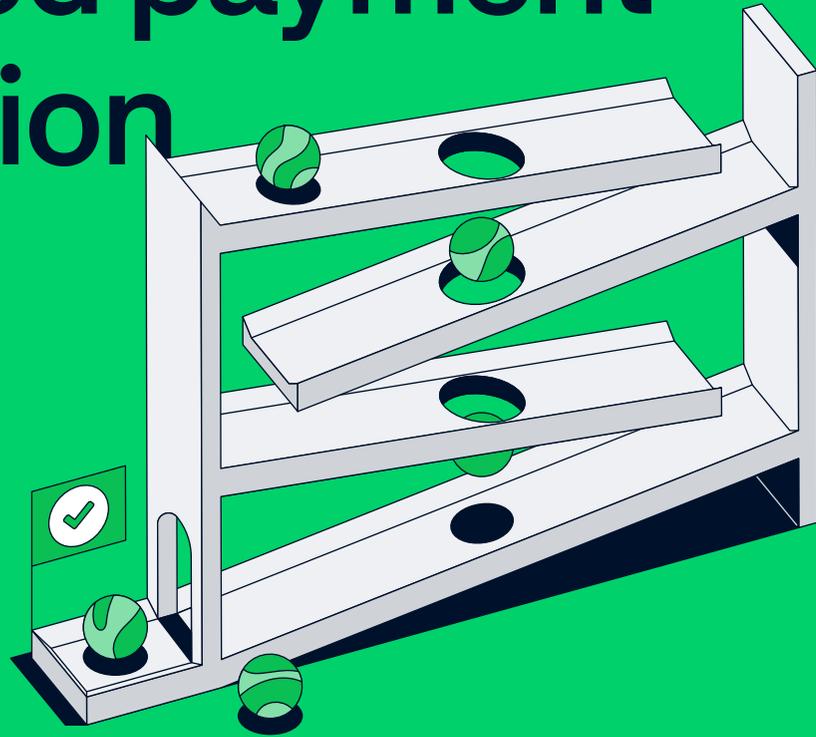
5000+
terminals rolled out
in less than 2 months
by Kiko Milano.



“With Adyen’s Terminal Fleet Manager, we were able to configure gratuity settings on the terminal which increased our average tip amounts by \$1.12 per hour, per employee.”

Darven Erickson — President & CEO at Cypress

Improve operational efficiency with a unified payment solution



Payments are an integral part of the finance department. If organized poorly, they can be a drain on your resources. Manual reconciliation, for example, is very labor intensive, especially if you're trading across channels and geographies.

To increase your efficiency, choose a unified payment provider that allows you to manage all your online and in-person payments globally.

One provider will help reduce complexity, save valuable resources, and reduce operational overhead. In this chapter, explore how a unified payment solution can improve operational efficiency by:

- Freeing up resources with automated reconciliation
- Staying agile with a single technical integration
- Reducing development costs

Free up resources with automated reconciliation

If managed manually, reconciliation is a heavy lift for your employees. Setting up all payments across all channels and regions on the same platform can greatly speed up the process by reducing complexity. With everything on one platform, you'll be able to quickly pull in-depth reports on your payment costs, declines, chargebacks, and errors.

Using a single platform for pay-ins and payouts will help you cut reconciliation costs and can help you get paid faster. Our platform can substantially simplify reconciliation by letting you match a full day's payout with a full day's sales. We offer a sales day payout function that pays out a full sales day all at once, regardless of whether we've received the funds.

Forrester Consulting found that enterprise businesses reduced operational overhead by 75%, equaling a present value of US\$1.2 million over three years by working with us to launch in new markets.

[→ Learn more about financial reconciliation](#)



“Our day-to-day tasks have become easier and have freed up more time for staff to focus on guests. The staff have more time. The guests have more time. Everyone is happy.”

Santi Roggio — Head Concierge, Grand Hotel Timeo, A Belmond Hotel

Gain agility with a single integration

A fragmented technology stack can slow your adoption of new payment methods since third parties running on legacy technology might need to update their systems. By relying on a single financial technology platform with a proprietary tech stack, you can quickly launch or deprecate payment methods as needed.

Our platform is built for agility, allowing businesses to:

- Launch quickly in new geographies
- Activate the latest payment methods with a click
- Integrate with partners and existing systems easily
- Access the latest payment innovations like Tap to Pay on iPhone, Network Tokens, and Real Time Account Updater.

Reduce operational full time equivalents needed to launch into new markets by **75%**

Source: The Total Economic Impact™ Of Adyen study by Forrester (Oct 2021)


Daniel Wellington

"Without Adyen, we would have had to hire more payment experts, and we would have had to spend far more resources on maintaining direct integrations to different banks and payment methods."

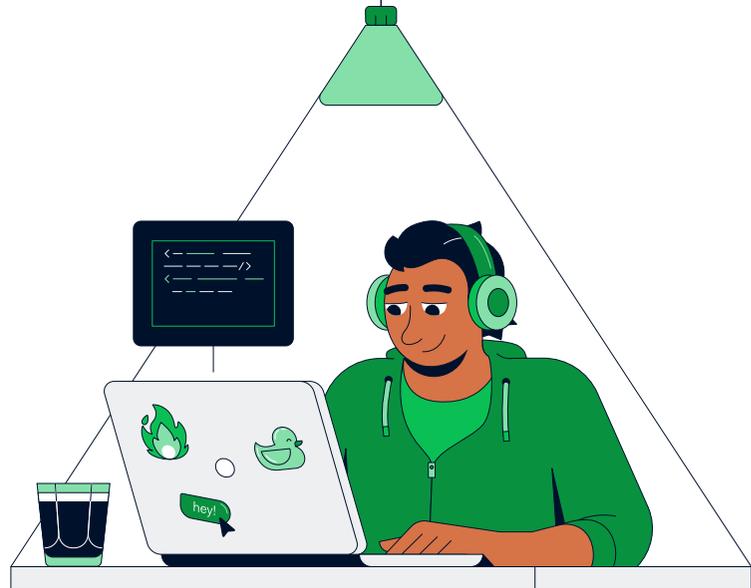
Natasha Belinska — Ecommerce Product Manager, Daniel Wellington

Free up valuable development resources

Many development teams need to maintain fragmented systems or flawed integration processes to keep payments flowing. Our API was built to give them tools to build innovative payment experiences fast. Some of our customers have built a minimum viable product within weeks rather than months.

Our entire tech stack and APIs are built in-house, by developers for developers. Our clear documentation and thriving developer community help keep things running smoothly.

[→ Discover our dev docs](#)

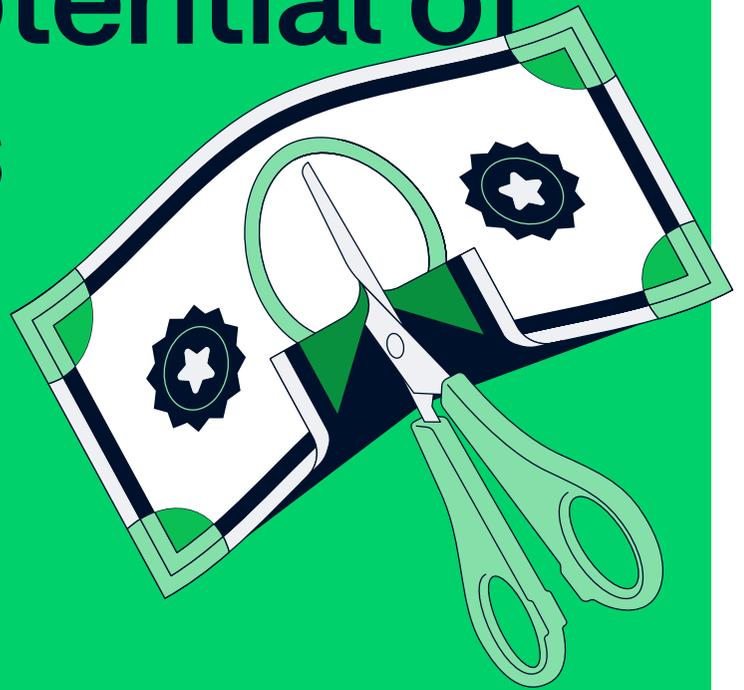


NA-KD

"Adyen's solution is very developer-friendly, which made the start-up phase extremely easy. It didn't demand new IT specialists or large resources for the development and implementation of the product."

Kubilay Eldem — Product Manager, NA-KD

Realize significant savings and unlock the full potential of payments



This report shows that payments have great potential to positively affect your bottom line and keep your business on the path to sustainable growth. Payments done right can help reduce interchange and scheme fees, increase conversion and reduce fraud, upgrade in-person payments, and improve business efficiency.

We've built our entire platform in-house to help businesses like yours reap the benefits of better payments. Unlike other providers, we control the whole payment value chain across all channels and geographies. Including account managers and payments experts ready to help you get more out of payments

Join amazing brands like Hugo Boss, Ikea, and Spotify and start unlocking the full potential of payments with:

- Experienced account managers
- 24/7 support
- Dedicated implementation managers during onboarding
- Ability to add new payment methods easily
- Comprehensive data and reporting tools

→ [Get in touch today](#)

Methodology

This report analyzes potential cost-saving opportunities by comparing the top 100 businesses globally in Unified Commerce and Digital based on processed volume. This analysis spans 1 June 2023 to 31 May 2024, excluding two areas: Intelligent Payment Routing, which uses data from a US Debit transactions pilot study (15 July to 15 August 2024), and Store and Forward, using aggregated data from the top 10 businesses in 2023, along with estimates for the top 100 businesses based on declined in-person transactions. The aggregated data ensures comparative insights while maintaining merchant anonymity and data privacy.

Ready to take the next step?

→ Get in touch today