



# Introduction to eCommerce Payments Processing: Payments Past, Present and Future

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# Card Present vs. Card not Present

## Card Present

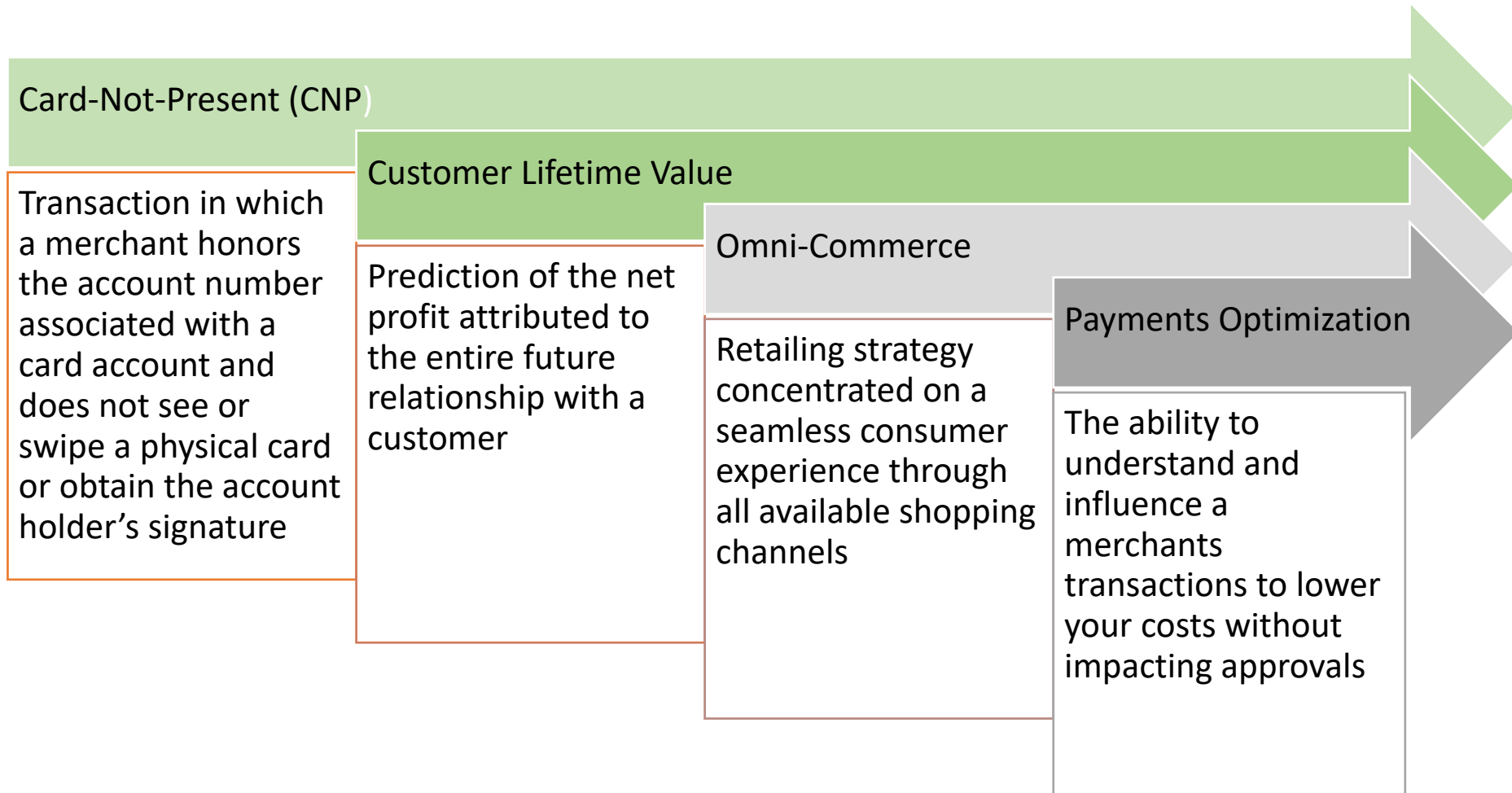
- Electronic Data has to be captured (mag strip)
- POS Systems
- Countertop card machines
- Contactless terminal (ApplePay)

## Card Not Present

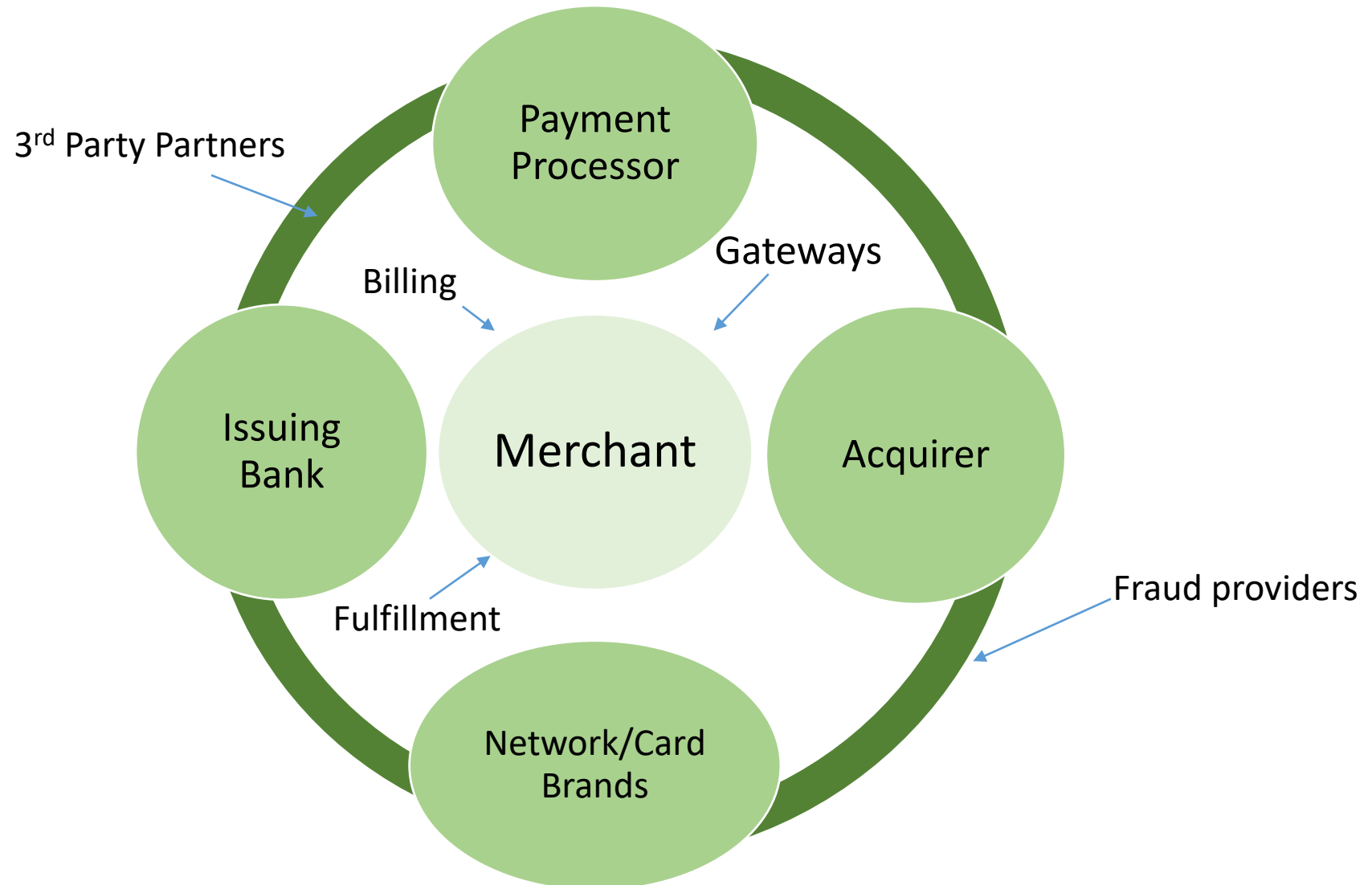
- Online Shopping Cart
- Recurring/Subscription
- Phone Orders/Mail Order
- “Buy” button on website



# 4 Terms to Put on Your Radar



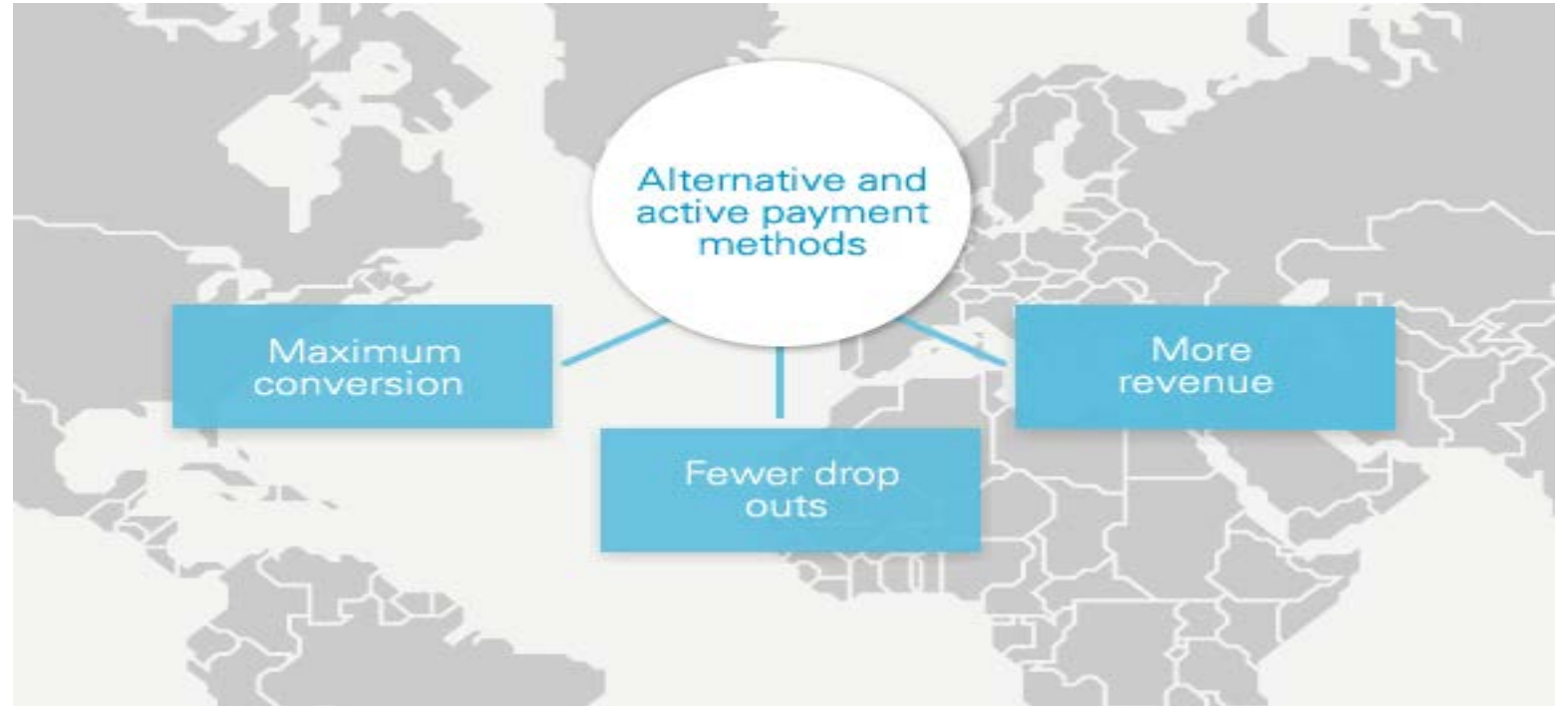
# Who's Involved



# Alternative Payments

There are over 300 payment types world wide and complexity, as well as payment types will vary by geographic location. Credit cards are not always the preferred method of payment and alternative payment methods include:

- Direct Debit
- eWallets
- Mobile Wallets
- Mobile Payments
- Digital Currency



# Payment Models

- **One Time Payments**
  - Payment is made for the entire purchase amount in one transaction
- **Installment Billing**
  - Transaction amount is divided into smaller increments
  - For example: \$100 cart amount broken into 4 \$25 payments
- **Recurring / Subscription Billing**
  - Monthly, Quarterly, and Annual continuity payments for product or services



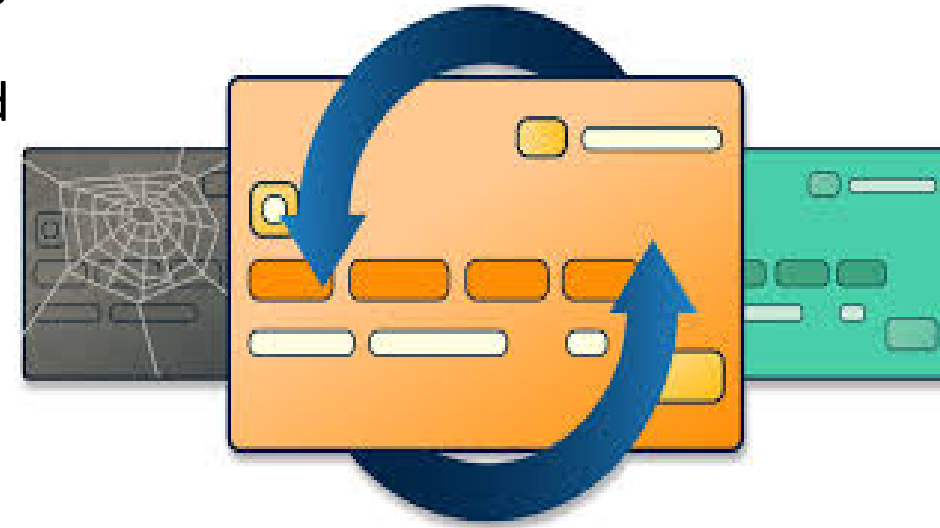
# Customer Lifetime - Account Updater and Recycling

- **Account Updater**

- Receive updated card information without contacting each customer individually.
- Reduces declines, improve customer satisfaction, and generates more revenue

- **Recycling/Re-try Logic**

- Visa – 4 retries in 16 days
- Other card brands 7 retries in 27 days
- DO retry soft declines – do not honor, insufficient funds, and generic declines
- DO NOT retry hard declines – invalid acct #, expired card, lost/stolen and restricted card (unless using and updating service)

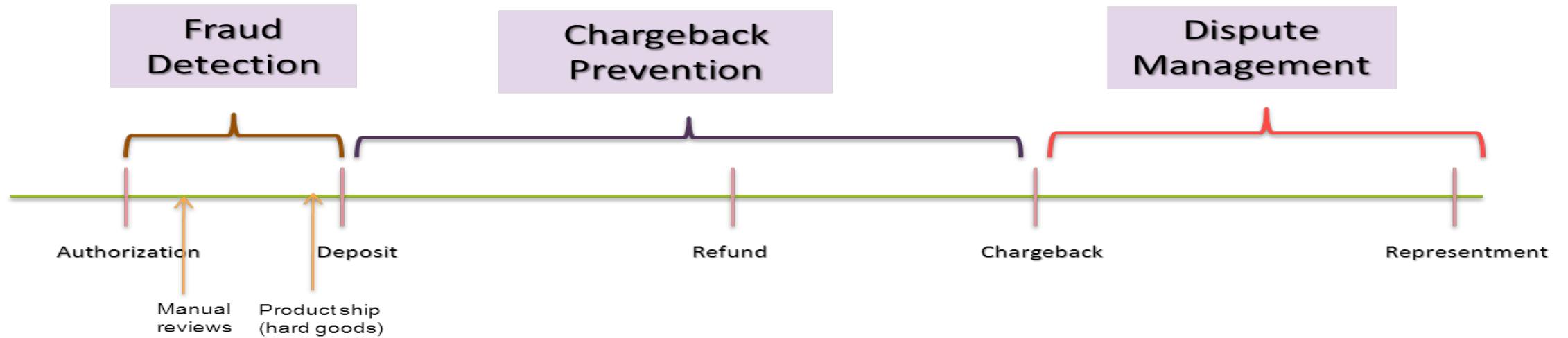




# Fraud



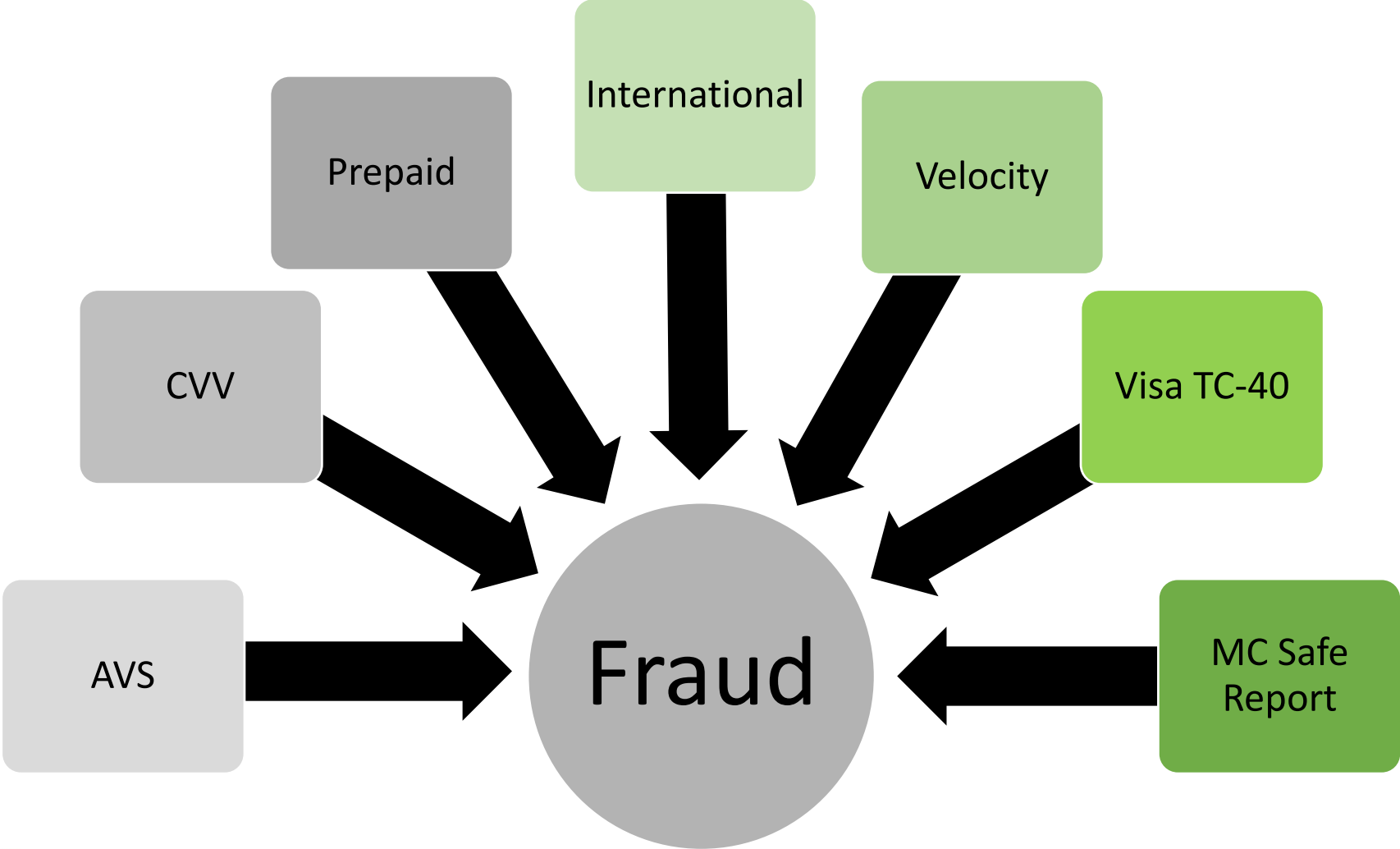
# Addressing Fraud at all Points of the Payment Cycle



**As fraudulent activity progresses, the impact accumulates.**

- Lost Sales
- Expenses of manual review
- Lost hard goods
- Chargeback fees
- Representment/arbitration Fees
- Reputational Damage

# Fraud Prevention



# Top Tools for Fraud



**Device Reputation & Fingerprinting**

**True IP & Geolocation**



**Machine Learning**



**Biometrics**



# Chargebacks



# What is a Chargeback?

A First Chargeback returns funds to a cardholder for a disputed transaction and is initiated by the cardholder's Issuing Bank.

Merchants supply specific support documentation based on reason code of the First Chargeback (Compelling Evidence)

A merchant's business model can determine which reason codes they receive more frequently

- Card Not Present
- Product, Service, Recurring etc.

# Chargebacks

Chargebacks maintain the credibility of credit card transactions and allow cardholders to use credit cards without fear

Attentive customer service, useful billing descriptors and generous refund policies are frequently the best chargeback prevention tools

# Common Types

## Cardholder Initiated

- Fraud
- Cancelled Recurring
- Credit Not Processed, Duplicate, Not as Described etc.

## Technical Chargebacks

- Forced Deposit
- Refund sent to invalid account





# Compelling Evidence

Demonstrates that the cardholder participated in the transaction

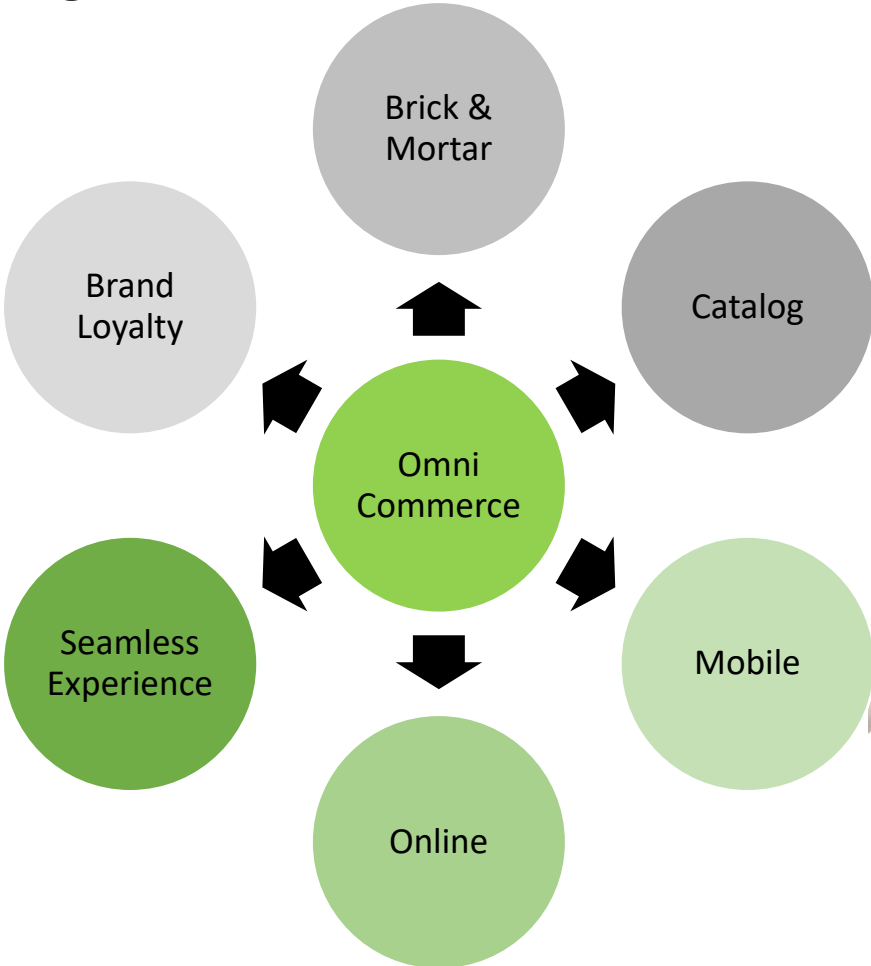
Requires the issuing bank to demonstrate they have reviewed the dispute with the cardholder.

Distinct types for different card brands and for different reason codes



# Omni-Commerce

**Omni commerce** can be defined as a retailing strategy that delivers a seamless customer experience through all available shopping channels.



# Cross Border and Beyond

Help expand your businesses globally and price products and services in multiple International currencies

- **\$2.3 Trillion** in Global eCommerce in 2017
- **66%** of shoppers abandon cart if not able to pay with preferred payment method.
- **45%** of shoppers abandon cart altogether if can't pay in local currency.
- Approval rates increase by **5-10%** when merchants process through a local entity.



# Questions?



## Contact Information

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If you have any questions about the presentation, go to our LinkedIn Group (the [Payments Education Forum](#)) and request an invitation (this is a closed group specifically for the payments industry).