



How Payment Orchestration Can Drive Growth

A Complete Guide for Banks
and Other Financial Institutions

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Introduction

The rapid evolution of financial technology requires banks and other financial institutions to keep pace with cutting-edge payment providers. To accomplish this, they need to modernize their payment offerings.

However, being pioneers in the online payment industry and operating in it for decades, many will find their infrastructure solid but unwieldy in an age of rapid technological advancement.

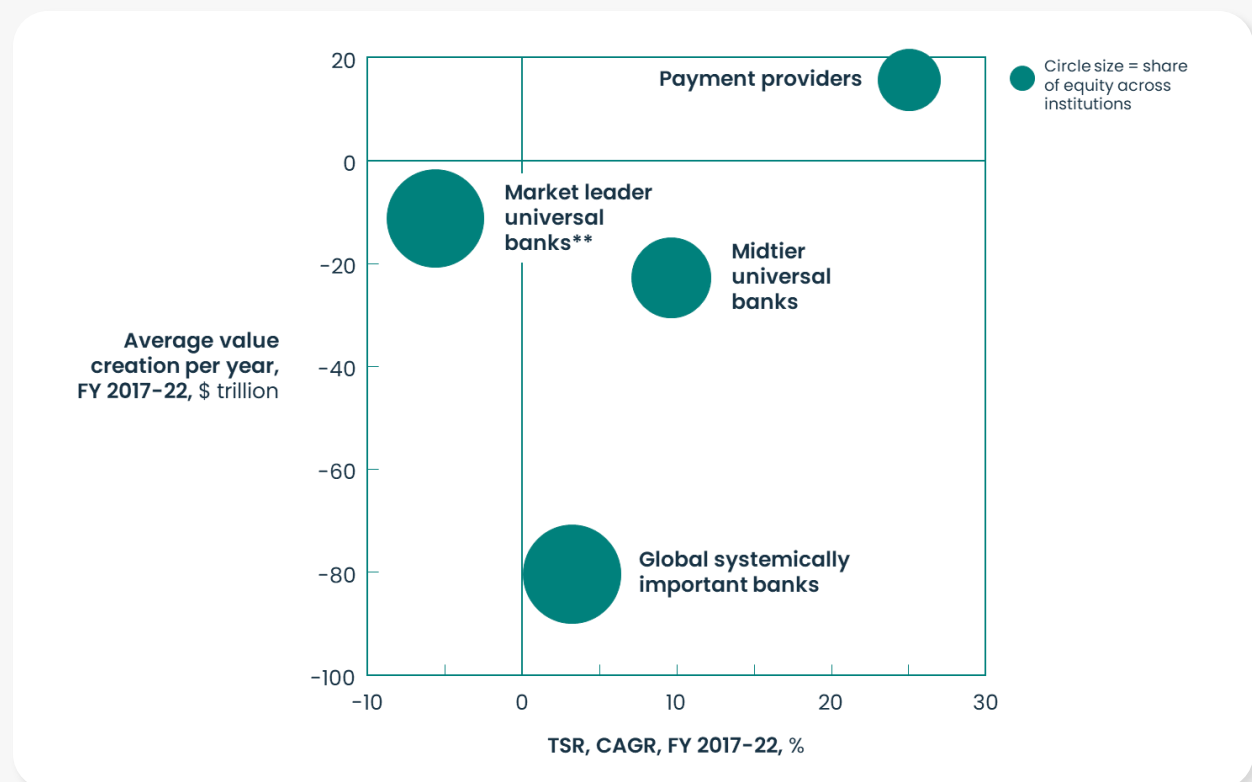
In this guide, we explore how financial institutions can leverage payment orchestration to gain a competitive edge in their payment offerings, tackle industry challenges, and drive growth.

Exploring Today's Banking Environment

For years, banks have dominated the online payment landscape, claiming the lion's share of the market. However, the rapid development of the financial technology sector has dramatically reshaped the scene.

The [McKinsey Global Banking Annual Review 2023](#) shows that the online payments market has shifted dynamics between 2017 and 2022, as payment service providers demonstrated a notable increase in their price-to-earnings ratios, outpacing other financial entities, including Global Systemically Important Banks (GSIBs) and universal banks, which experienced declines.

Value creation and TSR for financial institutions*



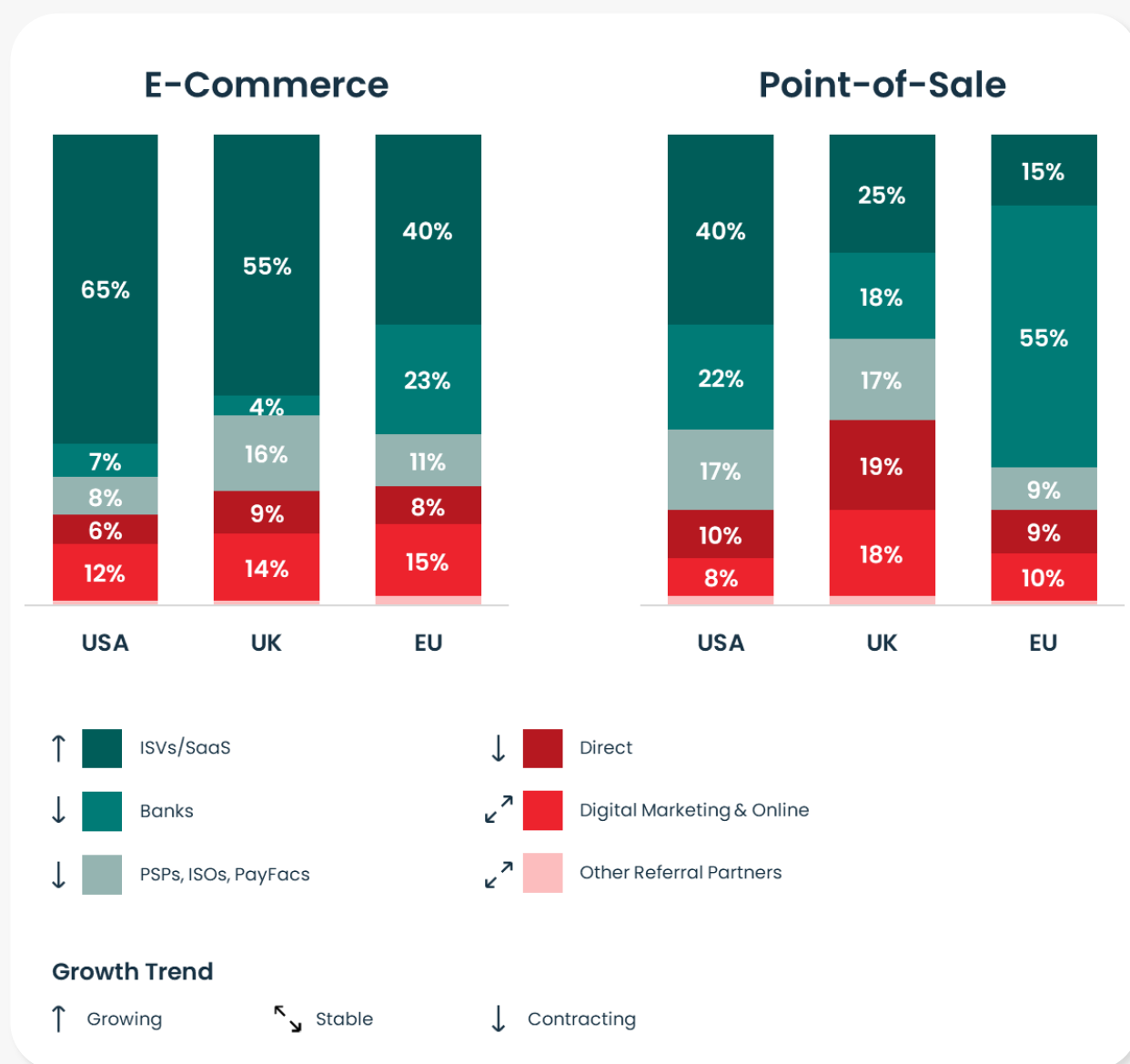
* Source: S&P Global; McKinsey Panorama

** Domestic market leader with >10% of share in assets (excluding global systemically important banks).

This thesis is further supported by [Flagship Advisory Partners Analysis](#), which highlights that banks are continuing to lose ground in the new small business (SMBs) merchant acceptance market. Flagship estimates that 65% of signed and active e-commerce merchants in 2023 in the United States rely on Independent Software Vendors (ISVs) and Software-as-a-Service (SaaS) vendors, while only 7% rely on banks.

Distribution of SMB Payments by Channel

Directional estimates; % of new merchants signed and active in 2023



Source: Flagship Advisory Partners analysis, Aug 2024

Time to Invest

The contrasting trends between new players and traditional banks emphasize the competitive advantage of Fintech solution providers in responding to technological changes and innovations, demonstrating the importance of agility and forward-thinking strategies in capturing market share.

By investing in cutting-edge technologies and delivering seamless, customer-centric experiences, banks can strengthen their position and ensure long-term growth in the rapidly changing financial landscape.

Pressing Industry Challenges

To understand what prevents banks from delivering cutting-edge payment experiences to their customers, let's examine some of the challenges they face.

01

Lack of specialized focus

Unlike fintech companies or dedicated payment service providers that concentrate solely on payment solutions, banks often offer a wide range of financial products. Unlike fintech companies whose entire business model is centered around payment solutions, merchant payment services are just one of many priorities for banks. However, to be able to expand into the online payments market, banks require a deep understanding of evolving technologies, customer needs, regulatory changes, and trends.

02

Lack of advanced technologies

Despite banks boasting stable profits and a robust client network, their software systems, developed decades ago, often fail to meet the evolving needs of the industry. Many financial institutions cannot offer customers the advanced technologies for revenue growth, conversion boost, and manual process automation they crave, losing market share to modern solutions.

03

Payment software complexity

There is no doubt that the reason banks do not offer innovative payment technologies to satisfy their customers lies not in their lack of resources or dedication. What prevents banks from updating their infrastructure is its complexity. Systems from decades ago required developers to write software entirely from scratch, which made updating it considerably harder. Also, being developed for specific hardware or operating systems that are no longer widely used, legacy systems cannot be easily transferred from one infrastructure to another. This makes banking software quite challenging to adapt to meet modern fintech requirements.

04

Connectivity challenges

The increasing reliance on cloud-based services and real-time data exchange demands a robust and reliable connectivity infrastructure. Any disruption in connectivity can lead to delays, errors, and security vulnerabilities, affecting the overall customer experience and trust. To address these challenges, banks need to upgrade their connectivity frameworks or lease them from third-party providers, ensuring they can support the dynamic demands of today's digital payment landscape while maintaining security and compliance standards.

05

Multi-stop shop merchant solutions

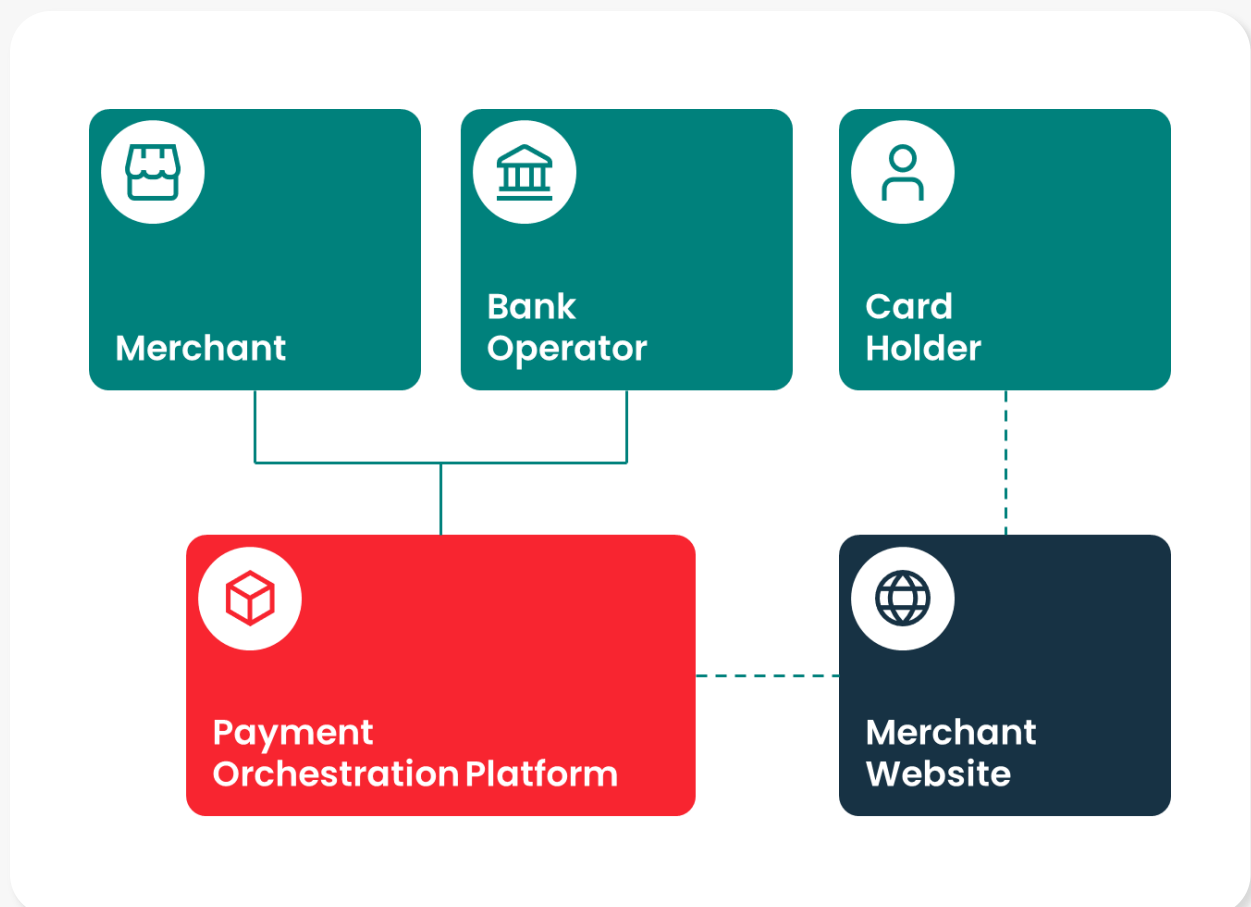
Many banks struggle to offer merchants a comprehensive infrastructure that consolidates all payment services under one roof. This fragmentation forces merchants to manage multiple vendors and systems, leading to inefficiencies and increased operational costs. It also complicates data management and reporting, making it difficult for merchants to gain insights into their sales and customer behavior. For this reason, merchants are turning to innovative and consolidated fintech solutions, leaving traditional ones behind.

What is Payment Orchestration for Banks?

Payment orchestration is a ready-made white-label payment software that combines multiple payment technologies and integrations under one roof.

Payment orchestrators offer a robust platform integrated via an open Application Programming Interface (API). It empowers banks and other financial institutions to streamline payment operations with modular orchestration technologies. Payment orchestration platforms also optimize merchant management, allowing banks to focus on their core operations while attracting and retaining merchants and building sustainable revenue streams.

Application programming interface (API)



Payment Orchestration for Banks: Major Benefits

As financial institutions globally need to reinvent themselves in the face of technological advancements and changing customer demands, payment orchestration may provide an effective solution.

Leveraging a payment orchestration platform, banks can:

1. Obtain tried-and-true white-label infrastructure

Payment orchestration provides banks with access to a robust, white-label infrastructure developed by specialists in the field and thoroughly tested. By leveraging a white-label solution, banks can brand and market the payment software as their own, enhancing their service offerings with minimal effort. Additionally, this approach enables banks to expand their product offerings without the technical challenges and expenses typically associated with building and maintaining proprietary systems.

2. Expand their market share

By partnering with a payment orchestrator, banks can cover all the payment needs of their merchants in a single environment. On the one hand, they will provide them with their current established payment offering. On the other hand, leveraging payment orchestration, they can seamlessly integrate their current merchants into an advanced platform that carries the bank's own logo and style. In this way, financial institutions can become a one-stop shop for their customers, increasing the value of their services and positioning them ahead of the competition.

3. Modernize current payment infrastructure with minimal effort

Payment orchestration allows banks to offer a flexible payment system adapted to the dynamic landscape of the financial sector, providing merchants with tools to enhance transaction approvals, optimize payment flow, cut processing costs, and more. The software also enables banks to ensure compliance with regulatory requirements in different regions.

This allows them to enter new markets and partner with local payment service providers.

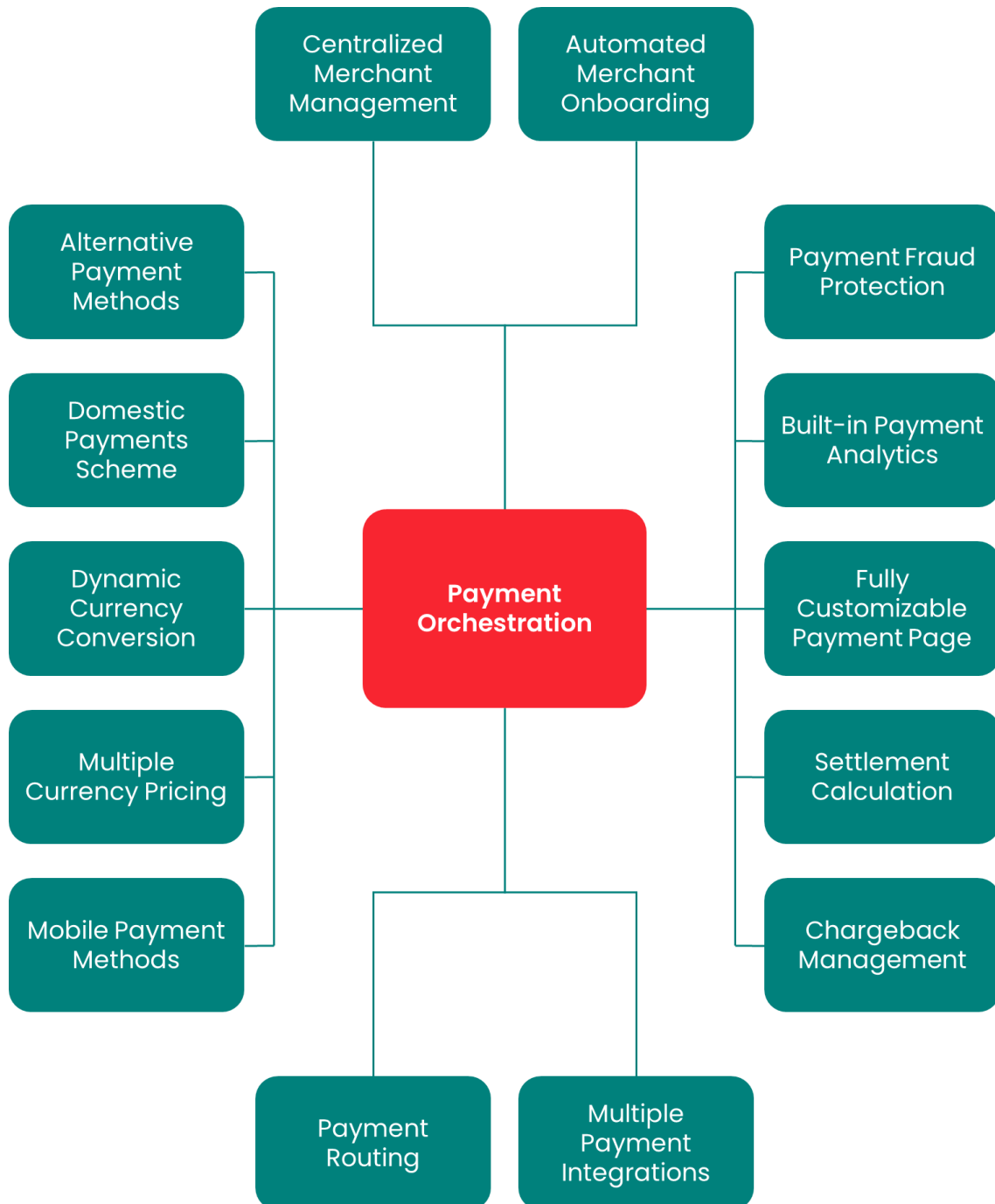
4. Unlock additional revenue streams

Payment orchestration enables banks to unlock additional revenue streams by expanding their range of services and enhancing customer experiences. Furthermore, with payment orchestration, banks can route transactions to alternative payment methods. By supporting various payment methods, currencies, and channels through a single platform, banks can offer new services like cross-border payments and digital wallets, tapping into new markets and generating additional fees. Moreover, integrating value-added services such as in-house payment analytics allows banks to gain insights into their merchants' payment performance across various channels to make data-driven business decisions.

5. Save on operational costs

Alongside generating revenue, payment orchestration provides banks with substantial cost savings in system maintenance by automating manual processes, such as merchant onboarding. For instance, if a financial institution previously required a team of ten employees to handle merchant onboarding manually, they could accomplish the same result with just five employees, leveraging automated merchant onboarding facilitated by a payment orchestration platform.

The Technologies Payment Orchestration Offers:



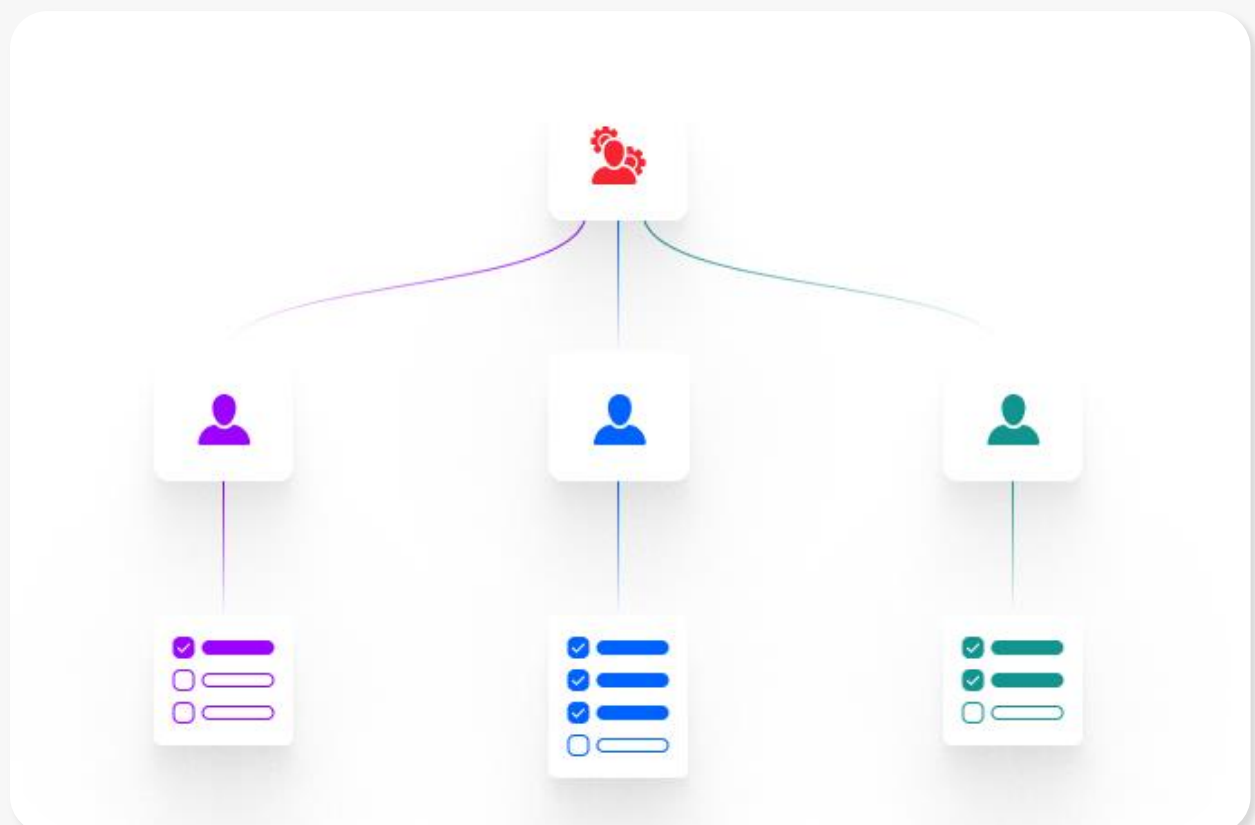
Driving Growth for Banks with Innovative Payment Orchestration Technologies

As we delve deeper into the realm of payment orchestration, let's focus on its specific technologies and features that drive growth for banks.

Centralized merchant management

A centralized interface for transparent merchant management simplifies the complex task of overseeing multiple merchant accounts for banks. This unified platform allows financial institutions to manage and monitor all merchant activities in one place, providing clear visibility into transactions, payment methods, and account details.

By streamlining merchant management, banks can offer better support and build stronger client relationships.



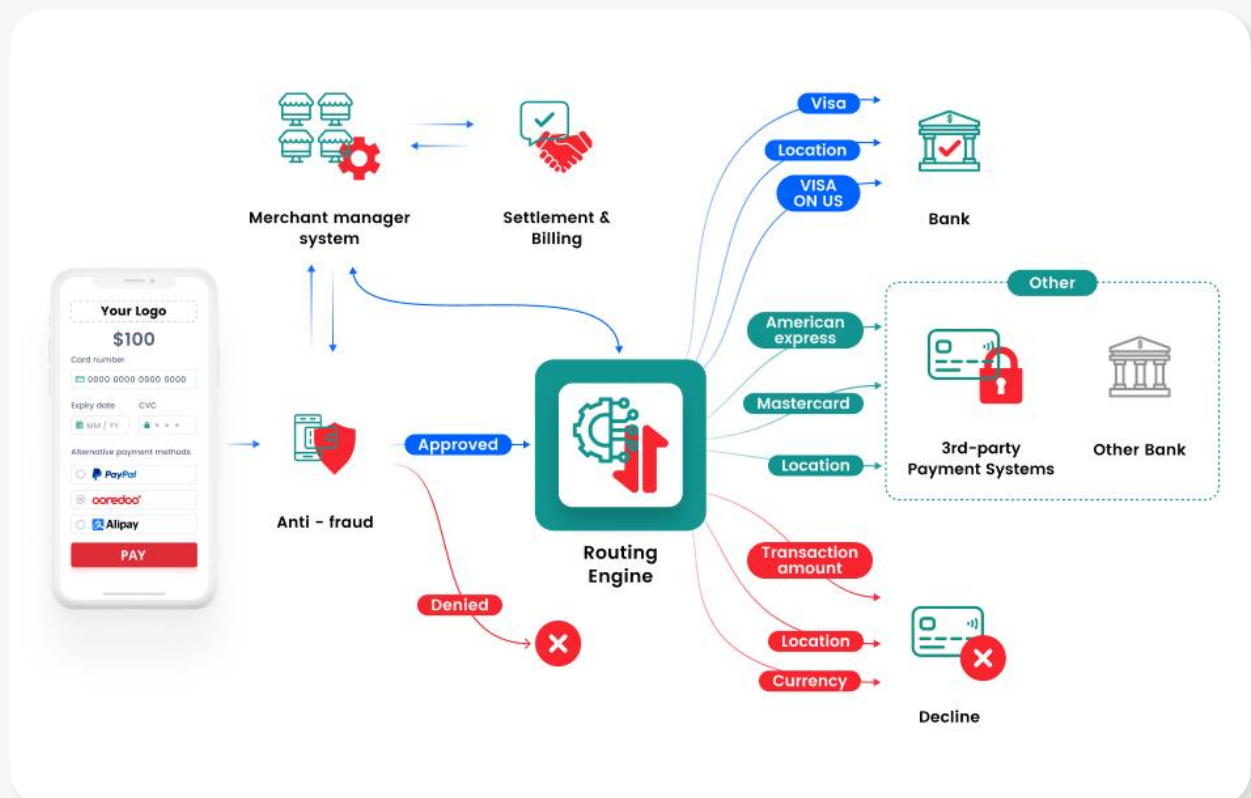
Automated merchant onboarding

Furthermore, payment orchestrators offer tailored technology to automate the merchant onboarding process. As banks onboard a significant number of merchants daily, it requires substantial resources with dozens of employees involved. Leveraging automated merchant onboarding, banks can speed up this process, easing the workload on their employees, and reducing the costs associated with onboarding.

Leveraging automated merchant onboarding, banks create customized scenarios for merchants' registration with drag-and-drop editors. In this way, merchants will receive registration forms and instructions that will allow them to handle onboarding on their own, submitting the necessary documents directly to the platform.

Payment routing

Payment routing is one of the vital orchestration technologies that help banks optimize payment flows. The technology can automatically direct transactions through a specific path, from basic routes based on location or currency to more specialized options like transactions having identical issuer and acquirer. This way, transactions can be directed to global card networks like Visa and MasterCard or local card brands such as Verve in Africa or Elo in Brazil.



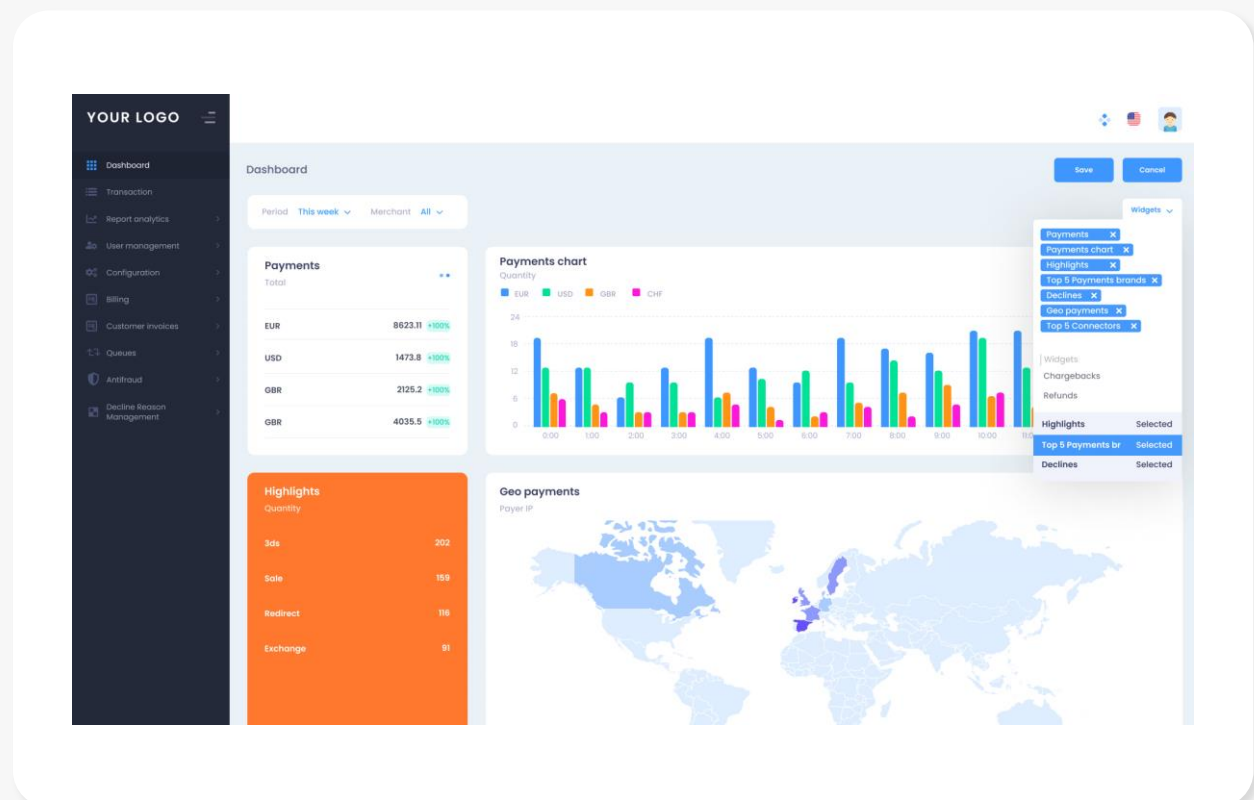
The diagram shows how a [payment routing engine](#) works. It is a powerful technology used to:

- Enhance the payment approval rate by choosing the best route for each transaction
- Reduce processing costs by choosing the lowest fee providers
- Leverage the most efficient payment channels to reduce transaction failures, delays, and errors

Comprehensive analytics dashboard

A [consolidated analytics](#) dashboard keeps banks in full control over multiple merchants' data. This technology enables banks to leverage transaction data for analytics, providing them with valuable insights into specific transaction trends, customer behaviors, and revenues to make data-driven business decisions.

Payment analytics is also quite beneficial for merchants, as they can review information on all their transactions in one place. This enables them to track their performance, detect issues, and identify new revenue opportunities to single out the best payment strategies.



Alternative payment methods

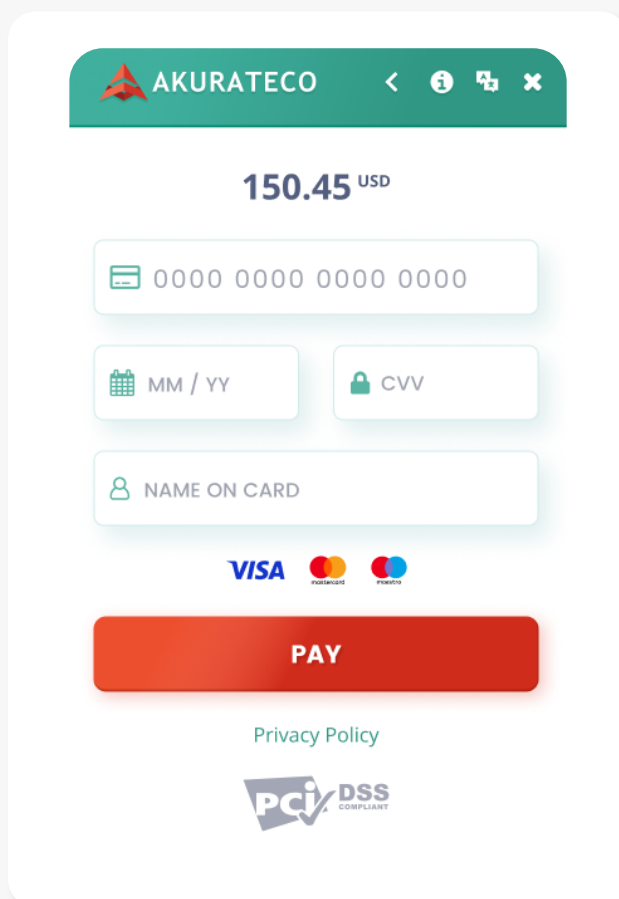
Orchestrators support a multi-acquirer approach, offering multiple payment methods already integrated into the platform. By integrating alternative payment methods such as digital wallets, mobile payments, cryptocurrencies, and buy-now-pay-later options, banks can cater to a broader audience, gaining a competitive edge. This way, they will facilitate more transactions for their merchants, increasing revenue from transaction fees and other payment-related services.

Fraud prevention

Payment orchestration significantly enhances fraud prevention by offering banks advanced tools to detect and prevent fraudulent activities in real time. With access to sophisticated algorithms and data analytics, banks can monitor transactions more effectively and identify suspicious patterns quickly, reducing fraud risk. Additionally, by centralizing fraud prevention efforts across multiple payment channels, banks streamline their security measures and adapt to new threats easier. This safeguards customer trust and positions banks as reliable partners in the digital payments landscape.

Fully-customizable payment page

With payment orchestration, banks can offer merchants a fully brandable payment page that transforms checkout into a seamless and personalized experience. This feature allows merchants to customize the payment page to match their brand's identity and manage customers' preferred payment methods in various regions. For banks, this means attracting more merchants who want to provide a unique and branded payment experience for their customers, strengthening their position in the market.



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Settlement calculation

Banks can also benefit from automated settlement calculations. This automation ensures that payments are calculated accurately and processed swiftly, reducing banks' manual workload and minimizing the potential for human error. Settlement calculation also consolidates all necessary information in one place, simplifying bank financial management. By providing real-time insights and updates on settlements, banks can maintain a clear overview of their financial status, which enhances operational efficiency.

	Count	Fee	Total
Success	30578	0,05	1528,9
Decline	1224	0,05	61,2
Refund	305	0,5	152,5
Chargeback	3	35	105

Subtotal	1847,6
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Setup fee	-500
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Monthly fee	-200
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Subtotal	-700
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Total	1147,6
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How to Set up a Payment Orchestration Platform

Here is a step-by-step guide for banks to implement a payment orchestration platform:

Step 1. Payment orchestrator selection

Choose a payment orchestration provider with features and capabilities that align with your goals. Consider factors such as ease of integration, scalability, security features, and support for multiple payment channels.

Step 2. Integration architecture design

Together with the provider, plan the technical architecture of the integration, ensuring it aligns with existing systems and infrastructure. It involves deciding how the payment orchestration platform will interact with current payment gateways, fraud detection systems, and other financial services.

Step 3. APIs implementation

Use open APIs to connect the payment orchestration platform to the bank's existing systems. This step requires collaboration between the bank's IT team and the provider to ensure seamless communication between different components.

Step 4. Customization

Give specific requirements for the payment methods and providers you would like to connect with. Also, state how you would like to customize the technology to the needs of your business. This includes configuring support for different currencies, payment channels, and any additional features like fraud prevention tools or payment routing.

Step 5. Platform testing

Conduct thorough testing to ensure the platform functions correctly and integrates smoothly with existing systems. This includes testing payment processing, transaction tracking, and security features to identify and resolve any issues before going live.

Step 6. Training the team

Provide training for employees on how to use the new platform effectively. Ensure that everyone involved understands the system's capabilities and can offer support to customers.

Step 7. Launch the platform

Once testing and training are complete, launch the platform. Monitor the system closely during the initial phase to quickly address any technical issues.

How Akurateco Can Help

Akurateco offers a comprehensive payment orchestration solution. Our state-of-the-art platform is designed for banks and other financial institutions, helping them unlock new revenue streams while cutting costs. Here is what distinguishes us in this field.



SaaS, on-premises, or cloud deployment

Akurateco provides three setup options: Software as a Service (SaaS), on-premises, and cloud deployment, allowing clients to not only rent the platform but also have the system deployed on their dedicated servers or in the cloud infrastructure of their choice. By providing various setup options, Akurateco empowers banks to meet regulatory requirements in regions where local payment infrastructure hosting is mandatory.



Multiple integration options for merchants

Akurateco offers a range of integration options to cater to diverse merchant needs. These options include: Host-2-Host Integration, CMS, Mobile Software Development Kit (SDK), API Rest/API Soap.



Intelligent payment routing engine

With Akurateco's [payment routing engine](#), banks can fine-tune routes for every transaction, from basic ones like currency and geolocation of the customer's billing address to more sophisticated options like transactions having an identical issuer and acquirer. This technology not only optimizes transaction speed and cost but also enhances payment success rates, ensuring a seamless experience for customers while maximizing efficiency and profitability for the bank.



Advanced payment fraud prevention

Our platform is PCI DSS Level 1 certified and offers merchants services like vulnerability scanning and assistance with PCI DSS certification. As a partner with Advantio, Akurateco provides insights into payment risk management. We also implement [in-house anti-fraud modules](#) featuring whitelists, blacklists, and customizable filters, along with anti-fraud plans tailored to merchants' needs. In addition, we collaborate with leading third-party risk-scoring providers such as Fraudio, MaxMind, and AcuityTec to detect fraud more effectively.



Automated merchant onboarding

Akurateco offers a customizable merchant onboarding panel, allowing you to tailor fields for different merchant groups based on their country of registration and other parameters. This technology enables merchants to access the panel, upload the necessary documents, and input their information independently. Additionally, banks can grant merchants access to a test environment, letting them integrate into the system using a protocol that matches their technical capabilities.



Support for multiple payment methods globally

Akurateco offers over 350 payment integrations, including alternative payment methods such as mobile wallets, BNPL, QR payments, cryptocurrencies, and many more. By supporting a broad range of payment options via our platform, banks can increase transaction volumes and revenue opportunities, tapping into emerging markets and consumer trends.



Brandable payment page

Our payment page is fully brandable and customizable, allowing companies to adjust elements like buttons and background colors to align with their brand identity. It supports over 25 languages, making it accessible worldwide. The payment page provides a seamless payment experience on any device, as it is fully responsive and compatible with Apple Pay and Google Pay. Additionally, the page includes real-time card validation with built-in error messaging, enhancing the customer checkout experience.



Advanced settlement calculation

With advanced [settlement calculation](#), banks can calculate commissions, merchant settlements, and rewards for referral partners. Moreover, by leveraging the flexibility of setting customizable fees for each payment action, banks can tailor these fees to match the specific nature of each transaction, like the provided value or the incurred costs. This flexibility allows banks to optimize revenue.

Final Thoughts

With the rise of financial technology, businesses increasingly demand sophisticated payment solutions. It causes banks to lose ground to newer, agile payment providers.

In the long run, financial institutions that fail to adapt to the evolving payment ecosystem risk falling behind innovative fintech companies that are quickly capturing market share and customer loyalty. To stay competitive, they must prioritize updating their service offerings according to the needs of modern businesses starting today.

Embracing white-label payment orchestration can serve as a transformative step, providing banks with ready-to-use cutting-edge payment solutions under their brand. With them, financial institutions can not only maintain a leading position in the online payments market but also unlock additional revenue streams without investing in extensive in-house development. As technology continues to evolve, banks that successfully transform their operations will be well-positioned to meet the changing needs of their customers, growing in value and relevance in the future.

Need a Hand?

Would you like to know more about how Akurateco's white-label payment orchestration platform can help your financial institution improve merchant management and payment processes?

Feel free to get in touch with us.



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