7 Step Blueprint to Minimizing Credit Card Declines

Credit card declines have become a big problem. Before the days of hackers and chip security decline rates were typically sub 5%. Today the average for recurring payments is 15%.

The steps outlined below can help your application users save tremendous time and money but the most significant metric is increased cash flow.

If you are able to implement the majority of these steps you will have a competitive advantage. By educating your current users and prospects you can win more business and have better retention rates.

Steps 1 and 2: Implement 1-a proactive and 2-a reactive [automated] customer outreach programs. Your payment gateway partner should have a way to pull expiring card reports. For customers whose cards are set to expire create a series of emails [autoresponder] directing them to provide an updated card. If possible the customer should do this online and link the updated info back

to your payment gateway. You may also consider an automated calling campaign [using CallFire eg] to direct customers to provide new info. If the card is close to expired or has expired and you are receiving a decline you would want to add live calling to the customer. After failed billings consider an incentive to reward the customer for updating. A $10 off coupon pays for itself many times over.

Message your customer inside your application. If card is about to expire generate in-application notifications and tell them how to update info.

Step 3-Leverage MasterCard/Visa updater programs. Participating card issuers contribute new card data including expiration dates and reissued card data. Currently about 70% of issuers participate. Smaller banks, credit unions etc may not participate due to costs, IT constraints etc. Indications are that Visa wil require all issuers to participate by end of 2017. This will improve Updater program impact.

Each month typically a week before month end all of your customer cards are sent by your payment gateway partner to the updater program. Cards with actionable updates are updated. Your payment gateway partner should then "reveal" the new expiration date etc but you would have to code for your application to in turn inform the end business user what new exp date or last 4 might be. By extending your gateway integration, you can then inform your business clients and the application users of the new expiration dates and relevant updated information is. Typically access to the Updater program is processor specific. The Updater program is for the most part not processor agnostic meaning that if your gateway provider may uses the Vantiv Updater pipeline as opposed to Chase or FirstData then the credit cards are then processed by Vantiv.

Step 4-Bucket soft declines and strategically retry those transactions.
A soft decline would be a response that indicates the card is good [card # and expiration date] but temporarily can't be debited [eg NSF]. Use best practice retry strategies [6 times in 36 days] and be sure to abide by Visa/MasterCard regulations.

Step 5-Collect or bucket declines due to invalid expiration date.
Strategically resend these transactions with new expiration dates [years] in the future. If/when you get approval internally update new information. You may also try sending blank expiration dates. For recurring payments it is imperative you send the "Recurring Indicator". This tells the customers credit card issuer "this is a regular payment". The recurring indicator helps "smooth" potential declines due to expiration date and other issues.

Step 6-Add ACH processing option for recurring payments.
An ACH option is a **must** for 2 reasons: 1-Returns typically average less than 2% [massive improvement from credit cards] and 2-Processing fees are usually 80-90% less expensive than credit cards. Any recurring billing platform not using ACH Processing is missing out on a great end user tool that saves them both time and money. Adding the ACH option is likely the most powerful of the 7 steps. Consider adding a back-up payment so that upon enrollment a customer could give two payments options. If one fails auto debit the other.

Step 7-Last chance logic: Leverage proprietary methodology for "given up on" declines. Data shows about 30% of these lost credit card billings can successfully be processed AND rebilled on average another 8 months.

Many of the steps above are dependent on your payment gateway partner and their ability to provide decline response codes, access to the updater program and an efficient dual platform ACH option.

We will be sending a series of emails that provide more information on each of the steps above.

Implementing some or all of these steps will make your application more useful to your end users. This creates clients with better retention rates that are more likely to refer.

Not only can you create a better solution but you can also create new revenue streams for your business. The right payments partner should offer you a revenue sharing model. We have vast experience with this model and have partners that receive significant residual income.

Many of the steps outlined above depend a great deal on your payment gateway partner and your ability to get detailed decline responses. Make sure your partner provides them.

Why not schedule a call with AgilePayments today? Get more details on implementing the Blueprint for your application. You have no obligation and can experts answer your questions.

Schedule a Call or Call 888.729.4968 x88 or email info@AgilePayments

Thank You
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