

What card issuers lose when legitimate transactions are declined

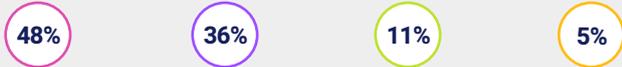
” But I use this card all the time!!



USE CASE

ISSUER BANKS DECLINE REASONS

Issuer banks decline card payments for various reasons. Kipp offers a new approach to enable the authorization of legitimate transactions associated with these use cases:



TRENDS

The costly trends of declined transactions

According to Clearsale report, losses due to e-commerce fraud are projected to reach \$6.4 billion by 2021. But losses due to false declines are projected to reach \$443 billion by 2021 – nearly 70x more than losses from fraud itself.

In today's climate, any sign of risk causes card issuers to decline transactions automatically - a smart and justified decision for banks that want to protect themselves and their customers from fraudulent activity. But the reality is far more complex.

Ironically, declining legitimate transactions doesn't just cost card issuers and merchants a lot of money and lost revenue. It's enough to decline one transaction to lose the top of the wallet position. But more than anything, false positives push away good customers, damage issuing banks' reputation and customer satisfaction rates, which are tough to repair or quantify.

But what if card issuers could bring themselves to optimize their payment approval rates without the added risk?

CHALLENGE

The balance between risk mitigation and customer satisfaction

More often than not, legitimate transactions are declined because of failed validation checks. While validation is an important and delicate step in the payment authorization process, it can easily fail. Take for example the CVV2 mismatches, or the expiry date mismatches. These reasons are not really an accurate indication of fraud by all accounts but they do impose a certain risk.

So how can issuing banks approve more legitimate transactions instead of watching their revenue and customers go to their competitors? With Kipp's help, bank issuers and merchants can work together to optimize their payment authorization process. While the policies are different among banks, they all share the same

objective, mitigating losses. As for the merchants, their interest lies in approving their customers' payments to increase their revenue.

Suppose the merchant can be allowed to partake in the risk cost to approve the payment and maintain their customers' loyalty and satisfaction.

In some cases, they will gladly pay to authorize the transaction even if the validation step fails. Because they know who their good customers are. The only thing missing in bringing this vision to life is a third-party solution that can facilitate this exchange of information in real-time. [Meet Kipp.](#)

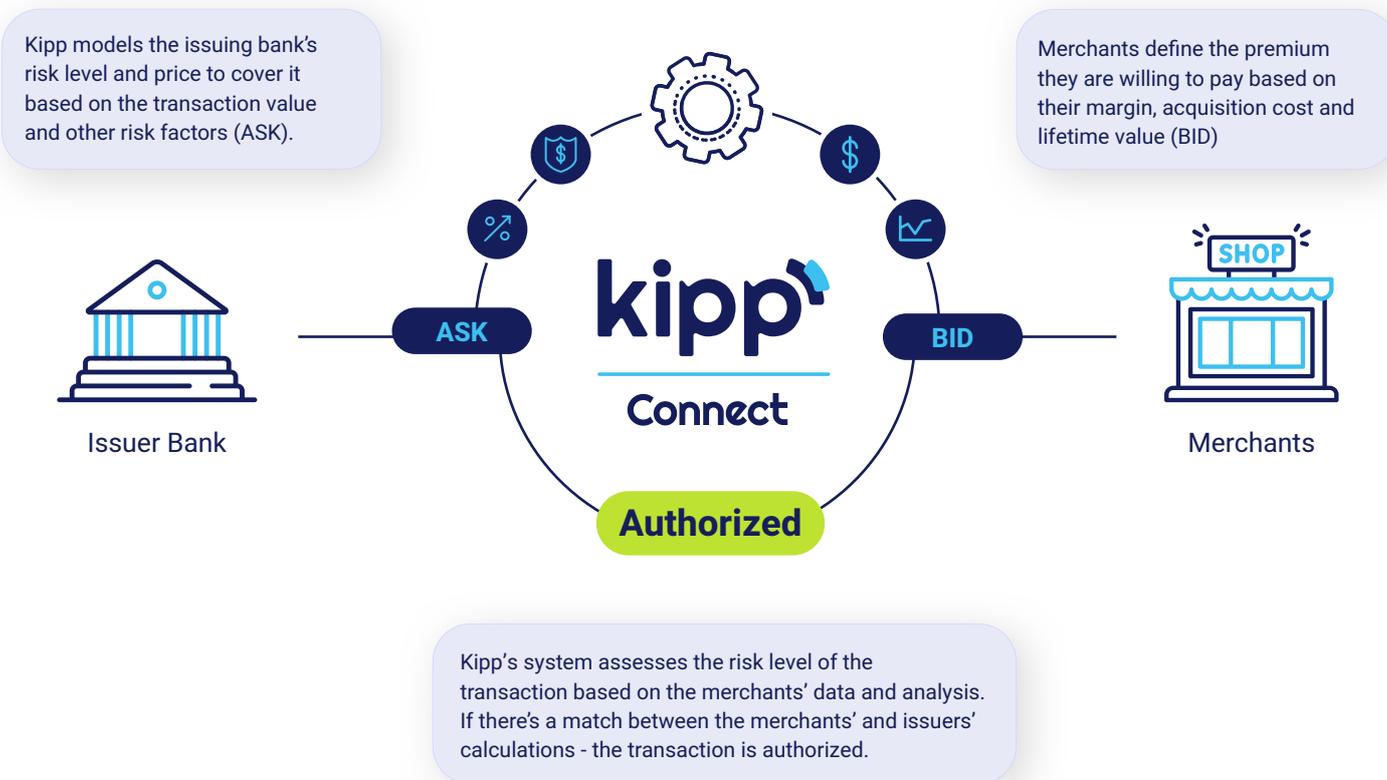


SOLUTION

Optimize your payment authorization process

Realizing issuing banks and merchants have shared interests, Kipp created a way to optimize the payment authorization process without added risk. By creating new communication and automatic decision-making channel for merchants and issuing banks.

Here's what happens with Kipp in real-time each time a customer "swipes" their card successfully and is not aware that he almost got a decline:



Authorizing more legitimate transactions boosts customer satisfaction and reduces complaint calls and the costs and frustration associated with them. By giving customers what they want, when they want it you will be rewarded with much more than the transaction amount. You will be rewarded with customer loyalty.

The authorization process is entirely seamless. Don't worry. While it takes a few paragraphs to explain how Kipp works, the authorization process takes only a fraction of a second from start to finish. Kipp works with all banks, so if you want to optimize your payment authorization process and gain more satisfied customers, [click here to get started](#).

ABOUT



Kipp is a Global Fintech innovator enabling Issuer Banks and Merchants win together legitimate transactions that are currently declined. Kipp's AI-driven technology optimizes the traditional payment model for increased revenue, customer satisfaction, and loyalty.

The company's solution leverages the aligned interests of issuing banks and merchants to authorize more legitimate transactions by providing a seamless system to split the risk costs in real-time based on predefined risk profiles. Kipp's founders and team are fintech veterans and payment optimization professionals.