

# THE ULTIMATE GUIDE TO TRANSFORMING PAYMENT ACCEPTANCE

**B** BB MERCHANT SERVICES

 PaymentGenes

**From Cost Centre to Strategic Capability**



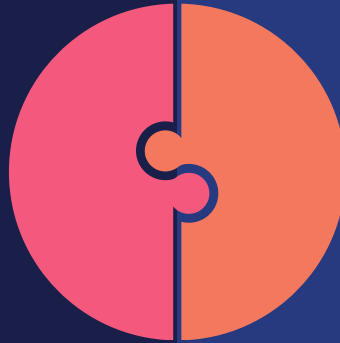
**B BB MERCHANT SERVICES**

 **PaymentGenes**



**RUTGER VAN OVERBEEK**

DIRECTOR BENELUX & DACH,  
BB MERCHANT SERVICES



**KIRSTEN HOORNSTRA**

PRACTICE LEAD MERCHANT SERVICES,  
PAYMENT GENES

The role of payment processing has undergone a significant transformation in the past few years. Once seen merely as a necessary cost centre, payment processing is increasingly recognised as a crucial strategic capability that can drive growth, enhance customer experiences, and provide a competitive edge.

Payment processing is no longer just about handling transactions; it's about leveraging payment systems to create seamless and engaging customer experiences, fitting with the company's sales channels and business model, optimising operational efficiencies, and gaining a strategic advantage over competitors.

This shift is driven by several factors, including rapid technological advancements and heightened consumer expectations for fast and secure transactions. The complexities of operating in a global market and shifts in business models are clear business drivers. Sales via D2C, marketplaces and subscriptions cause businesses to rethink their payment strategy. Businesses that adapt to these changes by integrating advanced payment solutions into their strategic frameworks are better positioned to thrive.

This article explores how enhancing payment processing can help businesses gain a competitive edge. In addition, a detailed case study shows how a global top 25 omnichannel retailer benefitted from a 360-degree payments capability assessment. The case study highlights how this retailer leveraged the combined expertise of PaymentGenes Consultancy and BB Merchant Services to gain 360 insights into the current payment capability and strategic vision.

# The Evolution of Payment Processing

## HISTORICAL CONTEXT

Traditionally, payment processing has been viewed as a back-office function essential for completing transactions but offering little strategic value. Companies treated it as a cost to be minimised, focusing primarily on reducing transaction fees and maintaining essential operational efficiency.

## MODERN PERSPECTIVE

Over the past decade the landscape has shifted dramatically. Businesses now understand that payment processing is integral to their overall strategy, impacting customer satisfaction, operational efficiency, and revenue generation. This change is driven by technological advancements, increasing consumer expectations for seamless transactions, strong competition and the growing complexity of global commerce.

## INDUSTRY DRIVERS

Several key factors are driving this shift:

### TECHNOLOGY ADVANCEMENTS

Innovations such as mobile payments, digital wallets, and blockchain have expanded the capabilities of payment systems.

### CONSUMER EXPECTATIONS

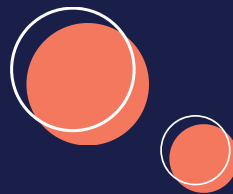
Customers demand quick, secure, and convenient payment options, making efficient payment processing a competitive necessity.

### GLOBALISATION

The rise of e-commerce and global markets requires businesses to effectively manage diverse payment methods and currencies.

### FRAGMENTATION OF SALES CHANNELS

The classical retail environment has been enhanced with a mature e-commerce channel, marketplace models, kiosks, subscriptions models and brands selling directly to the consumer (D2C).



# The Transformative Benefits of a 360-Degree Payment Capability Assessment

Enhancing payment processing is crucial for businesses seeking a competitive edge. Industry experts such as PaymentGenes Consultancy are specialists in adopting a proven approach and methodology to enhance payment processing. Their market-leading methodology and approach are based on four strategic modules.

First, a payment capability module assesses and benchmarks payment systems against industry best practices to identify areas for improvement. A second module covers KPI Benchmarking analysis of key metrics, optimises efficiency and reduces costs.

A third module covering local market analysis tailors payment offerings to specific market preferences, improving customer satisfaction and market penetration. Finally, the payment organisation module consolidates findings into a strategic vision, transforming payment processing from a cost centre to a strategic capability, driving value and supporting business growth.

Read on for a more detailed summary of the methodology approach  
PaymentGenes Consultancy has successfully adopted with businesses worldwide to unlock substantial benefits.

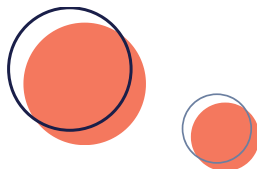


## **MODULE 1: PAYMENT CAPABILITY**

The first module thoroughly assesses a company's current payment capabilities, including omnichannel functionalities. It examines 10 dimensions such as how the payments are connected to the company's strategic goals and business model, the functional fit, the current set up and vendor strategy and identification of alternative setups and industry best practices. It looks at functions such as fraud management, data handling, localisation of payment methods, orchestration capabilities like smart routing and redundancy. The goal is to benchmark these capabilities against industry best practices, retail payment trends, consumer trends and identify areas for improvement.

## **MODULE 2: KPI BENCHMARKING**

Secondly, a factual analysis module benchmarks key performance indicators (KPIs) against industry standards with a high degree of accuracy. This process involves a detailed examination of metrics such as acceptance cost, which encompasses not only scheme and processing fees but also any hidden costs that might affect profitability. Additionally, fraud rates and authorisation rates are meticulously analysed to establish a comprehensive baseline for optimization efforts. By leveraging BB Merchant Services' extensive data pool, which includes a vast array of historical and real-time data points, we are able to provide invaluable insights into these KPIs. This enables precise benchmarking that takes into account vertical-specific industry data.



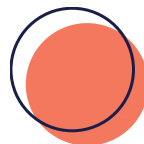


### **MODULE 3: LOCAL MARKET ANALYSIS**

Thirdly, the local market analysis module covers how tailoring payment offerings to specific market preferences is crucial for success in diverse markets. This module involves deep dives into local markets to assess coverage and performance. Businesses can optimise their payment mix and enhance market penetration by understanding local customer preferences, regulatory constraints and payment behaviours. An evaluation matrix is leveraged to measure the best value of potential changes in the payments mix.

### **MODULE 4: PAYMENT ORGANISATION**

The final module consolidates findings from the previous assessments into a comprehensive vision for the future payment organisation. It includes a high-level implementation roadmap and strategic recommendations, making payments a core business strategy. The goal is to transform the payment function from a cost centre into a strategic capability that drives value supported by the right organisational setup.



# Case Study - A Global Top 25 Omnichannel Retailer

This case study concerns a leading global retailer ranked among the top 25 omnichannel operators worldwide. The business operates across 50 countries with a complex mix of physical stores and online platforms. It offers seamless shopping experiences that require sophisticated, reliable, and adaptable payment solutions.

The business faced a significant challenge: they lacked a clear view of the maturity and capabilities of their payment operation. Understanding the current state of their payments across all active markets was crucial for developing a solid strategy for scaling their payment operations. Key areas of concern included fraud management, data handling, localisation, and technical setup.

The global retailer selected PaymentGenes Consultancy and BB Merchant Services, based on a Request for Proposal amongst leading consultancy companies, to conduct a 360-degree omnichannel payments assessment. PaymentGenes leveraged all four modules of the Payment Capability Assessment:





#### MODULE 1:

A functional assessment of 10 core payment capabilities such as fraud, monitoring, smart routing and localisation & personalisation capabilities. This evaluation assessed the maturity versus (omnichannel) ambitions and provided a comprehensive review of the current setup as well as identified alternative payment setups that would support the ambition. Alternative setup scenarios included considerations of vendor lock-in and redundancy, omnichannel processing capabilities and regionalisation of the vendor landscape.

#### MODULE 2:


PaymentGenes Consultancy and BB Merchant Services performed a detailed benchmark analysis of the retailer's key performance indicators, leveraging data from over 3,000 merchants. This provided insights into costs, fraud rates, and authorisation rates.

#### MODULE 3:

For the local market analysis, we provided the client with 30 market deepdives. This provided detailed insights in the local payment preferences, digital landscape and regulatory specificities. Understanding the specific market needs provided insights into the current payment mix coverage. Combining these insights with performance data from module 2 gave input for optimisation efforts and backlog prioritisation. An assessment of payment method activation processes was part of this module to understand & review the go-to-market of new payment methods.

#### MODULE 4:

The final module consolidated all findings from the first three modules into a coherent strategic vision for our client. We explored multiple organisational setups that would drive the strategic roadmap and provided our client with a high-level implementation roadmap to kickstart the program. Considerations like obtaining a licence(s) and global versus regional operations were assessed and reviewed according to feasibility and implementation timelines.








## RESULTS

The 360-degree assessment gave the business previously hidden insights into its payment operations. The shift in mindset from viewing payments as a cost centre to recognising it as a strategic tool led to significant breakthroughs in vendor setup and resource allocation.

Empowered by a deep insight into the maturity of its (omnichannel) payments capability, the comprehensive assessment enabled the business to prioritise value-adding activities and develop a global roadmap for future improvements.



# The Benefits of Viewing Payment Processing as a Strategic Capability

Viewing payment processing as a strategic capability offers multiple benefits. It opens up the opportunity to enhance the customer experience by providing seamless, secure, and convenient payment options, driving satisfaction and loyalty. Optimised payment processes improve operational effectiveness, reduce costs, and allow better resource allocation.

This strategic approach gives businesses a competitive advantage while expanding their business to new markets, business models, and use cases, or increasing the performance of the existing ones. It allows for integral thinking and data driven approach in all teams involved in continuous improvement.

Businesses that continuously innovate their payment strategies will be well-positioned for future success and market differentiation. The key benefits of viewing payment processing as a strategic capability are outlined below:

### **ENHANCED CUSTOMER EXPERIENCE**

Strategic payment processing enhances the customer experience by offering seamless, secure, and convenient payment options. This not only increases customer satisfaction but also drives repeat business and loyalty.

### **OPERATIONAL EFFICIENCY**

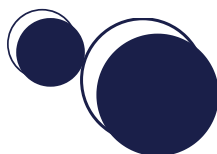
By optimising payment processes and leveraging advanced technologies, businesses can streamline operations, reduce costs, manage vendors effectively, and improve overall efficiency. This enables companies to allocate resources more effectively and focus on core business activities.

### **COMPETITIVE ADVANTAGE**

Businesses that treat payment processing as a strategic capability can differentiate themselves in the market. They can offer unique payment solutions that meet customer needs better than competitors, gaining a competitive edge.

### **FUTURE TRENDS**

Payment processing will continue to evolve with developments in identity verification, consumer data and alternative payment methods such as A2A and Open Banking. Businesses that stay ahead of these trends and continuously innovate their payment strategies will be well-positioned for future success.



# Frequently Asked Questions

## What is payment processing as a strategic capability?

Payment processing as a strategic capability involves leveraging payment systems to enhance customer experiences, optimise operational efficiencies, and gain a competitive edge rather than viewing it merely as an operational cost.

## How can businesses benefit from strategic payment processing?

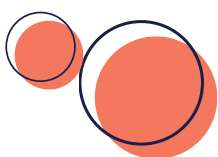
Businesses can benefit through enhanced customer satisfaction, increased operational efficiency, and a stronger competitive position by offering seamless, secure, and convenient payment options.

## What are some technological advancements influencing payment processing?

Key advancements include mobile payments, digital wallets, blockchain technology, and AI, all of which are expanding the capabilities and efficiency of payment systems.

## Why is KPI benchmarking important in payment processing?

KPI benchmarking helps businesses measure their performance against industry standards, identify areas for improvement, and implement strategies to optimise payment operations effectively.



# Frequently Asked Questions

## How do PaymentGenes and BB Merchant Services enhance payment processing capabilities?

They provide comprehensive payment capability assessments, industry benchmarking, and tailored market analyses, helping businesses transform their payment operations into strategic assets.

## What future trends should businesses anticipate in payment processing?

Businesses should anticipate continued advancements in AI, blockchain, and digital currencies, further evolving payment processing capabilities and requiring continuous innovation in payment strategies.



# Bringing it all Together

The transformation of payment processing from a cost centre to a strategic capability represents a paradigm shift that offers numerous benefits for businesses across various industries.

Through the collaborative efforts of PaymentGenes and BB Merchant Services, the case study explored in this article shows how a global top 25 omnichannel retailer leveraged detailed assessments, industry benchmarks, and tailored market analyses to optimise payment operations.

This strategic approach enhances customer experiences by providing seamless, secure, and convenient payment options, fostering customer loyalty and driving repeat business. Moreover, by streamlining payment processes and integrating advanced technologies, businesses can achieve greater operational efficiency, reduce costs, and allocate resources more effectively. This improves overall business performance and positions companies to respond swiftly to market changes and emerging trends.

In an era where technological advancements and consumer expectations are rapidly evolving, staying ahead of these trends is crucial. By viewing payment processing as a strategic asset, businesses can differentiate themselves in the marketplace, gain a competitive advantage, and unlock substantial benefits.

## Contact Us

 **BB MERCHANT SERVICES**

RUTGER VAN OVERBEEK  
DIRECTOR BENELUX & DACH

EMAIL:  
[rutger.van.overbeek@bbmerchantservices.com](mailto:rutger.van.overbeek@bbmerchantservices.com)

WEB:  
[www.bbmerchantservices.com](http://www.bbmerchantservices.com)

 **PaymentGenes**

KIRSTEN HOORNSTRA  
PRACTICE LEAD MERCHANT SERVICES

EMAIL:  
[kirsten@paymentgenes.com](mailto:kirsten@paymentgenes.com)

WEB:  
[www.paymentgenes.com](http://www.paymentgenes.com)