

MERCHANT SELF-ASSESSMENT

Refund Orchestration Readiness Check

A practical 15-minute assessment for payments, product, risk, finance, customer experience, and operations teams.

The premise

Checkout orchestration determines how money reaches the merchant. Refund orchestration determines how value returns to the customer - with the right balance of choice, speed, cost, risk, and control.

CHOICE Method	SPEED Settlement	COST Economics	RISK Controls	TRUST Experience
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WHAT THIS TOOL HELPS YOU UNCOVER

- Where refund decisions remain manual, fragmented, or unowned
- Whether faster payout options are matched with appropriate controls
- How well refund data, routes, and outcomes are measured
- Which improvements can reduce friction without simply accelerating abuse

INSTRUCTIONS

How to use the readiness check

Assess your organization's current end-to-end refund capability, including the processes, systems, controls, data, and ownership involved in moving value back to the customer. Score each statement based on what is demonstrably true today—not what is planned or assumed for the future.

Score	Stage	What it means
0	Unknown / absent	The capability is not in place, not measured, or no one can reliably explain it.
1	Ad hoc	The work happens through manual judgment, exceptions, or individual expertise.
2	Defined	A documented approach exists, but coverage, automation, or adoption is uneven.
3	Integrated	The capability is consistently applied, measured, governed, and improved.

RECOMMENDED PARTICIPANTS: Complete the assessment with representatives from payments, product, fraud or risk, finance, customer service, store or channel operations, and loyalty. Disagreement is useful evidence: it often reveals unclear ownership or inconsistent processes.

Don't let the total score hide a weak spot: A strong overall score can still include important gaps in a specific area. Review every statement scored 0 or 1, especially those involving refund authorization, alternative payout destinations, abuse controls, transaction linkage, and reconciliation.

DOMAIN 1 OF 6

Strategy and ownership

A refund strategy needs a defined purpose, accountable owners, and decision rights across functions. *Rate each statement from 0 (Unknown/Absent) to 3 (Integrated). Use Evidence/Notes to support your score.*

Readiness statement	0	1	2	3	Evidence / notes
We have a documented refund strategy that extends beyond return policy and customer-service scripts.					
Accountability is clear across payments, product, risk, finance, operations, and customer experience.					
Decision rights specify who may approve, route, accelerate, enhance, or deny different refund types.					
Refund design is reviewed when new payment methods, channels, markets, or financing products are introduced.					

WATCH FOR: No single team can explain the end-to-end process; refund ownership changes when the transaction becomes difficult.

DOMAIN SCORE

___ / 12

DOMAIN 2 OF 6

Customer choice and transparency

Choice can restore agency, but only when options, timing, restrictions, and trade-offs are clear. *Rate each statement from 0 (Unknown/Absent) to 3 (Integrated). Use Evidence/Notes to support your score.*

Readiness statement	0	1	2	3	Evidence / notes
Customers can see realistic timing before selecting a refund method.					
We offer appropriate alternatives when the original payment method is unavailable or unsuitable.					
Refund status is visible without requiring a call, chat, or repeated merchant contact.					
Messages clearly distinguish approval time, processing time, and actual availability of funds.					

WATCH FOR: The customer hears “refund issued” while the money remains unavailable and no one can explain where it is.

DOMAIN SCORE

___ / 12

DOMAIN 3 OF 6

Architecture and routing

Modern refund infrastructure should preserve transaction linkage while supporting multiple destinations and rails. Rate each statement from 0 (Unknown/Absent) to 3 (Integrated). Use Evidence/Notes to support your score.

Readiness statement	0	1	2	3	Evidence / notes
Refunds remain linked to the original order, transaction, tender, and relevant financing or wallet relationship.					
Routing can account for method availability, consumer preference, amount, currency, cost, speed, and risk.					
The architecture supports alternative destinations without relying on paper checks or unmanaged workarounds.					
Tokenized, virtual-card, BNPL, wallet, and split-tender scenarios have documented refund paths and test cases.					

WATCH FOR: The “original method” is treated as a universal answer even when the credential, lender relationship, or account path has changed.

DOMAIN SCORE ____ / 12

DOMAIN 4 OF 6

Risk and abuse controls

Faster value movement requires earlier and more precise controls - not blanket friction for every customer. Rate each statement from 0 (Unknown/Absent) to 3 (Integrated). Use Evidence/Notes to support your score.

Readiness statement	0	1	2	3	Evidence / notes
Identity, device, account, transaction, item, and behavioral signals inform refund decisions where appropriate.					
Controls detect duplicate claims, refund velocity, altered destinations, receipt abuse, and repeated appeasements.					
Low-risk customers and low-value cases can follow a lower-friction path than unusual or high-risk claims.					
Instant or alternative payouts require controls proportionate to their speed, value, and reversibility.					

WATCH FOR: The organization accelerates payout before improving verification, or applies the same manual friction to every customer.

DOMAIN SCORE ____ / 12

DOMAIN 5 OF 6

Operations and reconciliation

A refund is not complete when it is approved. It is complete when value is delivered, recorded, and reconciled. Rate each statement from 0 (Unknown/Absent) to 3 (Integrated). Use Evidence/Notes to support your score.

Readiness statement	0	1	2	3	Evidence / notes
We measure time from customer request to decision and separately from decision to successful refund delivery or settlement.					
Finance can reconcile original-tender and alternative-route refunds without extensive manual research.					
Stores and contact centers have controlled tools for resolving eligible cases without unnecessary handoffs.					
Manual intervention, paper checks, exceptions, failed payouts, and reissued refunds are tracked and reduced.					

WATCH FOR: Teams optimize their own step while the customer, finance, or support center absorbs delay elsewhere.

DOMAIN SCORE ____ / 12

DOMAIN 6 OF 6

Measurement and future readiness

Refund performance should be visible, comparable, and resilient as commerce models change. Rate each statement from 0 (Unknown/Absent) to 3 (Integrated). Use Evidence/Notes to support your score.

Readiness statement	0	1	2	3	Evidence / notes
We track core refund performance across speed, customer experience, dispute activity, and cost. Examples may include settlement time, disputes, cost per refund...					
Performance can be segmented by channel, payment method, customer type, reason, value, and refund destination.					
Refund outcomes inform dispute prevention, loyalty, fraud strategy, and payment-method decisions.					
We have documented refund approaches and test scenarios for instant payments, cross-border refunds, agent-assisted purchases, and emerging payment methods.					

WATCH FOR: Success is measured only by "refund approved," with no view of receipt, customer outcome, downstream dispute, or total cost.

DOMAIN SCORE ____ / 12

RESULTS

Interpret your score - then inspect the weak links

Add the six domain scores. The total indicates overall maturity; the lowest domain usually indicates the next practical investment.

Total	Maturity	What it looks like	Priority
0-18	Reactive	Refunds are fragmented, manual, and difficult to measure.	Establish ownership and map the current state.
19-36	Developing	Some capabilities exist, but they vary by method, channel, or team.	Standardize controls, data, and customer communication.
37-54	Orchestrated	Routes and controls are defined; measurement and automation are expanding.	Optimize by segment and reduce costly exceptions.
55-72	Adaptive	Refunds are integrated into payment, risk, loyalty, and operating strategy.	Test new rails and continuously refine decisioning.

CRITICAL RED FLAGS

YES / NO We cannot reliably distinguish refund approval time from consumer receipt time.

YES / NO We lack a controlled alternative when the original payment method is unavailable.

YES / NO We can accelerate an external payout faster **than our identity** and abuse controls can support.

YES / NO We cannot link some refunds to the original transaction, tender, wallet, token, or financing relationship.

YES / NO Alternative refund routes create unresolved reconciliation or reporting gaps.

ACTION PLANNING

Turn the score into a 30-day plan

Choose no more than three gaps. Assign a named owner, one concrete next action, and visible evidence that the process is changing.

30-DAY ACTION PLAN

Priority gap	Owner	Next action	Evidence of progress

DISCUSSION PROMPTS

- Where does our payment orchestration currently end?
- Which refund route creates the most customer friction - and which creates the most operational cost?
- Which customers deserve less friction, and which signals should trigger more scrutiny?
- What happens when the original credential, account, or financing relationship is no longer available?
- What would we need to measure to know whether a faster refund improved loyalty or reduced disputes?