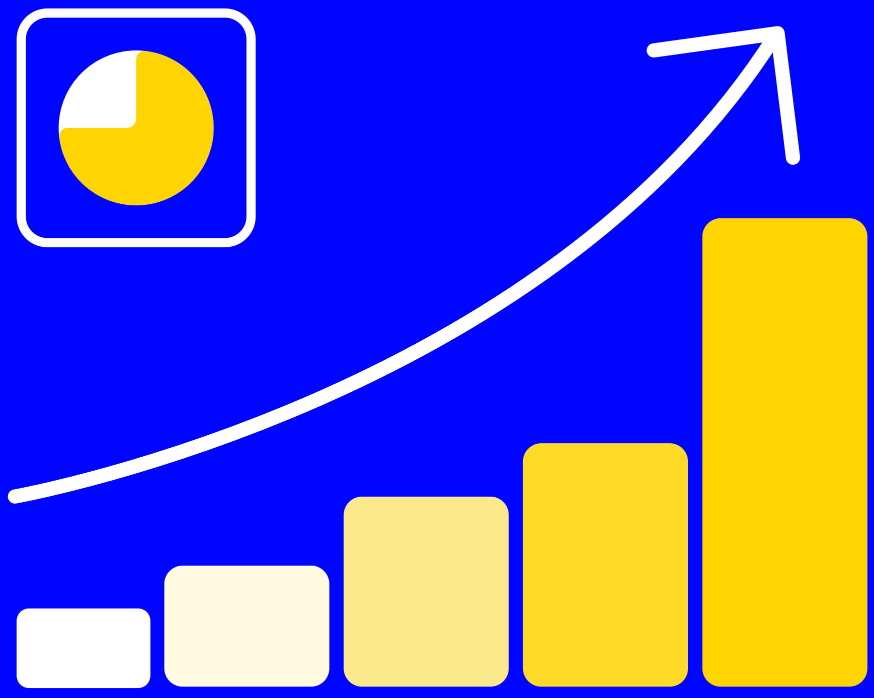
UNDERSTANDING PAYMENT CONVERSION RATES:

how to measure, monitor, and optimise your success rates



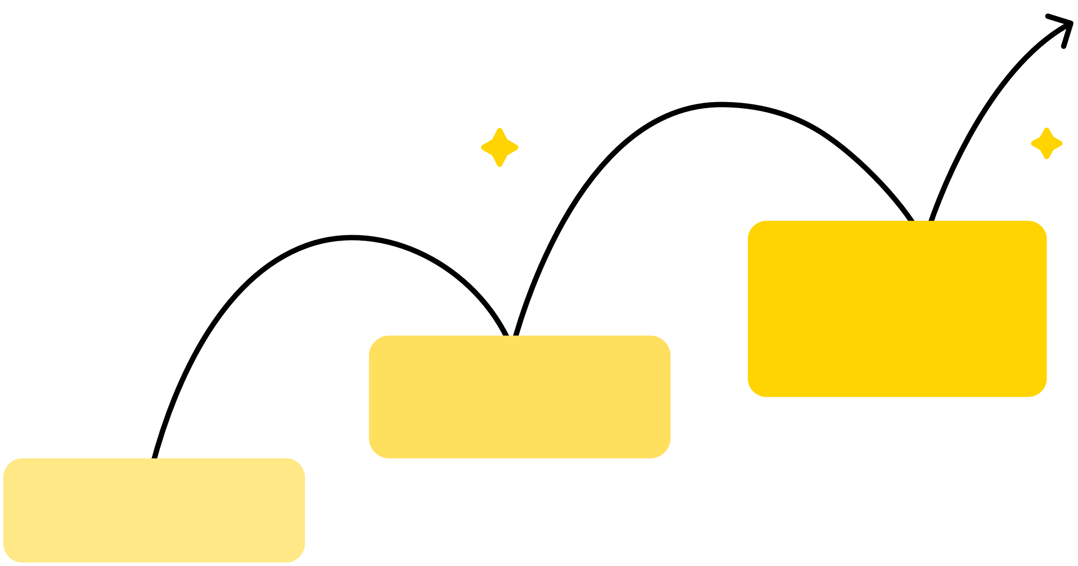
Contents

Introduction

Every failed payment is a lost sale and, often, a lost customer. You've already invested in bringing people to your checkout page, so when payments don't go through, it's more than a missed opportunity – it's lost money.

If you're not actively optimising your payment conversion rates, you're losing revenue. But what are the right ways to measure, track, and improve them?

Let's break down the full picture and explore all the key factors that shape your payment conversion rate success.

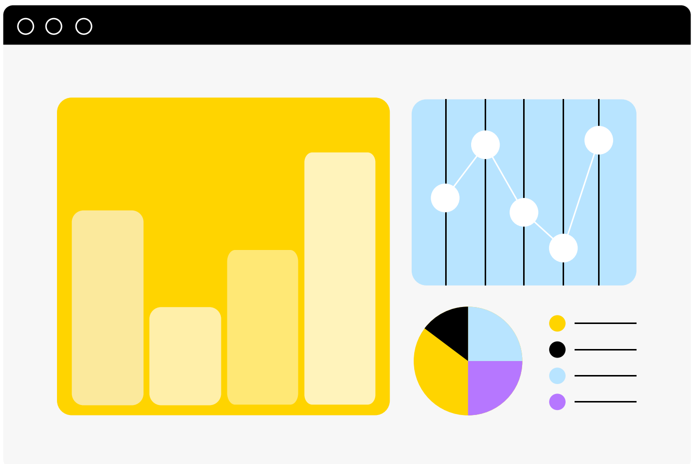


What is payment conversion rate

The meaning of 'conversion rate' varies depending on the context. In digital marketing and e-commerce, it often refers to the percentage of website visitors or potential buyers who complete a desired action, such as purchasing. However, the meaning is different in the realm of payments.

The payment conversion rate is the proportion of successfully processed payments out of all payment attempts within a specific period. Simply put, if a customer adds a product to their cart and starts the checkout process but doesn't complete the payment, it doesn't count as a conversion. Only a successful payment is included in this metric, which serves as a key indicator of how effectively a business turns purchase intent into actual revenue.

In this guide, we focus on the payment conversion rates, a key indicator of how efficiently a business can turn customer purchase intent into actual revenue.



50 shades of conversion rates: breaking down the nuances

Payment conversion rates are also called acceptance, authentication, authorisation, or checkout conversion rates. These terms are often used interchangeably, though their exact distinctions are not always well-defined.

In practice, acceptance, authentication, and authorisation rates are interconnected components of the broader payment conversion metric. Still, each has nuances in definition, calculation, and impact on business performance.

- **Payment acceptance rate** measures the overall success of payments but differs from the payment conversion rate in one key aspect: it accounts for unique customers rather than individual payment attempts. This means that if a customer initially fails to complete a payment but later succeeded using another method, the acceptance rate considers only the final successful transaction
- **Payment authentication rate** measures the percentage of transactions successfully verified through security protocols like 3D Secure. This process often requires additional verification, such as approval via a banking app, and ensures that the person making the payment is a legitimate cardholder.
- **Payment authorisation rate** represents the percentage of transactions that are successfully authenticated and approved by card networks. Once a payment service provider forwards payment details to the network, it either approves or declines the payment based on factors like insufficient funds, incorrect card details, fraud suspicion, or technical issues.

- **Checkout conversion rate** is the percentage of users who complete a purchase after initiating the checkout process. It measures how effectively a checkout flow converts potential buyers into paying customers. A high rate indicates a smooth and efficient checkout experience, while a low rate may suggest friction, such as complicated forms, payment failures, or lack of preferred payment methods.

Why payment conversion rate matters

If you seek insights to improve your online business performance, keep an eye on your payment conversion rates. By the time a customer reaches the payment page, you've already invested significant resources – through marketing, advertising, and website optimisation – to get them there. If something goes wrong during payment processing, causing a failed transaction, it's both a lost sale and a wasted investment.

On the other hand, a high payment conversion rate signifies your customers can complete their purchases smoothly, which means more successful transactions, fewer lost sales, and a stronger bottom line.

As we progress through this guide, we will explore methods to measure payment conversion rate and strategies to optimise it, helping you reduce transaction failures and maximise revenue.

How to calculate payment conversion rates

To determine your payment conversion rate, divide the number of customers who completed a purchase by the total number of customers who initiated a payment or showed intent to buy but didn’t complete the process. Then, multiply the result by 100 to derive a percentage.

Here's a detailed breakdown:

Step 1

Identify the total payment attempts. This could be the number of people who added items to their cart, clicked the "pay" button, applied discount codes, selected shipping options, or started the checkout process.

Step 2

Identify the number of successful payments. This is the number of customers who completed their purchases and whose transactions were successfully processed.

Step 3

Calculate the payment conversion rate according to the formula:

$$\text{Payment conversion rate} = \frac{\text{successful payments}}{\text{total checkout attempts} - \text{abandoned carts}} \times 100$$

For example, if an online store processes 1,000 payment attempts in a day and 850 of them are completed, the payment conversion rate would be 85% – meaning that 85% of all payment attempts resulted in successful transactions.

$$\frac{850}{1000} \times 100 = 85\%$$

The method you use to calculate payment success rates often depends on your business goals or analytical needs.

Payment conversion excluding abandoned carts

To focus purely on checkout performance, calculate using the method that considers only completed checkout attempts:

$$\text{Payment conversion rate} = \frac{\text{successful payments}}{\text{total checkout attempts} - \text{abandoned carts}} \times 100$$

It helps identify issues related to payment gateway failures rather than user drop-off before checkout.

At Corefy, we jokingly say there are fifty shades of conversion, because there's no one-size-fits-all way to measure it. Here's how our clients typically monitor their payment conversion rates:

- **By project**, to compare performance across different initiatives and quickly identify which ones are performing best.
- **By customer**, to spot behavioral patterns, like users who repeatedly land on the payment page without completing a transaction.
- **By provider**, to understand which PSPs perform better based on various factors, including currency, card type, transaction time, and payment method and use the insights for routing strategy optimisation.
- **With or without CVV/3DS checks**, to assess how much friction added security measures introduce and strike the right balance between safety and conversion.
- **In real time,** to track performance and react quickly if something goes wrong.
- **Over selected periods,** to identify trends, measure improvements, and evaluate past performance.

How to choose the right calculation method

Choose calculation methods based on your goals and the specific stages of the payment journey you want to analyse:

- Use the standard payment conversion rate (successful payments ÷ total checkout attempts) for a general performance overview.
- To assess payment gateway performance, focus on the authorisation rate (approved transactions ÷ total authorisation requests) to identify issues related to card declines or fraud prevention.
- Track the acceptance rate to analyse customer behaviour. It considers only the final successful transaction per customer, offering insights into how users adapt when a payment fails.
- To evaluate security measures, use the authentication rate (successfully authenticated payments ÷ total authentication requests) to see how verification steps like 3DS impact transactions.

By analysing multiple conversion rate calculations, you can identify inefficiencies and find ways to reduce payment failures.

Industry benchmarks: is your conversion «good»?

What defines a 'good' payment conversion rate varies based on several factors, including business size, industry, location, risk profile, available payment methods, etc.

For instance, credit card acceptance rates tend to be lower than those for digital wallets due to differences in security protocols and user behaviour. Additionally, high-risk industries, such as online gambling or adult entertainment, often experience lower acceptance rates, as transactions in these sectors face stricter scrutiny and higher fraud prevention measures.

For example, in e-commerce, the average checkout completion rate is 45%. Anything more than 59% would put you in the best 20% of stores, and more than 66% would put you in the best 10%. This drops to 44% on average for mobile visitors, but the best 10% of stores have over 64% mobile conversion. For desktop visitors, the average conversion rate rises to 49%, and more than 70% for the best 10%.

While exact benchmarks vary greatly and aren't often disclosed due to the sensitive nature of this data, industry trends reveal that payment conversion rates between 40% and 70% are usually said to be «average» or «good».

In the following chapters, we'll explore the reasons behind lower success rates and what you can do to optimise your payment process for better results.

6 critical factors affecting payment success rates

Think of payment conversion as a finely tuned orchestra. Every player — from payment gateway to customer behaviour at checkout — contributes to the final performance. When even one instrument hits a wrong note, the whole experience can fall flat.

In this chapter, we'll break down the six key factors that influence your payment success rate so you can identify the gaps and fine-tune your setup.

1. Regional peculiarities

Geographical location profoundly impacts payment conversion rates due to differences in financial infrastructure, banking penetration, and cultural payment habits. Regions with low banking accessibility or cash-dominant economies consistently report lower conversion rates.

- In **Latin America**, 21% of e-commerce transactions rely on cash vouchers like Mexico's OXXO or Brazil's Boleto Bancário. These methods require users to generate a payment voucher online and settle it offline at a convenience store, introducing friction and making users abandon purchases during this step due to logistical hurdles. Additionally, instalment-based payment cultures complicate checkout flows, as businesses must integrate dynamic instalment calculators to meet expectations.

> An instalment calculator is a tool that helps people estimate their loan payments. Whether it's for a mortgage, car loan, or personal loan, this calculator shows how much you need to pay regularly over time. It breaks down the repayment process, helping borrowers understand their monthly payments, interest costs, and the total amount they will repay.

- Countries like **Kenya** and **Nigeria** lead the world in using mobile money accounts, but interoperability issues between providers often lead to transaction failures. For example, a user with funds in Airtel Money cannot easily pay a merchant using MTN Mobile Money, resulting in drop-off at checkout.

- The e-wallet market is rising in **Indonesia** and the **Philippines**, and many local providers are vying for users. This fragmented landscape presents challenges for merchants: those who support only the most popular e-wallets may experience lower transaction conversion rates than those offering wider compatibility with regionally dominant options like GoPay or GCash.

If you notice low payment conversion rates in these regions, the problem is not necessarily with your business. Some markets naturally have more friction due to banking habits, consumer trust issues, or regulatory barriers.

2. Business type and risk profile

The type of business and its risk profile influence payment conversion rates due to varying levels of fraud risk, regulatory scrutiny, and bank approval rates.

Low-risk

Low-risk businesses typically operate in industries with stable customer behaviour, low chargeback rates, and minimal regulatory scrutiny – such as e-commerce or educational services.

Thanks to low fraud risk and strong standing with banks and PSPs, they enjoy the highest approval rates, with most transactions processed automatically and without issue. They also benefit from broad access to mainstream providers and often receive lower processing fees.

Medium-risk businesses

Medium-risk businesses often refer to event ticketing, marketplaces, and on-demand services like taxi apps with moderate chargeback risk or irregular user behaviour.

Their approval rates can occasionally decline, often triggered by mismatches in payment routing and user location or sudden surges in volume.

Maintaining stable approval rates in this category often depends on careful fraud filter configuration and smart payment routing.

High-risk businesses

High-risk businesses operate in sectors that face greater scrutiny from banks, card networks, and regulators. These include gambling and betting, adult entertainment, forex, crypto trading, investment platforms, etc.

Their approval rates are often lower due to several reasons:

- Transactions are more likely to be declined due to fraud flags, chargeback history, and legal restrictions.
- PSP options are more limited, often forcing businesses to prioritise processing efficiency over user convenience.
- High fraud rates and legal uncertainties often lead to payment declines and account terminations.

By tailoring your payment setup with the right providers, routing logic, and fraud settings, you can offset many of these challenges and keep conversion rates as high as possible.

3. Payment methods & localisation

The payment methods a business offers or lacks can significantly influence checkout completion rates.

- **Credit and debit cards** remain a popular online payment method worldwide, but standard card checkout forms can have moderate drop-off due to high friction while entering card details and billing info, and trust concerns contribute to this dropout.

- **Digital wallets** help boost conversion rates by reducing checkout friction. Adding PayPal, Apple Pay or Google Pay, especially on mobile, can further speed up checkout and prevent drop-offs from customers who would otherwise abandon the process if they had to enter card details manually. However, digital wallets have their challenges, too. Login prompts or redirects on certain devices can create friction, so optimising the integration by enabling in-app, one-tap payments is key to maximising their impact.

> 📚 Digital wallet checkout conversion rates improve significantly when the checkout includes saved payment details, fewer form fields, and a seamless user experience – all of which make shoppers more likely to complete their purchase.

- **Buy now, pay later, or BNPL** services like Klarna, Affirm, Afterpay, etc., can make your conversion rates rise ~20-30%. By letting customers split payments, BNPL reduces upfront cost barriers. These services often provide quick approvals with less friction than credit cards, making high-price purchases feel more manageable. By easing sticker shock – the hesitation that comes when costs exceed expectations – they help reduce second thoughts, cart abandonment, and delayed purchase decisions.

> 💡 Note that BNPL might not count as an immediate full payment conversion in analytics, though it counts as a completed order for the merchant.

- **Open banking & bank transfers** rare growing in some regions and usually show nice checkout completion rates: once customers successfully set up open banking payments, they rarely drop off in future transactions. Europe and the UK, for example, have Pay by Bank, where users authenticate with their bank instead of using cards. These methods show high completion rates – around 80–90% for first-time users in mature markets (UK, Nordics) and over 90% for repeat users.

- **Cryptocurrency** adoption is rising worldwide, making it a valuable addition to your payment options. Many crypto holders, especially in the gaming industry, are willing to use their assets for purchases. Crypto payments offer key benefits for both businesses and customers, including enhanced security, no chargebacks, and fast processing – ideal for companies with a global customer base.

- **Localisation of payment options** helps increase payment acceptance rates. By offering region-preferred methods (e.g. Alipay for China, MercadoPago for LATAM, etc.), businesses increase customer convenience and minimise abandoned checkouts. Yet, only about half of merchants offered local payment methods beyond the big international ones. Companies are now partnering with payment service providers to support a broader range of methods, which can reduce drop-offs for global customers. For example, accepting cash-based vouchers or mobile money in specific markets can convert customers who don't have credit cards.

Consider offering the most popular payment options along with delayed payment services and display them clearly on your website with recognisable icons to guide customers smoothly through your checkout.

How to control payment-related factors that affect conversion

These rules help businesses control the payment-related factors that influence conversion rates.

- **Align your payment options with customer preferences**. Analyse your target audience's regional payment habits and, based on your insights, provide a well-balanced mix of options.
- **Offer multiple payment options for each region and currency.** Provide a mix of payment methods to meet diverse preferences and ensure backup options in case one of the providers experiences downtime.

> The fees for processing a refund with certain providers are lower than that of a payout. Thus, gambling operators often use this trick to make payouts and save costs on transaction processing.

Daria
Lead Customer Success Manager at Corefy

- **Prioritise seamless, instant payment options that keep customers engaged.** Avoid payment methods that require extra steps. For example, bank transfers require users to log in separately and manually input payment details, often leading to incomplete checkouts.
- **Use payment routing to minimise technical issues and processing failures.** Some payment methods fail more often due to bank declines, outdated systems, or slow processing speeds. Relying on a single payment gateway increases the risk of downtime, which can block transactions and frustrate customers. Integrating several payment providers and implementing payment routing helps diversify risks, bypass failed transactions, reduce declines, and improve approval rates.

4. Payment page & checkout quality

Your payment page design, speed, and functionality are the keys to high payment conversion rates. Even if a customer has a clear and strong intent to complete a purchase, friction at checkout can cause them to abandon the payment process.

A staggering 70% of consumers abandon their carts for various reasons, with nearly half of those drop-offs linked to checkout quality and convenience issues.

Account creation	**25%**	are deterred by the need to create a store account
Complex checkout	**18%**	are frustrated by a long or complicated process
Technical issues	**14%**	leave if the website crashes or has errors
Payment options	**11%**	look for more payment methods

Here are the aspects of checkout quality that influence payment success and require your special attention:

- **Poor UX/UI can lead to abandonment before authorisation.**
  A confusing, slow, or cluttered checkout experience increases the likelihood that users drop off before submitting their payment, meaning their transaction never even reaches the authorisation stage.

One of our clients faced a 27% conversion rate on the merchant-platform level, while the payment gateway level was 74%. We suspected there was a problem with the payment invoice creation stage. Upon reviewing the client's web application, we revealed that the payment form appeared in a popup, and if a user misclicked the popup, it closed and returned them to the order page. Since a new payment invoice was created each time a client clicked the "Pay" button, only one out of many payment invoices was paid.

We brought the issue to the client's attention and explained how to fix it. As a result, the conversion rate has levelled out

Alina
Customer Success Manager at Corefy

- **Complex or lengthy checkout** process can deter customers from completing their purchases. Streamlining the checkout to remove unnecessary steps and form fields and asking for only essential information can reduce friction and improve the overall user experience

Improving the checkout experience

Ideal checkout flow
23.4 form elements
(14.8 essential fields)

Average checkout flow
5.1 steps long
(contains 11.3 form fields)

The total number of form fields users must interact with has more impact on overall checkout performance than the number of checkout steps.

The financial impact

$260B
recoverable

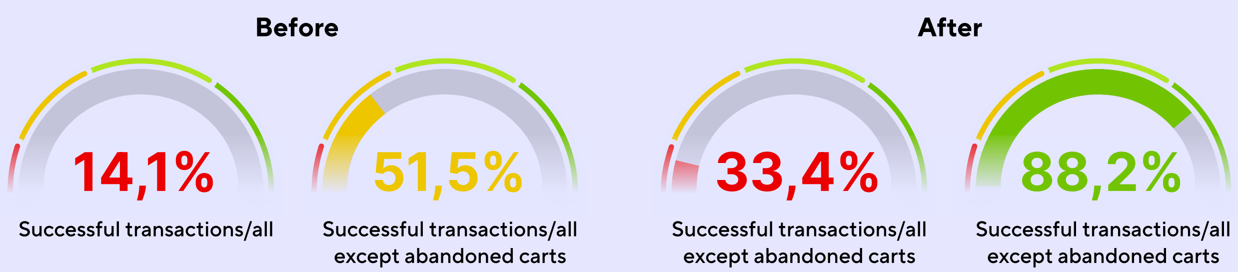
Improving checkout design could reclaim a substantial portion of lost sales, translating to a 35.2% increase in conversion rate for large e-commerce sites.

- **Loading times can cause payment timeouts**. If your checkout page loads too slowly, the customer may refresh, close the tab, or abandon the transaction. Worse, payment gateways can time out the session, leading to a failed payment authorisation.
- **Lack of preferred payment methods.** Customers expect to see payment methods they trust. If their preferred option is missing, they may attempt an alternative method, but some customers will abandon the purchase entirely.
- **Security overload.** While fraud prevention is essential, excessive authentication steps (e.g., unnecessary 3D Secure prompts, CAPTCHA, or multiple verifications) can block legitimate transactions and increase failed authorisations if users fail to verify or give up before completing payment.
- **Absence of optimisation for mobile shopping.** If your payment page isn't optimised for the mobile experience, some customers may struggle to navigate it, leading to frustration and checkout abandonment.
- **Redirects & external payment pages.** When customers are redirected to an external payment page, they might hesitate, worry about security, or abandon the transaction before completing authorisation.

A well-designed payment page balances usability and security. It should be fast, intuitive, and flexible to ensure more customers complete their transactions and more payments successfully go through authorisation.

A case from our practice

Monitoring the client's traffic, we noticed low acceptance rates in the African region. After a thorough analysis, we identified two weak points that needed attention. First, the payment page design needed simplification because the loading time was too long, leading to abandoned carts. The second step was helping our client choose the most relevant payment provider for this region to improve payment acceptance rates. Check the results on the graphs!



5. Failures and downtimes

When a payment gateway or PSP goes down, transactions fail instantly, blocking purchases. If you rely on a single provider, you risk losing all payments during downtime. Even short outages can mean significant revenue loss, especially for high-volume businesses.

Customers facing errors, slow processing, and failed transactions without alternative payment methods or a failover system often abandon checkout. Beyond lost sales, repeated payment failures can erode customer trust, making them less likely to return. If checkout issues persist, shoppers may switch to competitors with more reliable payment experiences.

Businesses often rely on payment routing and cascading to minimise the impact of such disruptions. They add resilience to their payment setup by choosing the best route for each payment and automatically retrying failed transactions via alternative providers, helping recover lost sales.

6. Routing and cascading schemes efficiency

Payment routing directs transactions to the best-performing payment provider based on various factors, including location, currency, bank response times, etc. Cascading ensures that if one provider declines a transaction, it is automatically retried through another one to improve the chance of approval.

When these systems are absent or poorly optimised, businesses experience more failed transactions, even when customers have sufficient funds and valid payment details:

- **Higher payment decline rates.** If a routing system doesn't prioritise the best-performing PSPs, transactions may be sent through suboptimal providers, leading to unnecessary declines.

A customer in Brazil tries to pay with a local credit card, but the transaction is routed through an international acquiring bank, which rejects it. Processed through a local acquirer would increase the chances for approval.

- **No backup plan for failed transactions.** If a business doesn’t use cascading, a declined transaction simply fails instead of being retried through another provider, leading to lost sales.

An e-commerce store processing subscriptions relies on a single PSP. If a transaction fails due to a temporary bank issue, the payment is not reattempted, causing involuntary churn. By integrating an additional provider and implementing cascading, the store could automatically reroute failed transactions, saving revenue and strong conversion rates.

- **Longer processing times & customer drop-offs.** Poor routing logic can cause payment delays, leading to customer frustration and abandoned checkouts.

A high-value transaction is routed through a slow-processing PSP, leading to a long approval time. The customer refreshes the page or exits, assuming something went wrong and disrupting the payment attempt.

How Corefy helps optimise payment conversion rates

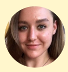
Even a small drop in your payment conversion rate can mean thousands in lost revenue, frustrated customers, and declining trust. That's why at Corefy, we don't just process your payments – we actively monitor and analyse how it goes and constantly seek areas for improvement.

Our system provides real-time data and in-depth reports, allowing you to pinpoint inefficiencies instantly. Need custom insights? Simply create an SQL query or let our technical support team generate tailored reports for you. But we can rid you even of this burden!

Working with us, you get a dedicated account manager who doesn't just monitor your metrics – they act on them. Thanks to their rich expertise, our managers can spot potential issues before they impact your revenue and help fine-tune your payment setup. Your smooth, uninterrupted transactions are one of their main tasks.

Personalised monitoring with dedicated account managers

From the moment you onboard with Corefy, you're assigned a dedicated account manager. Their role goes beyond simple support – your personal manager acts as a payment expert, helping track and enhance your payment performance and conversion rates across all providers and projects.

> “
> We monitor payment performance daily, keeping an eye on trends and potential issues. Unfortunately, some factors affecting checkout conversions, like insufficient funds, low banking penetration, or poor internet connectivity in certain countries like Niger, Tunisia, Cameroon, etc., are beyond our control. However, even in these cases, we work closely with our clients to find opportunities for improvement and optimise what we can to enhance their payment success rates
>
> 
> **Alina**
> Customer Success Manager at Corefy

Our dedicated account managers work hard to ensure your payment success rates stay high by monitoring, optimising, and adapting your payment setup.

Here's what they do:

- ✅ **Set up your payment dashboard.** A manager will assist you in configuring your Corefy dashboard, which allows you to monitor all payment performance metrics in one unified space.
- ✅ **Manage provider communication.** Liaise with your payment providers to stay updated on parameter changes, restrictions, transaction limits, and compliance updates, ensuring your setup remains fully optimised.
- ✅ **Help configure and optimise your payment routing & cascading schemes** to reduce failures, safeguard against provider downtimes, and adapt to regional limitations.

- ✅ **Advise on payment page UX improvements that potentially influence conversion.** Your manager analyses your checkout flow efficiency and helps optimise it to eliminate friction points that may be causing drop-offs and spoil success rate metrics.
- ✅ **Help protect your transactions from fraud-related declines.** By setting up custom routing filters (e.g., blocking a user after three unsuccessful attempts to pay for 24 hours, like on the screen), your dedicated manager will block fraudulent attempts that could inflate failed transaction rates.
- ✅ **Continuous monitoring and proactive issue resolution.** They detect issues before they start impacting your revenue and offer strategies to improve based on their findings.

> “
> **While monitoring one of our major gambling clients' payment performance, I noticed a sharp decline in payment approval rates. After analysing all possible causes, I confirmed that everything was functioning correctly on both the client’s and our sides. But if I see any issue, I step in to assist, so digging deeper, I discovered a hidden factor – the client’s payment page URL contained the word "casino", triggering automatic blocks from the provider due to country-specific restrictions. I advised the client to purchase an alternative domain and customise their payment page for that region. Once implemented, their approval rates returned to normal, restoring revenue flow in the affected market.**
>
> **Alina**
> Customer Success Manager at Corefy

This case shows how minor details can cause significant payment issues impacting conversion rates and how proactive monitoring helps identify and solve hidden roadblocks.

Corefy's features and tools that help boost payment approval rates

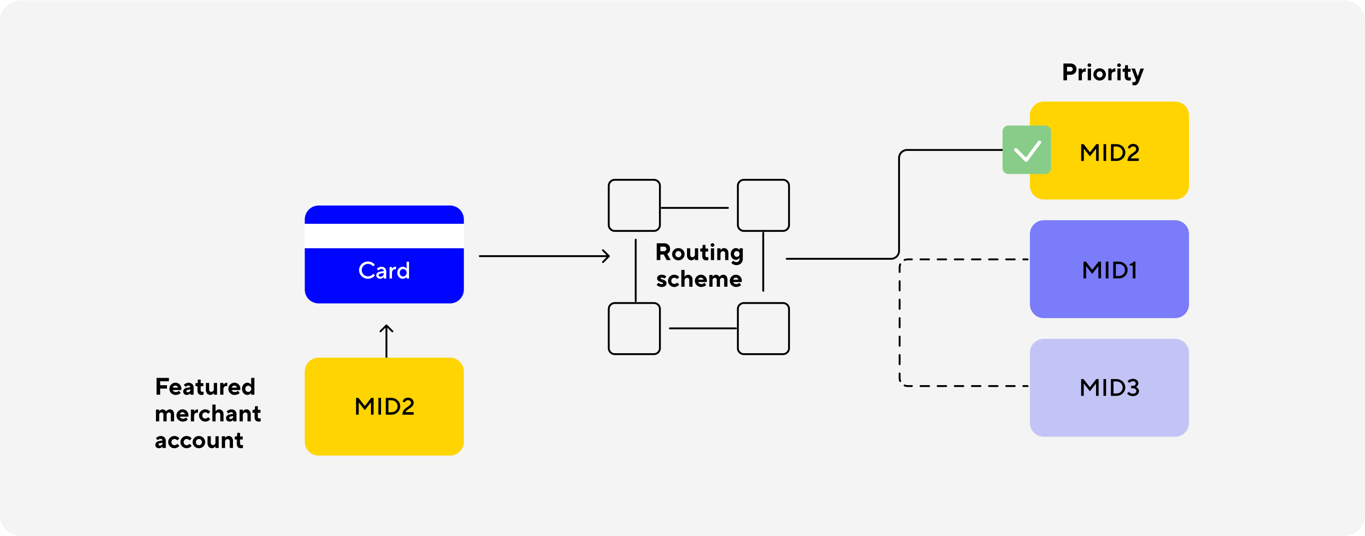
We developed a comprehensive suite of features that all work towards enhancing your payment approval rates and improving the efficiency of your revenue streams.

- **Smart payment routing & cascading**

  Our payment routing and cascading engine ensures that transactions are processed through the best-performing providers, increasing approval rates and reducing unnecessary declines. The system dynamically selects the most suitable payment provider based on location, currency, past success rates, etc., while cascading automatically retries declined transactions through alternative providers to maximise approvals instead of letting payments fail outright.

Card bindings for optimised transaction routing

This feature links customer cards to the most successful MID based on previous transactions. This means that every time a returning customer makes a payment, their transaction is routed through the best-performing payment provider, reducing declines.



Customisable checkout experience

With us, you can offer your clients a seamless, branded checkout experience with custom design and fields that enhance customer trust, minimise drop-offs, and reduce payment failures.

Why different clients experience different results

Based on our experience, we've seen that our impact on conversion rates varies by client. That's because no two businesses are the same, and payment success depends on many factors beyond orchestration alone.

For some, we've achieved 30%+ conversion growth, while for others, even a 5% improvement made a noticeable difference. Why so? The results depend on your industry, region, existing setup, and specific challenges:

- **Different starting points.** Some businesses come to us with critical payment issues and significant room for improvement. In contrast, others already have strong success rates, leaving us to fine-tune their performance rather than overhaul it.
- **Varied industry challenges.** High-risk industries, regional regulations, and customer behaviour all impact payment conversion rates differently. If your business operates in a high-risk sector or regions with low banking and internet penetration, conversion rates may be naturally lower.
- **Checkout quality and business-side factors.** While we optimise payments, factors like checkout UX/UI, security protocols, and your technical setup also affect conversion rates. Our experienced account managers provide expert tips on improving these elements to help you enhance overall success.

We take the hassle out of payment monitoring and optimisation, ensuring higher success rates and smoother transactions for your business. Book a demo today to see how we can help you thrive.

Your payment success story starts here.
Book a call to see how Corefy can help you optimise your payments.

corefy

Don’t let payment conversion issues eat up your bottom line!

Click here to get in touch

Follow us for more insights