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THE 19TH ANNUAL

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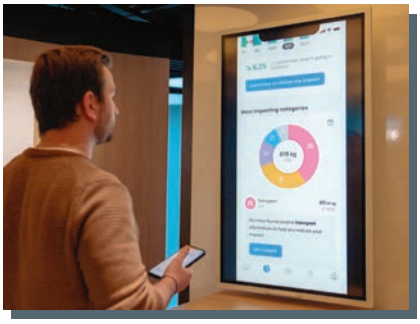

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the gimlet eye

VISA, CROSS BORDER PAYMENTS, AND STABLECOINS

STILL SKEPTICAL OF digital currencies? That's understandable, as crypto has yet to prove itself on a mass scale. But indications keep emerging—and have been coming at us at an accelerating pace of late—that the roadblocks to mass usage may not stand much longer.

Granted, nobody's talking about Bitcoin replacing dollars. And not even stablecoins, the crypto that operates like fiat money, are threatening to achieve mass usage. And yet, and yet, indications keep emerging that mainstream acceptance could be nigh.

Here's one example of what we're seeing. Visa announced recently it will launch a cross-border payments service that will rely on stablecoins to fund transfers. The service, meant ultimately as an improvement on existing transfers that require users to commit capital in advance, will run on the Visa Direct real-time payments rails. The service is expected to transition to "limited availability" by April, Visa says, though timing for the pilot itself was not announced.

This is the first time Visa has ventured into stablecoins for cross-border transactions, the company says. The new service will allow businesses to "prefund Visa Direct with stablecoins," Visa says, though recipients can elect to receive funds in their local currency.

The service also takes advantage of the immediacy of blockchain technology. "Cross-border rails were built decades ago and stablecoins can provide the necessary upgrade to make payments faster, cheaper, and programmable," the network says in a release regarding the development. A spokesperson did not respond to our queries.

The market potential could be substantial here. Cross-border payments amounted to $190 trillion in 2023, the most recent year for which figures are available, with business-to-business flows unsurprisingly accounting for the bulk of the volume. That potential has begun to attract payments players. MoneyGram International Inc., for one, recently unveiled a mobile app featuring a U.S. dollar-backed stored-value account that will work with stablecoins as well as fiat currencies for cross-border transactions.

The target market for the new Visa service embraces banks, remitters, and businesses, according to Visa. These parties are seeking the "faster, more efficient liquidity management" offered by stablecoins, along with instant-transfer capability," the card company says.

Now, why stablecoins? They are blockchain-generated digital tokens whose value corresponds to the value of a fiat currency, such as the U.S. dollar. In this way, they avoid the significant swings in value seen with other digital currencies.

And along with that stability comes legislation, the GENIUS Act, signed into law this summer with rules and clarifications that are expected to serve as a roadmap for players looking to exploit stablecoins for various business purposes.

Still skeptical? We're just a little less so these days.

John Stewart, Editor | john@digitaltransactions.net

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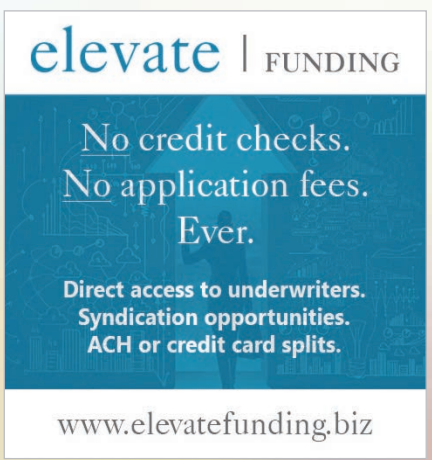

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TURNING ONLINE PAYMENTS INTO CARD PRESENT TRANSACTIONS

Universal Air Travel Plan Inc. (UATP) last month announced it has partnered with Burbank, a United Kingdom-based fintech, to deploy an app that enables mobile devices to act as a POS terminal to process card-present transactions over the Internet.

The app is embedded in the merchant's mobile app, which eliminates the need for consumers to download a separate app to their device, UATP says. The app makes the mobile device an EMV-compliant terminal, a necessary component of a card-present transaction. Burbank launched the technology, called CPoI, earlier this year.

To initiate a transaction through a UATP merchant, online shoppers tap their card to their mobile device and enter their PIN to complete payment, just as they would for an in-store transaction. PIN requirements vary by market and card issuer, and merchants have the option not to require a PIN for transactions initiated in the United States, a UATP spokesperson says by email.

Converting an online transaction to a card-present one benefits merchants in two ways. First, online merchants receive a lower interchange rate for card-present payments. Second, it reduces the need for card-not-present fraud-detection solutions, such as anti-fraud AI systems, 3DS, and fraud models typically used with card-not-present payments, according to UATP.

Fraud and chargebacks are a $40-billion problem annually for merchants, according to Burbank. Payment fraud is growing 69% per year, and chargebacks 52%, the fintech adds. In addition, the PCI Security Standards Council projects fraud losses for online transactions will be $364 billion between 2023 and 2028. "Merchants don't have to pay for these losses with this technology," says the UATP spokesperson.

Another benefit for merchants is that CPoI can increase authorization rates by 5% to 10% over card-not-present rates, its backers say. It is not uncommon for online merchants to experience high false-positive rates for card-not-present transactions, UATP adds.

Converting a mobile device into an EMV-compliant terminal that enables card-present transactions is a potential "game changer," says Cliff Gray, principal at Gray Consulting. "This is a fascinating concept, because it enables mobile phones to become EMV POS devices, and most people have a phone," Gray says. "For merchants, the technology is not just helping them save money on acceptance cost, but reduces the risk of chargebacks, which lowers their liability."


Gray

Gray: CPoI is a "potential game changer."

One potential drawback is that the technology does not support wallets where consumers can store and access cards for future purchases, according to Gray. UATP says the intent of CPoI is to enable card-present processing with each customer tap.

"The technology can't create friction to existing processes and consumers used to paying with a wallet aren't necessarily going to want to pull out their card for each new transaction," Gray says.

UATP, which processes for airline, travel agencies, and Amtrak, will market CPoI through media, events, and direct outreach. "We are taking it to market ASAP with a growing list of interested merchants," the UATP spokesperson adds.

— Peter Lucas

HOW BANKS ARE JOCKEYING TO ISSUE STABLECOINS

Action in the payments industry on stablecoin plans appears to be perking up since President Donald Trump signed the GENIUS Act into law this summer, legislation whose rules are expected to spark more action by mainstream payments players on issuing and accepting the digital currency.

One example emerged this month with the news that Fiserv Inc., one of the world's largest payments processors, will work with Bank of North Dakota on a stablecoin venture called the Roughrider coin. The venture, which involves a state stablecoin, represents the first such collaboration to launch on Fiserv's digital-asset platform, the company says.

The new coin is expected to be widely available to financial institutions in the state next year, though a more specific date was not immediately available. Fiserv and the state expect the product will have three objectives, including boosting bank-to-bank transactions along with merchant adoption, as well as fostering global money movement. Later, the venture may introduce consumer stablecoin accounts and cross-border transfers, Fiserv says.

The venture with Bank of North Dakota relies on infrastructure that supports Fiserv's own stablecoin, FIUSD, which the big processor launched in June. Fiserv is a core-banking vendor to the bank. The institution's "unique regulatory structure and the role it plays for its state banks and credit unions presented an opportunity to build a digital asset ecosystem that would be hard to replicate in other states," Fiserv says in response to queries from Digital Transactions. The Roughrider coin is expected to be interoperable with other coins, Fiserv says.

THE STABLE RISE OF STABLECOINS

(Total supply, in billions)

Source: Defillama

The Bank of North Dakota sees embedded banking and digital assets becoming "a larger part of the banking landscape over time," says a Fiserv spokesperson.

Stablecoins are cryptocurrency generated by a blockchain, much as Bitcoin and other digital assets are developed. In contrast to Bitcoin, stablecoins are pegged to fiat money such as the U.S. dollar, and so avoid the turbulent swings in value seen with other crypto assets. This stability, along with the speed and convenience of stablecoin transactions, has begun to attract interest in mainstream finance, including among banks.

"The development of the Roughrider coin…capitalizes on changes in federal law and ensures the continued health, resilience, and relevancy of the North Dakota financial industry for its citizens," says Don Morgan, Bank of North Dakota's chief executive, in a statement.

The roughrider coin is said to honor Theodore Roosevelt, who led a volunteer cavalry unit during the Spanish-American War and later wrote a book about his experiences called "the Rough Riders." Roosevelt became President of the United States in 1901 upon the assassination of Wiliam McKinley.

— John Stewart

VISA LAUNCHES TRUSTED AGENT, AN AGENTIC COMMERCE PROTOCOL

Visa Inc. entered the agentic-commerce fray last month with the launch of Trusted Agent, a protocol developed in collaboration with cloud-computing connectivity provider Cloudflare Inc. The protocol is part of an overall strategy to make agent-initiated transactions as seamless and secure "as any consumer-initiated transaction today," the card network tells *Digital Transactions* by email.

Like other recent agentic-commerce protocols, such as ones from PayPal Holdings Inc. and Google Inc., Visa's protocol was developed to help merchants distinguish between trusted AI agents and bots/fraudsters with malicious intent. This allows merchants to avoid blocking legitimate transactions, Visa says. To authenticate AI agents shopping on behalf of consumers, the Trusted Agent Protocol uses agent-specific cryptographic signatures and enables agents to provide merchants additional information.

"[The] Trusted Agent Protocol was designed to allow merchants to receive additional context in agentic commerce with minimal changes to existing user experiences or overhauling backend systems," a Visa spokesperson says by email.

Agentic commerce is a fast-growing trend. During the past year, AI-driven traffic to retail Web sites in the United States surged more than 4,700%, and 85% of shoppers who have used AI for online shopping say it improved their shopping experience, according to Adobe Data Insights.

Visa developed the Trusted Agent protocol to be an interoperable part of the agentic commerce ecosystem. In addition to working with Cloudflare to develop the protocol, Visa says it is also working with global standards bodies, such as the Internet Engineering Task Force, OpenID Foundation, and EMVCo, to ensure its protocol complements others.

Visa is also collaborating with digital-currency exchange Coinbase to make the protocol interoperable with the x402 protocol, an open protocol that standardizes Internet-native payments.

"We are engaged with Google, OpenAI, and Stripe, and are looking to create compatibility across the ecosystem. These platforms have the same goal in mind that we do – building trust in agent-initiated payments," says the Visa spokesperson. Processors supporting the new protocol include Nuvei Corp.

MONTHLY MERCHANT METRIC

Total Gross Processing Revenue %

This is sourced from The Strawhecker Group's merchant datawarehouse of over 4M merchants in the U.S. market. The ability to understand this data is important as SMB merchants and the payments providers that serve them are key drivers of the economy.

All data is for SMB Households defined as households with **less than $5M in annual card volume.**

Metric Definitions: (Only use definitions related to an individual month's release)

Household - Standalone Merchants are considered as a Household with one store and Chained outlets under a common ChainID are combined together and considered as one single Household

Total Gross Processing Revenue % - Sum of total discount, total transaction fee revenue and total other fee revenue divided by total volume

Q1'24	2.854%
Q2'24	2.886%
Q3'24	2.921%
Q4'24	2.897%
Q1'25	2.924%
Q2'25	2.950%
Aug'25 (T3M)	2.950%

tsg

Visa says it is working closely with leading bot-management solutions providers to help facilitate the recognition of trusted agents onboarded through Visa Intelligent Commerce, an initiative to enable AI agents to conduct online shopping on behalf of consumers, the Visa spokesperson adds.

Meanwhile, Cloudflare is working with several payments companies to create an authentication layer for agentic commerce, leveraging the Web Bot Auth protocol, which uses a cryptographic signature to prove the authenticity of Web bots and AI agents. Payments companies Cloudflare is working with on this include Mastercard Inc. and American Express Co.

Mastercard is incorporating Web Bot Auth into Mastercard Agent Pay, the card company's agentic-commerce protocol launched earlier this year. American Express says it, too, will leverage Web Bot Auth for its agentic-commerce program. AI agents built with the Cloudflare Agents software development kit will be able to use those protocols to shop autonomously at millions of merchants globally, Cloudflare says.

"When developing the Trusted Agent Protocol, Visa needed a secure a way to authenticate each agent and securely transmit important information from the agent to the merchant's Web site," Will Allen, vice president of product for Cloudflare, says by email. "That's where we came in and worked with the team at Visa to build upon the foundation of Web Bot Auth."

Payments-technology companies are racing to get in on the ground floor of agentic commerce by developing protocols, but how agentic commerce will evolve is a big unknown.

"As with the launch of the Internet, there are currently no standards to enable interoperability or to lessen the time and economic cost of implementing an agentic solution," Thad Peterson, a strategic advisor for Datos Insights, says by email. "Agentic standards will change that and the efforts on the part of Visa to lead in developing an agentic-commerce protocol is a significant early step in the agentic journey."

Peterson adds that, ultimately, two to three agentic-commerce standards will be adopted globally, "but time will tell," he adds.

— Peter Lucas

AMEX DEPLOYS DIGITAL ADS TO HELP BRANDS REACH ITS CARDHOLDERS

American Express Co. cardholders are going to see targeted ads from premium brands on some AmEx-owned platforms.

Announced last month, Amex Ads is a digital advertising platform to help brands reach the issuer's 34 million U.S. cardholders. It begins on AmexTravel.com and will expand to other AmEx-owned platforms.

AmEx says this new service builds on its Amex Offers platform, which launched in 2012, and will enable brands to reach these consumers at opportune times. In one instance, Marriott Bonvoy, the hotelier's loyalty program, used Amex Ads to convert AmEx cardholders who had booked a flight on AmexTravel.com, but not a hotel. In another, travel-products seller Tumi uses Amex Ads to target users during and after travel bookings using ads on AmexTravel.com and emails from Amex Travel.

AmEx outlines four steps to use Amex Ads. First is designing the campaign, which could have a new-customer acquisition purpose or the aim of building loyalty with existing customers, for example.

The next step is getting the messages in front of AmEx cardholders. Cardholders may then add the offers to their cards and redeem them.

Photo: American Express

Advertisers receive detailed reports that can include average transaction size, customer demographics, and the value of the media they used.

Amex Offers generated $15 billion in global spending in 2024, of which $13 billion was at U.S. merchants that accept Amex cards, the company says.

— Kevin Woodward

EVOLUTIONALITY: A FUNDAMENTAL NEED FOR DIGITAL MONEY

BY GIDEON SAMID
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DIGITAL MONEY BURSTS with a bang in the realm of cyberspace, opening new gates, unveiling unthinkable possibilities, becoming a central societal feature—and determining of pulse of life in the years to come. There are thousands of digital coins, and countless applications. Countries are looking into shifting their national currency into a digital format, while the wealth claimed by digital currencies is mushrooming from year to year.

And as we go ahead, we must acknowledge the innovative shock unleashed by money made of digits, and arm ourselves with a mindset and attitude to meet this challenge without stumbling and falling into chaos. We must be "surprise ready." Digital money presents a huge opportunity, which we discover as we move forward. But it also faces previously unimagined threats that must be handled. The opportunity is dynamic, and the threat is dynamic, and hence the digital coin cannot be stationary, and rigid.

As we design or pick a digital coin to do business with, we must ensure that our choice will be marked with evolutionality—be ready to evolve to exploit a rising opportunity, and also to meet an emerging threat.

The leading digital coins today have not been designed with evolutionality in mind. Many of them are built on a stationary cryptographic algorithm that ignores the fact that adversarial innovation will defeat them tomorrow. They discount the resourcefulness of money launderers. They don't offer a robust answer for the issue of interrupted connectivity. They have little flexibility to adjust to privacy requirements and regulations. They don't allow pay at any resolution, and they don't incorporate breach-recovery procedures.

We should strive to fix this evolutionality weakness. Quantum computers pose a looming threat to all the digital coins that rely on a single "hard to crack" algorithm. We should use a coin for which the security bedrock can evolve to meet an attacker who's smarter than expected.

For example, LeVeL by BitMint is built on a constantly changing security algorithm, designed to evolve faster than any threat to its integrity. Digital money is based on a public ledger whose integrity is protected by the brilliant idea of blockchain. Yet, emerging needs for speed require flexibility there too, perhaps a return to normal database.

Digital money needs to allow its mint to spot abusive transactions, reverse fraudulent payments, and compensate victims of criminal activity. An evolutionary path is required. The more wealth and the more dynamics claimed by a digital coin, the more critical it is to keep transacting through periods of interrupted connectivity. This is another evolutionality challenge.

Cyberspace features more than 15 billion Internet of things devices. Many of them evolve to be able to pay and get paid. Such IoT payments need to be small and fast. Digital money will have to evolve to meet that need.

For example, electric vehicles are planned to be micro-charged by an underground magnet that sends a quick energy splash to the car while it zooms over it. The car will have to pay for this energy during the fraction of a second in which it passes over that underground energy magnet. We may not have a good solution right away, but we want a digital coin that will be able to evolve to meet such needs.

Evolutionality should be a prime concern for anyone planning to adopt a digital currency. We're only beginning to realize what great opportunities are open to us with digital money. And we must never disparage the counter-innovation exercised by the criminal element, requiring us to be as dynamic, as resourceful, and as innovative. DT

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HOW EMERGENCIES SPOTLIGHT THE NEED FOR WAGE ACCESS

BY BEN JACKSON
bjackson@pa.org

THE LATEST GOVERNMENT shutdown shows why workers need options for accessing their money independently of employer-set pay periods.

From the start of the shutdown, many government employees were still working, but without the promise of a paycheck. Unfortunately, their bills did not stop when their paychecks did. They still needed to pay rent, mortgages, and utility bills, and buy groceries.

The affected group is huge. According to the Pew Research Center, the federal government in November employed about 3 million civilian workers (including the Postal Service) and 1.3 million active-duty military personnel.

The shutdown began Oct. 1, and by Oct. 10, USAA, the financial-services company focused on veterans, announced it had already made, within 48 hours, roughly 39,000 no-interest loans worth $144 million. But there were drawbacks. On Oct. 11, Task and Purpose, an online publication focused on the military and veterans, reported that many USAA members were surprised by credit checks and loan rejections.

What federal workers, including service members, need is liquidity, not a loan.

The shutdown provides a real-world example of why earned-wage access programs are necessary. These workers are earning money and incurring bills, but outside factors prevent their employers from paying them.

One of the eligibility requirements for the USAA program, and for a similar one offered by Navy Federal Credit Union, is having an established account with direct deposit, which is part of most EWA programs. Providing liquidity for wages already earned is different from providing a loan. EWA programs offer access to pay without a credit check and without recourse for the provider if the money is not repaid.

This can help people like USAA customers worried about their credit score being dinged by a credit check when income is accruing but access is frozen. The need for multiple EWA models is made evident by the options available to government workers.

Providers either work with employers or offer services directly to consumers. There are pros and cons to both models, but if an employer's operations are disrupted by something like a shutdown, workers need choices to keep money coming in.

Banks and credit unions can help fill this gap because direct-deposit records offer a window into what a customer is making. In some instances, a bank may even have a commercial relationship with an employer and be able to verify employment or whether payroll has been delayed.

Chime, a fintech that offers mobile wallets, has a program called "MyPay" that uses direct- deposit information and allows users to access a portion of their pay based on their direct-deposit history. Both the USAA and Navy Federal programs require direct deposit, but they are not quite as forgiving as standard EWA products.

Now the question arises whether government shutdowns are a unique case. There are plenty of instances where people might see an interruption in their income flow even though they continue to earn money.

For example, businesses affected by natural disasters like hurricanes or wildfires might continue to "pay" employees even though their systems are down. As cyber attacks and ransomware continue to spread, it could be a man-made disaster that makes it hard for workers to collect their earnings. And of course, a plain old system crash could come between payday and money landing in a bank account.

Regulators should recognize that accessing earned wages outside of a standardized payroll schedule is a needed service but different from traditional loans. Financial institutions and providers should look for ways to offer this service to help customers and build loyalty by being there when they are most needed. DT

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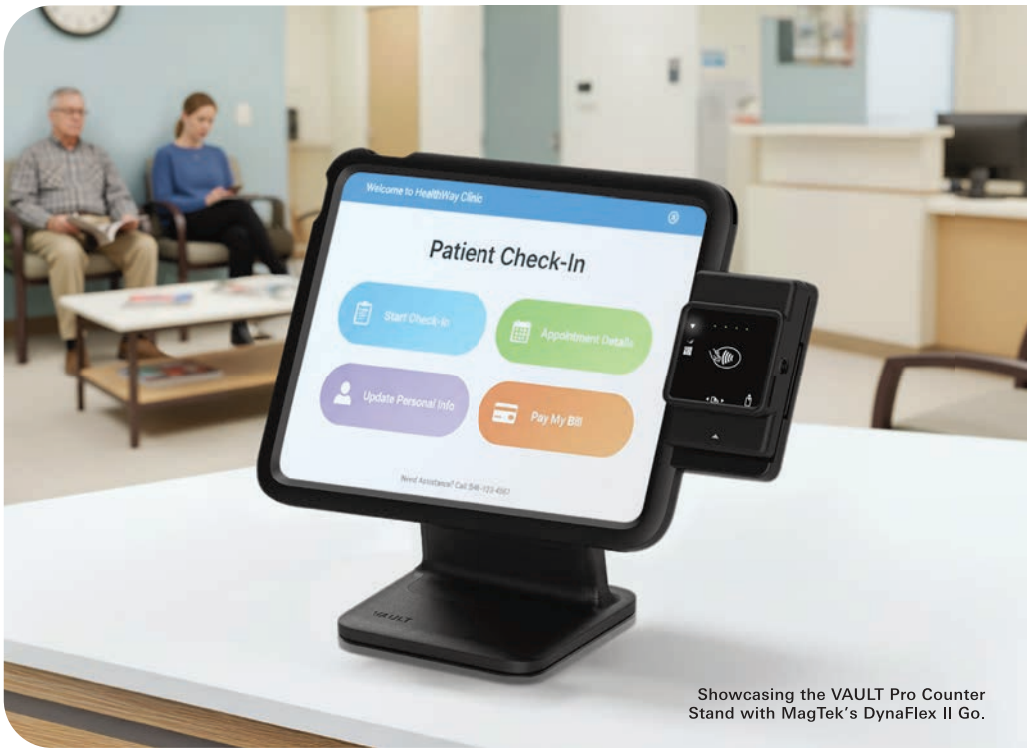

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NAVIGATING THE VISA ACQUIRER MONITORING PROGRAM

Visa has consolidated its fraud and dispute platforms into a single program. With enforcement under way, here are some guidelines for compliance.

BY TIM TYNAN
Tim Tynan is chief executive of Chargeback Gurus.

ON APRIL 1, Visa launched the Visa Acquirer Monitoring Program (VAMP), a major overhaul that replaced Visa's Dispute Monitoring Program (VDMP) and its Fraud Monitoring Program (VFMP) with a new, single framework. Since that launch, Visa has made several updates to the program based on merchant feedback and other considerations.

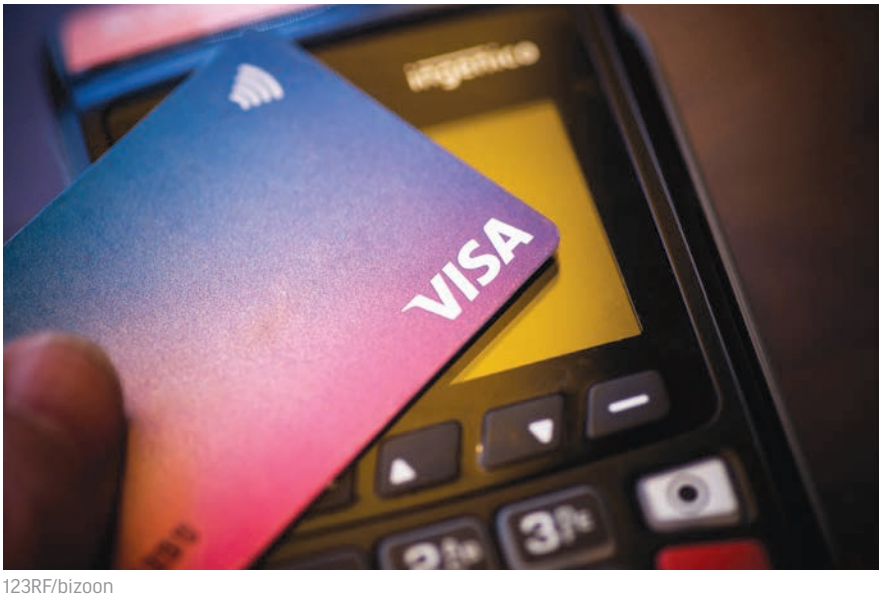
While the card network's aim is to simplify oversight, VAMP also presents new challenges for merchants and acquirers. Enforcement was scheduled to begin Oct. 1, so there's no time to waste in working to understand the new program and how it will affect your company.

Your focus should be on preparing for any potential problems VAMP might cause as well as discovering the most cost-effective methods of maintaining compliance.

Uniting Visa's previous fraud and dispute ratios, the new VAMP ratio is designed to be a single point of reference for how well a merchant or acquirer is avoiding fraud and chargebacks in its card-not-present transactions. The basic formula is as follows: (Reported fraudulent transactions (TC40) + Total chargebacks (TC15)) ÷ Total transactions

Using this formula, many fraud-related chargebacks are effectively counted twice: once as a chargeback and again as a TC40 fraud report. Some fraud reports won't result in a chargeback, however.

For example, imagine a customer calls the bank and reports ten transactions from the same merchant as fraudulent. The bank will file ten TC40 reports, but if six of those transactions are only a few dollars each, the bank won't bother filing chargebacks for those, and the merchant would receive only four chargebacks. Ten TC40 reports plus



123RF/bizoon

four chargebacks would add a total of 14 to the count for the VAMP ratio that month.

Unfortunately, the VAMP ratio formula gets a bit more complicated when accounting for the prevention tools merchants have available:

- **Rapid Dispute Resolution (RDR):** Resolved disputes are subtracted from the chargeback count, but not the fraud count;
- **Compelling Evidence 3.0:** Resolved disputes are subtracted from both the chargeback count and the fraud count.
- **Order Insight:** If the information provided dissuades the cardholder from continuing to dispute the charge, there will be no fraud report or chargeback.
- **Verifi CDRN Alerts:** Refunded alerts will prevent chargebacks that would add to the count. However, whether or not a TC40 report is filed is at the issuer's discretion.

VAMP ratio is calculated at the beginning of each month, using the count of card-not-present transactions, TC40 reports, and chargebacks from the previous month.

VAMP RATIO LIMITS AND FEES

Visa has outlined two phases for VAMP ratio enforcement. The first set of limits applies when enforcement begins, targeting merchants and acquirers who exceed the "Excessive" level. A second round of tighter limits will follow, as acquirers will be held to the "Above Standard" threshold starting Jan. 1, and merchants will see their "Excessive" threshold lowered from 2.2% to 1.5% on April 1. Here's how this plays out:

	ACQUIRER	ACQUIRER	MERCHANT
	Above Standard	Excessive	Excessive
Initial VAMP Ratio Limit	N/A	0.7%	2.2%
2026 VAMP Ratio Limit	0.5%	0.7%	1.5%

Merchants and acquirers that exceed these limits are subject to enforcement, which includes fees for each dispute and fraud report. Here's how that looks:

- **Acquirers** – Above Standard: $4 per fraudulent or disputed transaction
- **Acquirers** – Excessive: $8 per fraudulent or disputed transaction
- **Merchants** – Excessive: $8 per fraudulent or disputed transaction

KEEPING UP WITH CHANGES

Since its initial announcement, VAMP has undergone several significant revisions. For those who were aware of the program but may have missed an update or two, here's the timeline:

- March 11: Visa reversed its earlier statement that TC40 reports from disputes resolved through RDR or Verifi CDRN would be removed from VAMP ratio calculations.

- March 24: Visa extended the advisory period—originally set to end in July—through Sept. 30.
- May 15: Visa changed the VAMP ratio formula to count fraud-related disputes in addition to the associated TC40 reports. To compensate, ratio limits were increased and fees were reduced. The stricter ratio limit for merchants was delayed from Jan. 1, 2026, to April 1. Visa says these revisions are the last.

WHAT THIS MEANS FOR MERCHANTS

The effects of VAMP on merchants will be felt differently depending on industry, current chargeback levels, and who the acquirer is.

For businesses where most chargebacks are tied to claims of fraud, the double-counting of these disputes under the new system could hit hard. For those that receive fewer fraud-related chargebacks, the increased ratio limits could be a blessing.

However, acquirers are facing a much more significant change. The former 1% dispute ratio limit will be cut in half, demanding stricter management of fraud and disputes among their merchant portfolios.

Some acquirers may seek to accomplish this by placing ratio limits on their merchants that are even stricter than Visa's. If an acquirer's portfolio contains many high-risk merchants or doesn't contain many low-risk ones, Visa's 1.5% could be too generous for the acquirer to meet its own 0.5% limit.

STAYING COMPLIANT

Dealing with VAMP means understanding how your current dispute and fraud rates look under the VAMP formula. Use this data to identify gaps and opportunities for improvement.

- **Monitor VAMP Ratios by MID:** Disputes often vary across Merchant IDs. Granular monitoring lets you catch spikes early and identify potential problems.
- **Test Prevention Tools:** While prevention tools might not always prevent TC40 reports, they still reduce dispute count, helping to reduce your VAMP ratio.
- **Bolster Fraud Detection:** Consider tools like AVS and CVV checks, 3-D Secure 2.0, and real-time risk scoring.

Avoid the temptation to rely on a single fix. VAMP is about both sides of the fraud/dispute equation, and the tools you use should address both.

WHAT COMES NEXT

Merchants should ensure they have systems in place for monitoring their VAMP ratios. Those who are at risk of exceeding next year's 1.5% limit should test a variety of methods for preventing fraud and chargebacks, from front-end fraud detection to dispute interventions like alerts.

Consider experimenting with different combinations of these tools to find the most reliable and cost-effective solution for your company. Even merchants that aren't near the 1.5% limit would do well to prepare for the possibility of acquirers imposing even stricter mandates.

Merchants should also consider enlisting the help of third-party experts who can evaluate a business's risk, track VAMP ratios by MID, and notify merchants when an MID is nearing the limit.

Chargeback management companies can also provide access to tools like Order Insight, RDR, CE3.0, and Verifi CDRN alerts, and can manage those tools through a single platform, integrating with multiple processors and consolidating data from disparate sources for in-depth analysis. Experts can help merchants to determine the most cost-effective strategy for maintaining a low VAMP ratio and modify that strategy as needed if conditions change.

VAMP has shaken up the industry, introducing a new formula, stricter oversight for acquirers, and complexities for merchants using chargeback prevention tools.

But with the right strategy, it's possible to stay well within limits and avoid unnecessary costs. If you haven't already, now is the time to assess your risk, understand how VAMP ratios apply to your business, and develop a plan of action. DT


Tynan

Tynan: "VAMP has shaken up the industry, introducing a new formula, stricter oversight for acquirers, and complexities for merchants using chargeback prevention tools."

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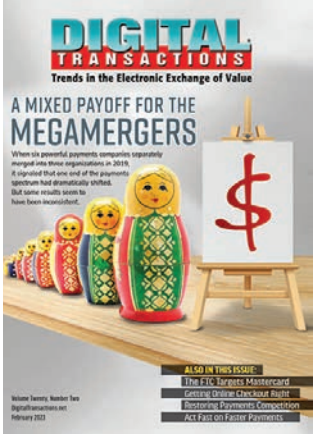

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HOW TO FIX WORLDLINE

While behemoths like Fiserv and scrappy rivals like Shift4 are thriving, the big French processor has a growth problem. What is to be done?

BY **ERIC GROVER**

Eric Grover is principal at Intrepid Ventures

BY EARLY FALL, the storied European payments consolidator Worldline's stock was down fully 96% from its April 2021 high. The market is worried about the company's lack of growth and sources of revenue. It cries out for an intervention.

Worldline's new chief executive, Pierre-Antoine Vacheron, has a short window of opportunity to change its trajectory. If he doesn't, private equity or a trade buyer or buyers will acquire Europe's largest payment processor in whole or, more likely, in pieces to boost the performance of its portfolio of payment-processing assets.

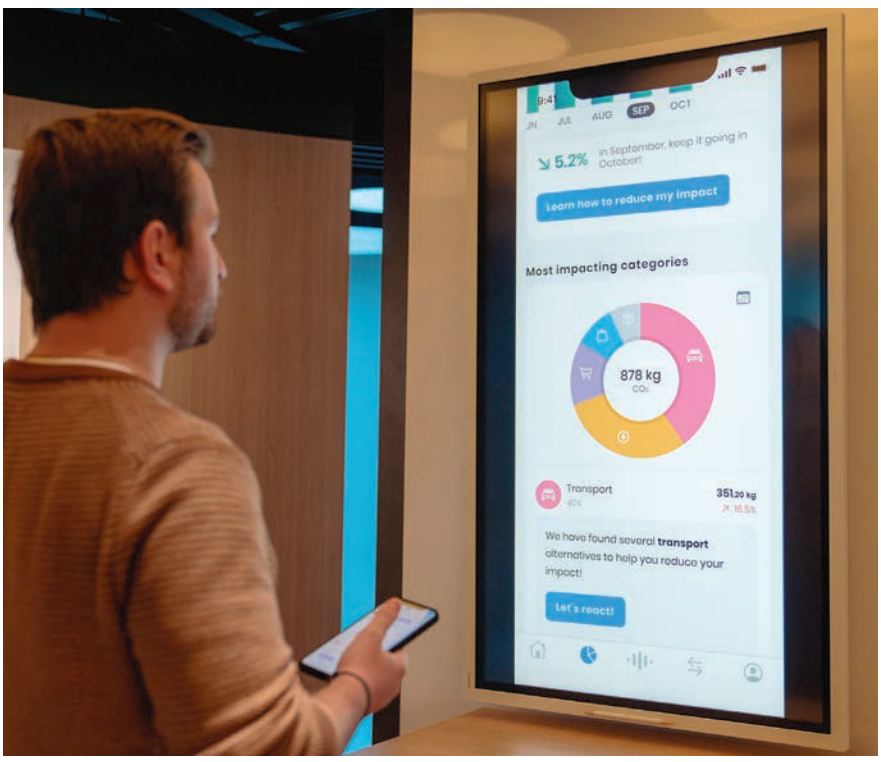

Photo: Worldline

The European payment giant's rich 2021 valuation apogee was predicated on the idea that the pandemic would increase electronic payments growth. Moreover, the company had revenue and cost synergies with acquisitions and processing across the payments value chain in multiple geographies. That spurred confidence that management could and would deliver robust, profitable organic growth.

That story hasn't panned out.

The electronic payments market is healthy. While the French processing behemoth's management cited a difficult economic climate in Europe as a reason for its revenue decline, Europe's electronic payments market is growing much faster than the more mature US market.

And Worldline has attractive—but not enough—beachheads outside Europe. In 2024, card payments in Worldline's main served market, the European Union, increased 11.1% year-over-year. In 2024, purchase transactions for the global general-purpose card networks increased 12.4% year-over-year worldwide.

However, despite growing European and global payment markets, the beleaguered French payments consolidator is shrinking.

In 2022, chief executive Giles Grapinet said Worldline's top-line growth should fall between 9% and 11% from 2022 through 2024. It delivered in 2022, generating 10.7%

organic revenue growth. Thereafter, it didn't. Organic growth in 2023 was 6%, then slid to a paltry 0.5% in 2024, which in real terms was negative. And, in the first half of 2025, Worldline shrunk an alarming 4.4%.

This is particularly worrisome because most of its banks' and merchants' payment volumes should be growing with economic growth and with electronic payments continuing to take share from cash. Absent pricing concessions and/or client attrition, revenue should increase naturally.

Compounding Worldline's problems, regulators and media in multiple markets have cast doubts on the sources of its revenue. The French payments behemoth has been dogged by allegations of lax compliance serving reputationally challenged merchants.

On July 26, 2023, Germany's Federal Financial Supervisory Authority banned its German subsidiary, Payone, from processing transactions for high-risk merchants. In 2024, Worldline terminated risky merchants accounting for €130 million in annual revenue. The Brussels Public Prosecutor's Office is investigating Worldline's Belgian unit. And, in June 2025, press reports alleged Worldline was still doing business with high-risk merchants in Germany and the Nordics.

Serving legal but reputationally-challenged businesses can be highly profitable. And the company says "high brand risk" merchants only account for about 1.5% of its acquiring volume. But the sources of Worldline's revenue, like Caesar's wife, must be above suspicion.

OPPORTUNITY COST

With over 50 years of relentless M&A activity, Worldline built massive scale, expanded markets served, and enriched its product suite. Acquisitions of such companies as Banksys, Equens, and Six gave it dominant payment-processing positions in Belgium, the Netherlands, and Switzerland, respectively.

Picking up Ingenico in 2020, Worldline declared it was creating Europe's leading payment processor. And integrating acquired processors has been in its wheelhouse. Based on its history of acquiring and integrating payment processors, Worldline touted the "certainty of synergy delivery" when it acquired Ingenico.

Worldline, like Fiserv, FIS, Global Payments, Nexi, and other payment-processing consolidators, has promised cost and revenue synergies with acquisitions.

Rationalizing duplicative platforms, operations and administrative overhead eliminates costs and enables processing economies of scale to be realized. However, there's a large cost, and larger opportunity cost, attributable to dedicating resources to identifying functionality differences between platforms, replicating functionality, and converting merchants and banks.

These are cross-sell opportunities, but revenue synergies, while more appealing, are difficult to bank on.

Moreover, diseconomies stemming from complexity management have frustrated not only Worldline but other acquisitive payment processors. After picking up acquirer Worldpay in 2019, FIS reversed course and spun it off in 2024.

And, in quest of a narrower and simpler business, Global Payments, too, did a 180, selling its card-issuer processing business, Total Systems, prepaid card business Netspend, and health-care software provider AdvancedMD, as well as its gaming and payroll businesses.

Now, Worldline has sold the point-of-sale terminal business it acquired with Ingenico to Apollo Funds and is selling its Mobility and


Grover

Grover: "Worldline isn't greater than the sum of its parts. It should be."

e-Transactions Services business to Magellan Partners.

Vacheron must now quickly take stock of the flagging payment-processing giant's considerable portfolio of payment processing and network assets, and act to change its trajectory. He needs to restore organic growth and confidence in the quality and sources of its revenue—as well as confidence with existing and prospective bank and merchant clients.

It won't be easy.

The payments market is hypercompetitive, and traditional and nimbler "modern" competitors aren't standing still.

Worldline is an industrial-strength payment processor relied on by financial institutions and merchants. It understands how to compete with traditional bank and nonbank processors. It doesn't, however, match up so well against more aggressive and nimbler fintechs and modern processors, and has been relatively weak in critical and sizzling-hot e-commerce and integrated payments.

MULTIPLE PLATFORMS

Culture matters. Payment processors like Adyen, Shift4, and Stripe, can fairly be described as having enterprising, can-do cultures. Those aren't adjectives that jump to mind in describing the lumbering French processing behemoth. Changing the culture and course of a huge, bureaucratic multinational processor can't be done on a dime.

Most delivery-system costs are fixed, so Worldline, with scale on both sides of the payments ecosystem, in principle, enjoys significant operating leverage. But unlike Adyen, which operates off a single platform worldwide and has eschewed acquisitions, Worldline has multiple platforms under the hood. These platforms diminish its operating leverage and clients' ease of integrating across multiple markets.

To be sure, Worldline has advantages over fintechs and smaller processors. While not as big as the U.S. payment-processing colossus Fiserv, Worldline has enormous scale in transactions and accounts processed.

Its suite of issuer, merchant, and interbank processing services have benefited from decades of enhancements informed by clients. And its broad and deep delivery footprint in core European markets should help serve multinational banks and merchants.

Worldline often touches transactions from end-to-end, and, consequently, should be able deliver more value for merchants, banks, and cardholders. It's in a position to support campaigns to consumers generating additional sales.

If a processor generates sales for merchants and payments for banks, there's more revenue for everybody, less pressure on fees, and lower attrition. And that makes it easier to win new clients.

The French processing behemoth has powerful traditional distribution channels. Its joint ventures with BNP in Italy, with Credit Agricole in France, with Eurobank in Greece, with the German Savings Banks, Payone, and with ANZ in Australia, extend its reach.

Europe's payments industry is heavily regulated. Worldline management has talked up their understanding of, and appreciation for, heavy-handed EU regulation, intimating that's an advantage over American competitors.

BEATING MARKET GROWTH

All processors should stay within the legal and regulatory guardrails. But that's not a competitive advantage. Worldline would do better to have a laser focus on delighting customers, besting competitors, and maximizing shareholder value, not signaling europiety, which the market doesn't value.

The shrinking processing giant's underperforming but valuable assets, with good management, should produce predictable annuity streams of fees. In the first half of 2025, its revenue was $2.588 billion. But, with a market cap of $850 million, Worldline is valued at a dismal .16x revenue.

By contrast, its U.S. payments consolidator peers Fiserv, FIS, and Global Payments are valued at 3.66x, 3.56x, and 2.15x revenue, respectively. European peer Nexi trades at 1.11x revenue

High-growth Adyen, serving six continents, is valued at a heady 18.2x revenue. The Dutch phenom grew 20% year-over-year in the first half of 2025. Privately held Stripe generates roughly the same revenue as Worldline but is valued at a whopping $106.7 billion. It grew payment volume roughly 40%, 22%, and 28% in 2024, 2023, and 2022, respectively. The market likes credible, high-growth, and global stories.

While the struggling French payment-processing giant isn't going to generate organic growth north of 20%, it should aim to at least beat market growth and for a valuation comparable to its payment consolidator peers.

Worldline isn't greater than the sum of its parts. It should be. DT

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THE 10 MOST PRESSING ISSUES IN E-PAYMENTS

We know you're not looking for problems. But they are looking for you. Herewith our annual catalog of the ones causing the most headaches.

BY PETER LUCAS, JOHN STEWART, AND KEVIN WOODWARD

EACH YEAR IN THE FALL, as the grass turns brown and the trees shed their leaves, the editors of Digital Transactions start their deliberations over an equally gray and shadowy subject: what's cramping the style of payments players these days? What obstacles are they confronting, and how? Which ones are pressing harder than the others, and why?

If adversity breeds strength, as the old saying goes, then payments professionals these days may have plenty of opportunity to develop their strategic and tactical biceps. The industry no sooner recovered from all the ill effects of the pandemic than it found itself enmeshed in a slew of other issues, some old and familiar but some others quite surprisingly fresh.

Herewith our annual catalog of the problems we think are most alarming for payments professionals right now, ranked in order of their impact—or potential impact—on the industry. "Impact," of course, can be a matter of degree. Some of the matters ranked below, however, may be no less pressing for being still more or less in their larval stage.

So, what do we mean by "pressing"? The term refers to the sense of urgency the issue arouses in those it affects, not so much to the size of the market that must deal with it. Some issues, on the other hand, are pressing for a substantial segment of the industry.

Take our number-one issue this year, the Visa Acquirer Monitoring Program, or VAMP. This program, which Visa launched on April 1, consolidates into one all-important ratio several monitoring systems Visa has used over the years to control instances of fraud and disputes. The new regime applies to two key constituencies in the payments industry—acquirers and merchants—and enforcement began last month. If that's not pressing, we don't know what is.

Speaking of the ranking of issues, it was done by our staff editors, who cover this industry day by day. You may agree or disagree. Either way, let us know what you think the big issues in payments are, and we'll take up the matter with our 20th annual ranking next year. Meanwhile, you can reach me with your comments at john@digitaltransactions.net.

1 VAMP

In the works for more than a year, the new Visa Acquirer Monitoring Program consolidates five fraud and dispute programs and reduces what Visa says were 38 distinct remediation processes into a single one. Visa says the goal is to reduce fraud and enumeration across its ecosystem by helping acquirers improve their risk controls. The other big change, the acquirer's role. Prior to VAMP, Visa had a direct line to the merchant. Now, acquirers are more directly involved.

According to the Merchant Risk Council, Visa wants to assess how many of a merchant's transactions result in frauds or disputes, a limit now at 1.5% that will lower to 0.9% on Jan. 1. The other piece is what Visa calls enumeration, the percentage of transactions suspected to be card testing attempts. That is set at 20% currently. Enforcement began Oct. 1.

Visa's introduction of VAMP stems from a need to update the system for identifying and stopping fraud, a Visa executive says in a YouTube video. With the advent of real-time payments, artificial intelligence, agentic commerce, and other new digital transaction types, a revision was necessary, Ami Patel, Visa vice president of ecosystem engagement and advocacy, says in the video. "And the pace of change has just accelerate to the point where incremental improvements and tweaking programs was just no longer going to be sufficient," Patel says. "We knew we had to rebuild from the ground up and restructure the programs from the six the we had built over the last three decades."

VAMP is designed for organizations that Visa says would be outliers in fraud activity. "The majority of our clients won't be affected by the program at all," Patel says. VAMP also has an early warning component should a merchant's approach VAMP thresholds.

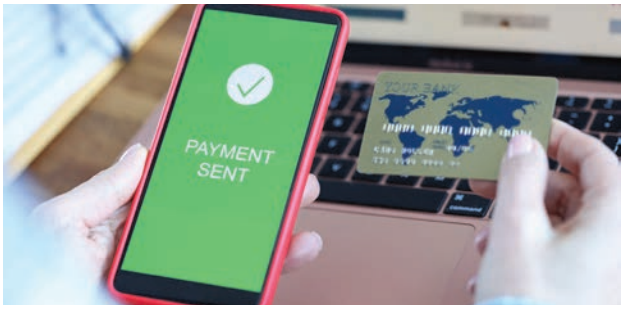
123RF/maimento

2 Use Cases for Real Time Payments

No doubt pertinent use cases for real-time payments are many, but proponents envision more of them for instant payments. Real-time payments got a big boost when Zelle launched in 2017 to enable bank-centric peer-to-peer payments in real time. That's the same year The Clearing House Payments Co. LLC launched RTP. And in 2023, the Federal Reserve launched FedNow, its real-time payment service. For RTP and FedNow, numerous use cases were clear, such as instant payroll, payouts, auto loan disbursements, and digital wallet defunding (moving funds from a wallet to a bank account).

As with any payment service, the desire is for more volume and uses. Request for payment is a contender for wider adoption. With real-time processing backing it, the RfP option allows billers and merchants to receive nearly immediate payment by sending a request through a network to customers and clients who have received services. Able to be integrated into mobile and online environments, RfP could be used to instantly pay a utility bill and potentially eliminate delays and provide consumers with more control of their funds. Both FedNow and RTP charge 1 cent for a request for payment. Request for payment as the potential grow in the coming year, RTP says, with one possible adaption, enabling it for recurring payments, as another possibility, though that was still in development earlier this year.

RfP is gaining some ground. Open banking specialist Plaid Inc. was the first Cross River Bank client to enable the RfP function for real-time payments. Announced in June, the capability was activated for customers of automobile seller Carvana. A recent U.S. Faster Payments Council report found that earned wage access and loan payouts were strong climbers in use cases with online gaming payouts, wallet funding and defunding, and merchant settlement the top five use cases.



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3 Checkout Friction

Checkout friction is a perpetual issue for online sellers, one that requires constant attention and development. How big a problem is it? An eMarketer report from April found that consumers expect a frictionless shopping experience "now that Amazon- and Shop Pay-style one-click checkouts have become the norm. But 35% of retailers says poor user experience at checkout is a top reason shoppers abandon their carts."

In a September report, sponsored by FreedomPay and Stripe Inc., 74% of surveyed executive said consumers now expect faster, frictionless payments. It also found that 58% of merchants directly attributed lost sales and higher card abandonment rates to their current payment technology.

Payments companies have been paying and developing services they contend can help. PayPal Holdings Inc. last year launched its Fastlane checkout service, meant to speed up guest checkout in particular. Paze, the digital wallet launched by Early Warning Services LLC, is a bank-centered effort to make it easier to check out online. Processor Nuvei Corp. and Payfinia are among the latest to make Paze available to their merchants. Nuvei said Paze gives merchants another payment option to help them accept a consumer's preferred payment choice.

In another development, Mastercard Inc. intends to tokenize card numbers for all online transactions globally by 2030, which could make online transactions faster, the card brand said. But it could also reduce checkout friction because a cardholder might not need to re-enter a card number if it's securely stored as a token.

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4 Agentic Commerce

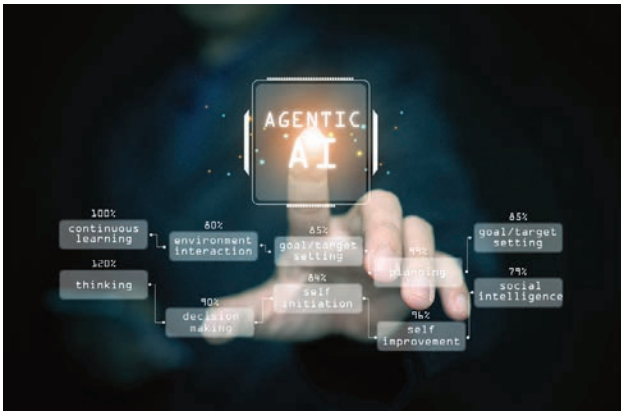
Well, that didn't take long, did it? No sooner did the payments industry buzz with excitement about the potential for artificial intelligence than players began working with agentic commerce—the sort of payments that stem from bits of code sent into cyberspace to shop and pay on behalf of humans and their bank accounts.

The action really heated up in October with Visa Inc.'s release of Trusted Agent, developed in collaboration with Cloudflare Inc., a cloud-computing company. The Trusted Agent protocol is meant to help merchants distinguish between legitimate agents acting on behalf of real customers, on the one hand, and bots acting on behalf of fraudsters, on the other.

That sounds promising for payments companies, merchants, and processors. But with players rushing to join in, the shape this technology will ultimately take is unknown, making it hard for companies to plan and commit development dollars.

In the meantime, with bits of code doing the shopping and spending, the need to distinguish between legitimate and malicious bots has never been greater. In August, the digital-security company Forter introduced a service intended to help digital merchants vet these AI agents throughout the shopping process, including payment.

That will become even more important as more fintechs get involved. A recent example arrived in September when OpenAI , the developer of ChatGPT, launched Instant Checkout, an agentic protocol it developed in tandem with Stripe. That development could draw even more consumers into agentic commerce as it opens AI shopping to ChatGPT Plus, Pro, and Free users in the United States.



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5 Regulation

When Congress showed scant interest in regulating interchange, states decided to fill the void. Bills earlier this year were pending in Alaska,, Massachusetts, and New York that would exempt merchants from paying interchange on the sales-tax and tip portions of a transaction. These moves followed on the example of Illinois, where similar legislation went into effect in July.

These state actions brought some solace to merchants frustrated by years of falling short on interchange regulation at the federal level. Whether such regulation will prove effective in pleasing merchants while doing little or no damage to card economics remains to be seen, but so far it has done little to placate either side of the interchange debate. Merchants remain convinced interchange rates are too high, while banks and issuers have dug in on defending the status quo.

But interchange fees aren't the only object of regulation. With payments players showing a growing interest in stablecoins, Congress passed the GENIUS Act, aimed at establishing a legal structure for stablecoins and setting up consumer protections for those using the cryptocurrency. The bill also establishes federal oversight of stablecoins on top of state supervision and requires 100% reserve backing for the digital currency, monthly disclosure of reserves, and annual audits for those defined as large users.

Now, the pressing issue isn't so much whether stablecoins are legitimate. Few if any in the payments industry argue that they are. It's whether traditional payments companies can act fast enough to take advantage of the opportunity. Already, major payments firms have started to make their moves. Last month, for example, Fiserv Inc. said it will work with Bank of North Dakota on a stablecoin called the Roughrider coin. In this case, Fiserv is undoubtedly looking for a smooth ride.

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6 Chargebacks

"Chargebacks are the worst they've ever been for merchants," declares Monica Eaton, founder and chief executive of Chargebacks 911, a firm that tracks the problem. Her firm's research indicates chargebacks last year totaled $65.21 billion in the U.S. market. That comes to 5.7 claims per cardholder, at $76 per claim.

Much of this rise stems from the increasing popularity of e-commerce and card-not-present transactions, she says, but at the same time criminals are getting more sophisticated in how they game the chargeback system. And the fraud is being committed not so much by lone wolves any more, but rather by organized criminal gangs, she adds.

What can merchants do? Eaton recommends several steps: monitor such indicators as the refund rate, repeat refund requests, and refund amounts as a percentage of sales; review return policies and thresholds; and act earlier to resolve disputes before they can turn into chargebacks. She also advises harnessing AI to detect patterns they may indicate a future chargeback.

In a world where crime attacks at the most vulnerable points, there's no substitute for vigilance—and more vigilance.

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7 Stablecoins/ Cryptocurrency

Efforts to make stablecoins a mainstream payment option received a huge boost with passage of the GENIUS Act earlier this year. That action, signed into law July 18, signaled the digital currency is maturing into a viable payments and finance tool. Before, state and federal guidelines around stablecoins were fragmented.

With the Genius Act, "the rules of the road are clearer than ever," says Alex Wilson, head of crypto for Shift 4 Payments Inc.

As a result, payments use cases for stablecoins graduated chat room debates to action in board room, payments experts say.

"The GENIUS Act set the regulatory framework that was lagging, which helps create comfort in pursuing stablecoin initiatives," says Dean Nolan, head of product strategy for Finzly, a finetch that supports stablecoins and tokenized deposits. "This gives credence [to the idea that] stablecoins can be part of the payments tool kit."

Another factor making stablecoins an attractive payment option is that they can be exchanged over the Internet as opposed to traditional payment rails, which lowers acceptance costs. That makes them attractive to merchants and poses a potential competitive threat to the credit card networks, argues Enrico Camerinelli, a strategic advisor for Datos Insights.

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8 Commodification of Payment Processing

Market saturation, standardized core services, access to faster networks, and the rise of low-cost payment options that create pricing pressure. These are some of the most potent factors commoditizing payment processing, and in turn squeezing processors' margins.

"The market is so flooded with [processing] options that businesses can jump to a different [processor] for any reason, including cost," says Erika Baumann, director, commercial banking and payments, at Datos Insights. "This commoditization has also created less differentiation, so it is much harder for providers to set themselves apart from each other."

For processors to differentiate themselves from the competition and "avoid becoming obsolete," they should invest in technologies that deliver a value-added proposition to merchants, Baumann says. One such technology is analytics. Another option is bundling services to create all-in-one processing solutions that shift merchants' focus away from acceptance costs. The use of artificial intelligence to detect fraud, along with improving operational efficiencies, are other ways processors can offer added value and avoid becoming commodities.

"There has to be something that keeps the business in place, a stickiness so to speak, through bundled services and embedded banking," Baumann says. "In this environment, it is becoming easier and easier to change [processors]."

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9 Legacy Platforms

The reasons that explain why processors hang on to legacy platforms vary from case to case. There's the high replacement cost, which can make maintenance appear to be a more manageable expense. There's the disruption installing a new platform brings to operations, plus the concerns about data loss or data corruption during the transition to a new platform.

Eventually, there comes a point when a processor must bite the bullet and replace a legacy system to meet the demands of the modern payments ecosystem.

"Legacy systems were not built for the capabilities and demands of today. This can lead to compliance issues and even data breaches," says Erika Baumann, director, commercial banking and payments for Datos Insights. "It is also more difficult to move away from batch processing and to have real-time data. This is absolutely a competitive disadvantage."

To transition away from legacy systems while minimizing headaches, payment experts say, processors should develop a migration plan that emphasizes secure data transfer, rigorous testing and compliance, and clear communications during implementation across the entire organization.

"Legacy infrastructure with redundancies and inefficiencies [is] not sustainable," Baumann says. "[Legacy] platforms impede progress to payments modernization... making it nearly impossible to keep up with competitive threats and even compliance mandates."

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10 Open Banking

As banks, merchants, and the card networks rethink how money moves, open banking is attracting a lot of attention. The technology's appeal is its ability to empower consumers with control over who accesses their financial data and for what reason. As a result, open banking is transforming the financial landscape with use cases that provide more personalized financial products and services, such as enabling account-to-account payments.

In addition, the technology is fueling other new payment options, such as pay by bank, variable recurring payments, and dynamic payment routing. The result is a more competitive landscape that allows for increased automation, fast data transfer, and fewer manual processes.

"Open banking is unlocking a new wave of payment innovation. When data and payment capabilities connect securely across banks and platforms, businesses can create financial experiences that were impossible before—real-time account-to-account payments, embedded finance, automated cash management, and intelligent payment orchestration," says Dwolla Inc. chief executive Dave Glaser.

But the real innovation that open banking brings lies in the flexibility it provides in building on modern, secure infrastructure rather than being constrained by legacy rails. "That's how companies move faster and deliver more value to their customers," Glaser says. DT

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c. Total Paid and/or Requested Circulation [Sum of 15b (1), (2), (3), and (4)]	11,334	11,707
d. Nonrequested Distribution (By Mail and Outside the Mail)		
1. Outside County Nonrequested Copies Stated On PS Form 3541 (include Sample Copies, Requests Over 3 years old, Requests induced by a Premium, Bulk Sales and Requests including Association Requests, Names obtained from Business Directories, Lists, and other sources)	7,792	7,500
2. In County Nonrequested Copies Stated on PS Form 3541 (include Sample Copies, Requests Over 3 years old, Requests induced by a Premium, Bulk Sales and Requests including Association Requests, Names obtained from Business Directories, Lists, and other sources)	0	0
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f. Total Distribution (Sum of 15c and e)	19,872	20,205
g. Copies not distributed	897	1,120
h. Total (Sum of 15f and g.)	20,769	21,325
i. Percent Paid and/or Requested Circulation (15c divided by f times 100)	57.0%	57.9%

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a. Requested and Paid Electronic Copies	0	0
b. Total Requested and Paid Print Copies (15c) + Requested/Paid Electronic copies (16a)	11,334	11,707
c. Total Requested Copy distribution (15f) + Requested/Paid Electronic copies (16a)	19,872	20,205
d. Percent Paid and/or Requested Circulation (Both print & electronic copies) (16b divided By 16c x100)	57.0%	57.9%

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THE CUSTOMER EXPERIENCE DEPENDS ON PAYMENT ORCHESTRATION

Merchants must juggle in-store sales with e-commerce and mobile shopping. There's tech for that.

BY **RUSTON MILES**

Ruston Miles is the founder of Bluefin.

AS E-COMMERCE ACCELERATES, many assume the retail future is fully digital. But 84.1% of total U.S. retail sales were made in-store during the first quarter of 2025, a reminder that brick-and-mortar isn't going away.

With in-store interactions still central to the customer journey, retailers are modernizing the checkout experience with features like mobile-app payments and self-service kiosks to mirror the convenience of digital shopping.

While tech upgrades are essential for enabling seamless omnichannel experiences, they make processing and securing payments more complex. And if payment processing isn't seamless and secure, it reintroduces the very friction these checkout enhancements were designed to eliminate.

As point-of-sale (POS) touchpoints multiply, centralized control over payment infrastructure becomes critical. Without a payments-orchestration strategy, retailers will struggle to manage diverse payment options while protecting consumer data.

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FLEXIBLE EXPERIENCES

Here's why payments orchestration is essential for omnichannel retail. The point of sale is no longer confined to one location or device. In a single store's ecosystem, a customer might buy through a mobile app in the morning and make another purchase at a self-service kiosk that afternoon.

This places the onus on retailers to ensure that every transaction is processed securely and efficiently, regardless of the acceptance point. Each channel requires unique integration infrastructure with payment providers, acquirers, and various payment methods like credit cards and digital wallets, complicating transaction management.

The retail sector also faces heightened security risks. A recent breach compromised customer data from

4,000 online merchants due to vulnerabilities in their e-commerce software. To minimize breach exposure and maintain compliance, retailers must secure payment data and personally identifiable information (PII) at every endpoint, including access by third-party vendors and partners.

By implementing payments orchestration, retailers can confront these challenges head on. An orchestration layer unifies payment systems into a single platform, allowing businesses to seamlessly integrate multiple payment providers and methods.

Crucially, payments orchestration can also support tokenization, the process of replacing sensitive data with randomized tokens, rendering it useless to hackers if compromised.

Demand for flexible payment experiences will only increase as consumers continue to embrace new ways to browse and shop. To keep pace, retailers need a clear understanding of how to leverage payments orchestration for long-term control.

KEY BENEFITS

Payments orchestration is retailers' answer to the complexity of omnichannel payment environments. Orchestration solutions address common challenges, such as downtime and vendor sprawl, enabling organizations to flexibly support new payment methods and enforce consistent security standards across channels.

With the right orchestration platform in place, merchants can achieve broad strategic gains and lay the groundwork for a future-ready payments infrastructure.

The right platform allows retailers to:

1. Flexibly move between payment processors

When retailers use multiple payment service providers (PSPs), internal teams often bear the burden of managing separate integrations. Not to mention, relying too heavily on any one provider can be costly if that provider experiences downtime and no fallback is in place.

Payments orchestration supports a multi-vendor strategy by acting as a centralized layer between a retailer's front end and multiple PSPs. Rather than manage separate connections for each provider, retailers integrate once with the orchestration layer, which translates and formats payment data to meet each processor's requirements.

In turn, retailers can dynamically route transactions to the most suitable provider, avoiding a single point of failure and gaining control over performance and cost. For example, a merchant might route transactions to a backup processor during peak traffic periods to ensure customers can check out smoothly and sales aren't lost.

Some orchestration tools may require formal certification with each back-end processor they support. However, by selecting a solution that translates payment data without certifying to the processors, retailers can deploy new connections on their own timeline, independent of the orchestrator's existing certifications.

2. Enable tokenization and token ownership

As retailers prompt customers to save payment details for future purchases, they become responsible for securing payment data and other PII, such as email addresses and phone numbers often required during account creation.

Tokenization minimizes the risks of storing or transmitting this data by replacing sensitive information with randomized tokens that are useless if compromised. By selecting an orchestration provider that offers agnostic tokenization capabilities, merchants can switch processors without detokenizing and retokenizing customer data.

Likewise, providers that support a universal token encompassing payment data, PII and other shared information help retailers simplify token management and reduce risk when sharing tokens with third-party vendors and partners.

While payments orchestration streamlines tokenization across providers, maintaining token ownership is critical for portability and long-term flexibility.

3. Promote seamless customer identity across channels

Payments orchestration acts as a centralized layer for managing customer data across sales channels. Whether a customer purchases online, in-store, or via mobile, the orchestration platform creates a consistent, token-based identity that links activity across environments.

Imagine a customer buys a pair of shoes online and later shops in-store. If e-commerce and in-store systems use different payment processors, the customer may appear as two unrelated individuals in the company records.

However, an orchestration layer can create a universal token tied to the shopper's card. When that customer returns to the store and uses the same credit card linked to their token, the retailer can recognize the online shoe purchase and apply loyalty points earned during the transaction at checkout, or look to upsell them on socks at the point-of-sale.

Beyond transaction efficiency, orchestration is a business intelligence play. Going forward, universal tokenization will create more opportunities for cross-channel marketing, and retailers that implement orchestration now will be poised to capitalize on unified customer data.

KEY TAKEAWAYS

1. Payment orchestrations give retailers centralized control over complex, omnichannel payment environments.

2. An orchestration layer enables tokenization, helping secure payment data and personally identifiable information (PII).

3. By leveraging payment orchestration, retailers can more flexibly move between payment processors and maintain a seamless customer identity across channels.

FUTURE PROOFING

Retail is moving toward integrated shopping experiences that give customers maximum choice in channel and payment method. Yet, no matter how polished the front-end experience becomes, omnichannel initiatives will fall short if the underlying payments stack can't keep up.

Retailers that consider all facets of the customer data journey — from initial capture to secure storage and portability — will be prepared to navigate future shifts in compliance and customer expectations.

The value of payments orchestration comes down to control over which processors are used, how retailers route transactions, and how they adapt to changing demands. Beyond flexibility, orchestration reinforces the foundation of customer trust: protecting sensitive data. DT


Miles

Miles: "As retailers prompt customers to save payment details for future purchases, they become responsible for securing payment data."

HOW TO TACKLE CEDP IN THE AGE OF DATA

There's tighter data rules from Visa applying to more merchants. Here's what to expect—and how to cope.

BY CLIFF GRAY

Cliff Gray is principal at Gray Consulting.

IN PAYMENTS, DATA has always been the fulcrum that processing balances on. The quality of any transaction response utterly depends on the quality of the request. With its Commercial Enhanced Data Program (CEDP) and Product 3, Visa has both increased the quality requirements for transaction data and imposed these rules on a wider merchant community.

Beyond basic transaction information, which is treated as Level I, Level II and III data sets add business context. Level II data describes critical aspects of the transaction, including customer reference codes (who bought what from whom), tax indicators, business name and details, and more. Level III data, sometimes referred to as line-item detail, is just that—the details of each item/service purchased, such as item price and count and SKU/UPC.

Enhanced data sets are defined by Visa and Mastercard specifically to address the complex risk factors that come with business-to-business payment processing.

Previously relegated to more elite and selective industries, CEDP and the new Product 3 interchange levels extend data requirements to traditional industries unaccustomed to that level of intelligence, while tightening quality controls.

For businesses that accept a meaningful volume of commercial cards, the new rules will quickly move the financial needle as noncompliance results in higher interchange rates through downgrades. Meeting the new data requirements, however, enables lower interchange rates that have long been associated with business commerce.

In the past, commercial card compliance didn't move the needle enough to matter to many merchants, which suffered some occasional downgrades for noncompliance. As many are already discovering, it now matters a whole lot more.

Here are the key mechanics and dates:

- Participation fees began in April of this year; all enhanced data transactions incur a 0.05% participation fee;
- Merchants are categorized as Verified or Non-Verified, based on data quality over time;
- As of Oct. 17, only verified merchants can achieve reduced Product 3 interchange rates;
- In April 2026, legacy small business/commercial Level 2 interchange programs will be retired (except for fuel and fleet MCCs).

THE NETWORK SEES EVERYTHING

CEDP is far more than an operational tweak. Artificial intelligence thrives on big data, and that's something Visa has a whole lot of. In that context, it's easy to understand how a network can go mainstream with what has long been a niche sector of processing.

Visa isn't simply validating tax indicators and PO numbers. AI and machine-learning systems can now inspect all this data at scale, in near real time. Everything Visa has learned from decades of processing Level II/III data is the training that makes their AI models so effective.

At its core, CEDP is Visa upgrading its plumbing. More than ever, networks like Visa are as focused on moving information as they are on moving money. Every field transmitted in a transaction, every code describing a sale, becomes an input into an ever-evolving model of how commerce behaves.

Where previous initiatives emphasized encryption, tokenization, and other security layers, CEDP shifts the focus to data integrity itself. Accuracy, completeness, and context are today's compliance discussion.

One reason is simple: because they can. Visa can now inspect and react to data at scale and with improved precision not previously possible. Mountains of historical data and the power of AI let the network easily distinguish valid business data from filler. No more dummy tax fields or generic PO numbers. With lots of trustable data, Visa can price risk more precisely. CEDP has codified that reality into policy.

Level III data used to be the domain of defense contractors, airlines, and enterprise procurement systems, verticals describing businesses buying from businesses. Now, CEDP's Product 3 structure brings that expectation to everyone else.

As with many new policies, CEDP is a nudge followed promptly by a shove. Larger enterprises with better technology and more dollars at stake are able to react to the nudge. Not so small businesses, which are reliant on third parties to meet the new regulations. Because commercial card compliance has not been on the minds of retailers, it has not been on the radar of their POS providers—meaning small businesses are especially vulnerable, as Product 3 noncompliance could erase already thin profit margins.

MERCHANT PRIORITIES

First and foremost, merchants must understand CEDP and how it impacts their payment streams. Acquirers and technology providers should be providing informational guides to their merchants to ensure proper compliance.

Ensure monthly acquiring statements are being monitored for data-quality alerts from the acquirer or Visa. These can be in the form of highlighted sections of the statement, or downgraded transactions increasing interchange costs.

If alerts are preventing merchants being verified for Product 3 compliance, they should be having careful conversations with their acquirers, ensuring all parties are on the same page when it comes to CEDP compliance. All parties involved—from processors to gateways and POS technology providers—must capture, transmit, and flag the required enhanced data fields correctly.

Push for technical upgrades to meet compliance requirements. Because data validation is over time, merchants don't need to be perfect on day one. Plan incremental compliance investments, starting with must-have Product 3 fields (e.g., PO number, tax amount) before expanding to full line-item detail.

KNOWLEDGE IS POWER

Knowledge truly is power, and CEDP shows that it's a two-way street. Visa satisfies its thirst for processing knowledge, while knowledgeable merchants leverage the right data for lower acceptance costs.

Sounds like a win for everybody. DT

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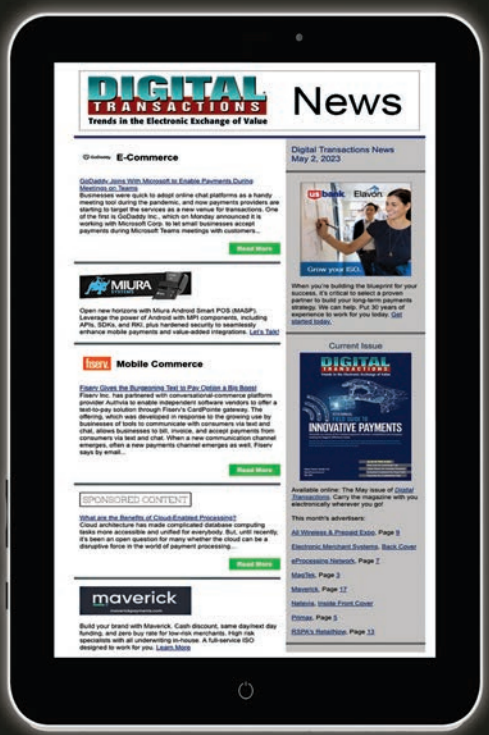

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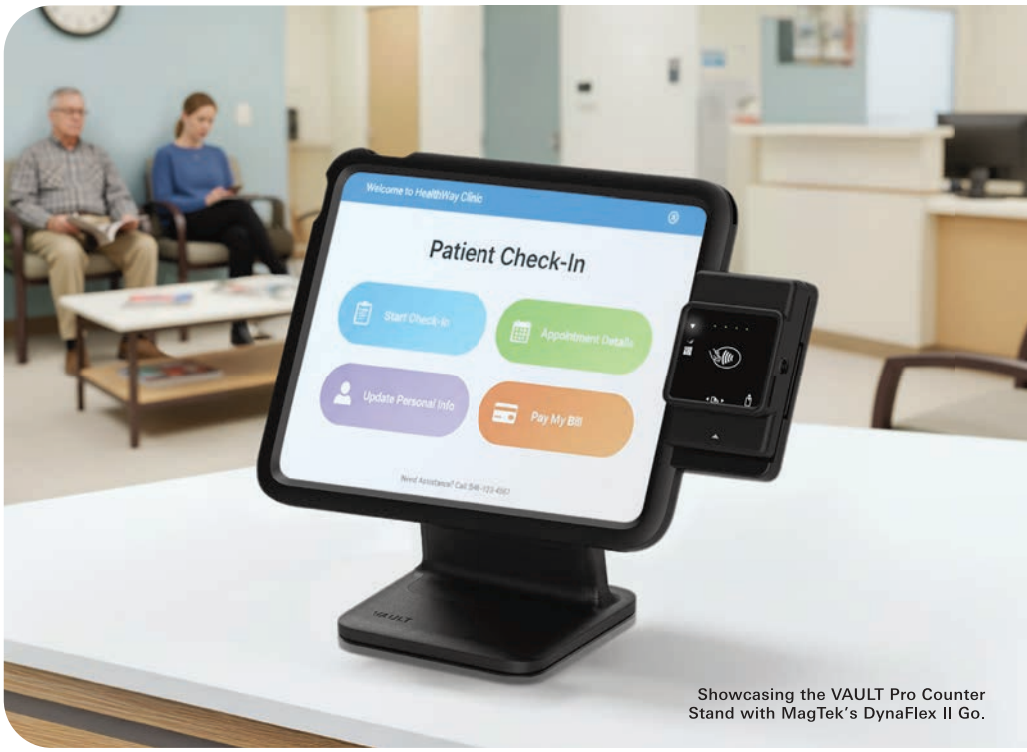

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