

Power seamless digital payments: A guide to using credentials to fight checkout friction

In this guide:

- Understand the role of credentials in reducing friction and boosting revenue
- Discover how credentials play a key role throughout the payment process
- Learn ways you can begin implementing a credentials strategy today

VISA Acceptance Solutions



The role of credentials in reducing friction and boosting revenue

In-store and online shopping are increasingly merging into a unified experience, with many customers starting their shopping journeys on one channel and finishing on another.

They expect their journey to be smooth: A survey conducted by Tink found that 88% say they'll abandon a purchase if they experience friction when paying.[1] Merchants can avoid lost revenue by reducing friction at checkout and giving customers a payment experience that more closely resembles in-person shopping.

Tap to pay and other innovative solutions provide frictionless experiences for in-person payments, but how can merchants provide similar experiences across digital channels? Using credentials effectively could help bridge the gap between online and in-person payment experiences.

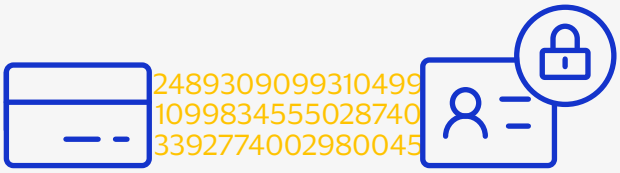
This guide can help you choose and implement the right credentials strategy to reduce friction at checkout, improve authorization rates and revenue, and keep customers coming back for more.

88%

of customers say they'll abandon a purchase if they experience friction when paying[1]

What are credentials?

Credentials are information that authenticates the identity of a person or system, like usernames, passwords, card numbers, expiration dates, CVV codes, and digital signatures.





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The payments divide: in-person vs. digital

Consumers think about shopping, not shopping channels.

In fact, two thirds of shoppers rely on digital features regardless of channel,[2] underscoring how online and in-person shopping experiences have blurred over the last few years. Consumers now expect great experiences anywhere they shop.

In-person and digital payments are not created equal, however, and the gap between the two experiences is still evident. In-person payments tend to be safe, easy, and convenient. Online payments can still be full of friction, and merchants are often faced with the burden of bridging the gap.



In-person payments

- Higher authorization rates
- Lower fraud rates
- Seamless, one-touch shopping experiences, like tap to pay



Digital payments

- Lower authorization rates due to expired credentials, lack of authentication
- Higher fraud rates
- More friction at checkout due to manual data entry



Making online shopping experiences more like in-person ones can help merchants protect against potential lost revenue and turn customers into repeat customers. This could require a shift in how credentials are managed, but the results can be rewarding. A robust credentials strategy can help reduce friction, power growth, and increase profitability. Using stored credentials can also help increase customer satisfaction and reduce the costs associated with managing fraud.

"The dream is frictionless payments: to have the most seamless payments journey for your customers. If we can give them the best payments experience with SCA (Strong Consumer Authentication), it will help us maximize genuine bookings and minimize churn."

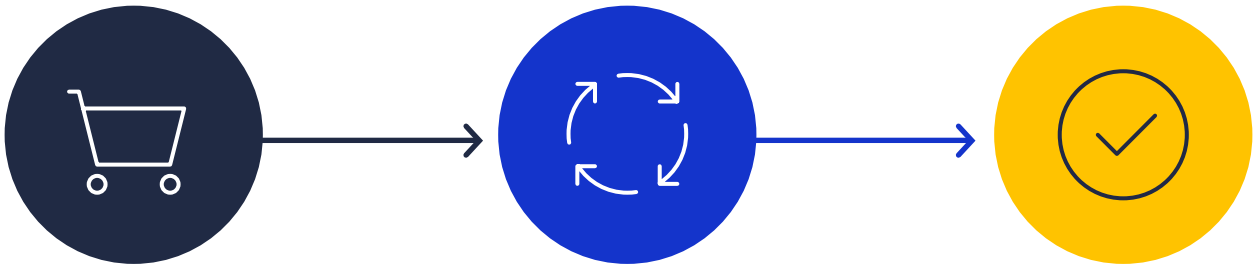
– Arnaud Thulliez, Product Director, Accor

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Payment credentials touchpoints

To understand how to reduce checkout friction, let's look at the three places where credentials touch digital payments:



Checkout

Consumers' most significant touchpoint takes place at checkout when they select or input their payment information and send it for authentication and authorization. Manually entering card information can be time consuming and error prone.

- **58%** of consumers rely on manual data entry at checkout, taking an average of **3.3 minutes**.[3]
- **3 in 4** consumers want the ability to use their preferred payment method at checkout.[4]

Authentication

After customers provides their payment credentials during checkout, they need to be authenticated. Unlike in-person payments, verifying a customer's identity for a digital payment can be cumbersome and frustrating for them.

- Authenticated transactions are approved **8.7%** more often and saw a **9%** decrease in fraud compared with non-authenticated transactions.[5]
- **59%** of consumers are less likely to shop at the same merchant again following a decline.[6]

Authorization

Once a customer is authenticated, the transaction is sent for authorization to be approved or declined. Expired credentials or processor routing challenges can create unnecessary hurdles to authorization.

- **$18 billion**[7] of Visa card-not-present sales volume is declined at authorization, often due to expired credentials.
- Network tokens can boost authorizations **5%**[8] and decrease fraud **31%**[9] compared with the use of personal account numbers (PANs) in a transaction.

"Our team managed to go live and generate our first token in production in less than 10 days. We immediately noticed the change in approval rates and started enjoying the benefits of network tokens."

– Pay.com

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Creating a credentials strategy

Reducing friction at these touchpoints gets merchants one step closer to digital payments that are as seamless and secure as in-person payments.

Here are a few tips to help you create the right payment credentials strategy:

Improve the checkout experience

Leveraging solutions that enable new or preferred payment options can eliminate friction at checkout and give consumers the seamless experiences they expect. Biometric checkouts, for example, can reduce the need for customers to re-enter their information with every transaction and give them peace of mind that their transaction is secure.

Visa solutions:

Visa Click to Pay: A simple one-touch payment solution that removes the need for customers to re-enter their card information.

Payment methods: Simplify checkout by offering the payment methods your customers prefer from among dozens of available options.

Token Management Service: Through cloud token framework and Visa passkeys, you can create device-specific tokens that enable consumers to use biometrics, like their palm or face, to pay.

"Click to Pay is a win-win. It enables an innovative, secure and consistent checkout experience."

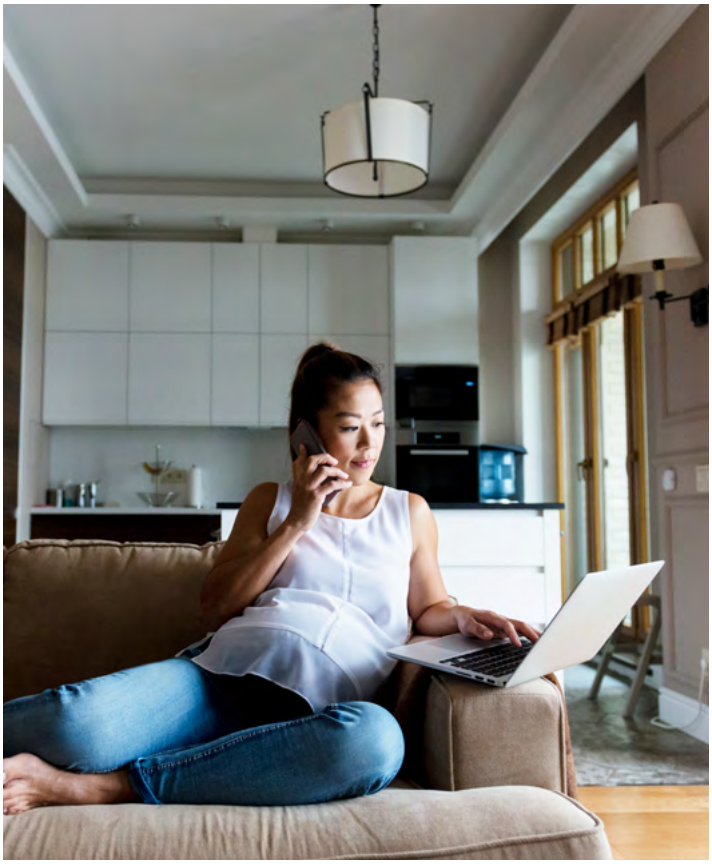
– Pay.com

Optimize authentication and improve security

Maximizing authentication through 3-D Secure can help improve authorization rates, reduce fraud, and meet regional mandates without adding friction. Evolving compliance and the latest PCI DSS standards will require merchants to ensure they constantly adapt.

Visa solution:

Payer Authentication: Use EMV® 3-D Secure to authenticate customers' identities before authorization to improve authorization rates, decrease chargebacks, and shift liability while minimizing false declines.



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Use tokens to improve authorization

Tapping into the power of network tokenization can help eliminate authorization friction with an issuer-trusted credential. Network tokens can also lower fraud rates, helping further bridge the in-person and digital payment gap.

Visa solutions:

Token Management Service: Simplify adoption, access, and management with a single solution that enables network token access across major card networks.

Service Orchestration: Powerful machine learning and AI models analyze data from **200+** processor and acquirer connections[10] to determine and use the authorization route most likely to approve a transaction, recommend actions to help maximize a transaction's chance of approval, or suggest whether to retry.

Store credentials securely

Implementing solutions that secure, update, and manage stored credentials when they're not in use can help you reduce friction and protect your brand from a data breach without adding to your technical burden.

Visa solutions:

Account Updater: Reduce potential lost sales due to expired credentials by keeping stored credentials updated automatically.

Token Management Service: Store sensitive customer information in our secure Visa data centers to minimize the risk and costs associated with data breaches.

"The payments landscape is complicated, especially when you cross as many geographies and retailer tech ecosystems as we do.

We knew the payments process would be a challenge. Visa has the right solution for us to solve this challenge globally."

– Evgeny Klochikhin CEO, Sheeva.AI



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Building the future of digital payments together

Businesses that may be losing money because of checkout friction can make simple changes to start building future-ready payment solutions today.

As technology and consumer demands continue to evolve, understanding the future of digital payments and adopting solutions that leverage the latest technology can you help you provide better experiences, differentiate your offering, and attract and retain more customers.

We can help you bridge the friction gap between in-person and digital payments with strong credentials management. Our experts can help you develop or improve your credentials strategy and build the payment solutions you need.

Request a consultation with a Visa payments expert

Request a consultation →

Visit our website

1. UK consumers expect fast and frictionless payment journeys, Tink, 2022
2. 2024 Global Digital Shopping Index, Visa Acceptance Solutions and PYMNTS.
3. Checkout Conversion Index 2021, PYMNTS.com, 2021.
4. 2024 Global Digital Shopping Index report, Visa Acceptance Solutions and PYMNTS.
5. CY 23. Authenticated transactions are ECI 05/06 with a valid 3DS protocol. Non-authenticated eCommerce transactions are ECI 07/08.
6. Credential on File Insights conducted by Murphy Research, August 2022.
7. VisaNet data for the 12 months to March 2023.
8. +5% average improvement in approval rates in Europe with network tokens. VisaNet GBI Monthly Authorisation Report, May 2022.
9. VisaNet, Oct-Dec 2022. Visa credit and debit global card-not-present transactions for tokenized versus non-tokenized credentials. Auth rate is defined as approved authorizations divided by total authorization attempts based upon first attempt of a unique transaction.
10. Based on internal measurements as of May 30, 2024.

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