

stripe

Revenue growth reimagined

Practical lessons from 10 industry leaders



Introduction

There's no one "right way" to drive revenue growth. Amid rapid technological advancements and shifting consumer behavior, leaders have many different strategies to choose from. So how do you distinguish between transformative shifts that will truly impact your bottom line and trendy ideas that won't actually move the needle?

We invited 10 business leaders and payments experts to share their candid thoughts and unconventional wisdom on a wide range of payments-related subjects, including underrated moves that drive revenue growth.



A.J. Axelrod

VP of payments and financial services at **Clio**, a cloud-based practice management software for law firms



Shirley Hsu

VP and general manager of payments at **FreshBooks**, a leading accounting software for small businesses



Erika Baumann

Director of commercial banking and payments at **DatoS Insights**, an advisor to banks, insurers, investment firms, and tech companies



Hap Huynh

VP of core applications at **Visa**, a global leader in digital payments



Raji Behal

Head of western and southern Europe, UK, and Ireland at **Klarna**, which offers customers flexible ways to pay for purchases



Kate Jensen

Head of revenue at **Anthropic**, an AI safety and research company building steerable AI systems



Ben Clough

Marketplace payment manager at **Heathrow**, the UK's largest airport



Jordan McKee

Director of payments research and advisory at **451 Research**, a technology research firm within S&P Global Market Intelligence that focuses on emerging technologies



Drew Edmond

Associate partner at **Glenbrook Partners**, a management consulting firm specializing in payments



Sandi Wenas

Senior software engineer manager at **Mindbody**, a top platform for wellness businesses

We asked them to share the lessons they have learned from years of running a business or advising leaders and practitioners. Their answers aren't the ones you'll find in business textbooks. They're informed by practical experience and sometimes learning the lessons the hard way. Their opinions are diverse and might not be universally accepted. **They range from leveraging the latest technologies like AI and stablecoins to improving checkout experience and payments performance.**



Key takeaways

We covered a lot of ground with the experts. Before you dive in, here are some of the highlights—and an overview of the topics they discussed:

1

Ambitious growth plans start with strong payments infrastructure. Expanding globally and launching new revenue streams all depend on having resilient and scalable infrastructure and processes, including automation, reliable payments, and data-driven decision-making. →

2

Payments are integral to your product strategy. Payments technology isn't just about facilitating transactions. A smooth experience for customers builds trust and helps businesses drive long-term growth and loyalty. →

3

AI is the path to complete customization. The frontiers of AI will become foundational technology, fundamentally changing how businesses operate and hyper-personalize experiences for individual customers. →

4

Stablecoins are critical for global expansion. More and more people will hold their money in stablecoins—especially in volatile currency markets. Offering stablecoins as a payment method will become essential for global growth. →

5

Process cross-border to test market demand. Go local when you're ready to commit. The choice between local acquiring or cross-border processing boils down to one question: is your business's goal to build market share and experiment in a new region or establish long-term, local presence? →

6

Customize your fraud prevention by customer segment. There's no one-size-fits-all strategy for fraud prevention. Define your risk tolerance based on each unique customer segment, and consider how AI tools like tokenization can help you strike the right balance. →

7

Focus on optimizing revenue over reducing processing costs. Business leaders should consider the holistic value of a more sophisticated payments partner, which can deliver a better customer experience and bigger savings in the long run. →

8

Choose a payment processor based on your business's goals and growth stage. The best payments partners offer the simplicity of an all-in-one unified platform with the flexibility to support multiple processors. →

What drivers of revenue growth do business leaders commonly overlook?

There are so many potential ways to increase revenue: you can improve your core product, launch a new product, experiment with pricing, implement a loyalty program, upsell and cross-sell, or optimize distribution—just to name a few. The experts we spoke to highlighted some less obvious factors that can play a major role in driving revenue growth.

Infrastructure determines growth potential

Raji Behal, Klarna's head of western and southern Europe, the UK, and Ireland, says businesses often stall because of inadequate operational infrastructure.



“Investing in scalable infrastructure is crucial. Many companies experience revenue plateaus because they lack the **operational infrastructure to support growth**. Implementing scalable processes like automation, using AI, and data-driven decision-making will help businesses maintain momentum and continue to grow.”

Raji Behal, Head of Western and Southern Europe, UK, and Ireland, Klarna

And when it comes to payments specifically, your infrastructure is not just a necessary tool for doing business—your setup itself can actually be a key contributor to revenue, according to Jordan McKee, an analyst who serves as director of payments research and advisory at 451 Research. McKee says businesses should think strategically about investing in scalable systems.



“It's important to have a strong, resilient, and scalable infrastructure underpinning the payment stack. **Downtime is a real problem in payments**, especially among some of the more tenured players in this ecosystem. Having a partner that guarantees you high levels of uptime means you're never leaving your customers hanging, you're never leaving revenue on the table, and you're able to continue to operate as normal without any disruptions. This seems like common sense, but is often overlooked.”

Jordan McKee, Director of Payments Research and Advisory, 451 Research

McKee cautions business leaders not to dismiss payments as a mere commodity. He notes that while many businesses set ambitious revenue goals—such as expanding into new markets or launching subscription services—they often overlook how their payments infrastructure underpins these objectives.

“What they often fail to recognize is that their ability to deliver is ultimately going to be indexed to the payment infrastructure they have in place,” McKee says.



“ You can throw all the money you want further up the funnel in marketing and advertising spend, but if your ability to accept payments from your customers isn't optimized, many of those investments are ultimately going to be squandered because that payment piece is really the **infrastructure that supports all those investments.**”

Jordan McKee, Director of Payments Research and Advisory, 451 Research

Payments are not a cost center—they're integral to your customer experience

While many businesses have traditionally viewed payments as a cost center, the experts emphasized the importance of understanding the critical relationship between payment strategy and customer experience.

Kate Jensen, head of revenue at Anthropic, argues companies that consider payments more holistically as part of their overall product stand to gain a competitive advantage.

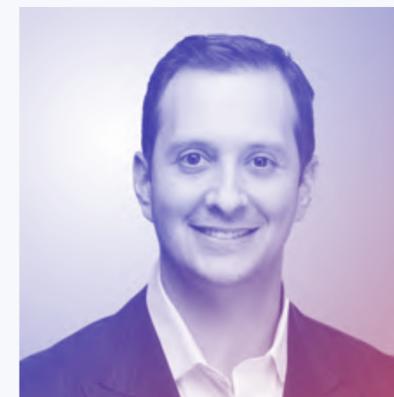


“ **Payment strategy is product strategy.** How someone pays, how you tee them up to pay, what you tell them about how they're paying, how easy you make it to renew or cancel—this is all really baked into your product, and it's a reflection of your brand and your customer ethos.”

Kate Jensen, Head of Revenue, Anthropic

A.J. Axelrod, VP of payments and financial services at Clio, says another common mistake business leaders make is thinking of payments revenue primarily in the context of take rate. “It's easy to get infatuated with the take rate because it feels controllable,” he says. “But it's the one thing that doesn't compound.”

Instead of focusing solely on take rate, Axelrod says, businesses should think more about growing their volume to drive revenue.



“ In payments, we can think of revenue as your take rate times your volume, where volume is your number of customers times your average volume per customer. **If you want your revenue to grow, having your volume expand is critical.** Keep the main thing the main thing: serve your customers better so you have more of them using your product more frequently. If you have more volume, the revenue will come.”

A.J. Axelrod, VP of Payments and Financial Services, Clio

Behal says this is what drives Klarna to double down on creating an exceptional customer experience. “Ultimately, sustainable revenue growth comes from creating consumer preference in a way that **encourages shoppers to return frequently and increase their cart size** over time,” she says. “If a customer loves the experience, they'll keep coming back.”

For Ben Clough, marketplace payment manager at Heathrow, payment methods in particular factor into the airport's strategy for revenue growth. The airport has begun seeking ways to add revenue streams and provide a more well-rounded Heathrow experience. When people arrive at the airport, time is of the essence, and the ability to quickly navigate a mobile checkout is crucial. “We're an international airport, and sometimes people think airports are just for holidays, but it goes deeper than that,” he says. “We always want Heathrow to be seen as a special place for our passengers and **make their experience as frictionless as possible**, whether that be digitally before they arrive or when they're physically at the airport.”

Customer experience should drive your pricing strategy

When it comes to driving revenue growth, many business leaders view pricing strategy purely as a numbers game. However, our experts argue that **effective pricing requires a nuanced understanding of your customers' value perception and usage of your product.** Sandi Wenas, senior software engineer manager at Mindbody, notes that finding the right pricing strategy can be difficult and complex.



“There’s no one-size-fits-all solution. The wrong pricing model can either hinder growth or accelerate it. In my opinion, the most important of all is how you **price your service or product to encourage adoption.** For example, it may not make sense to price your business based on the number of users, since doing that may prohibit how many users can use your product, which will inhibit your growth.”

Sandi Wenas, Senior Software Engineer Manager, Mindbody

Axelrod recommends approaching pricing strategy by asking what problem you are solving for your customers. From that framework, you can focus on increasing value for your customers and charging a price that reflects that value.

“If you start there and you build something that really drives a value prop, delivers a value prop, and drives against meaningful, tangible value, you have a right to command a premium price,” he says. “That’s part of driving revenue.”

Behal agrees that value to the customer is important to determining your pricing strategy. “Many businesses either underprice or overprice their offerings without fully understanding the value perception or the customer’s willingness to pay,” she says.

Behal recommends conducting experiments, such as A/B tests, to help illuminate customer value perception and align your pricing accordingly. And beyond setting a price, she also underscores the value of partnerships for growth. “**Growth isn’t just about acquiring more customers; it’s about tapping into ecosystems,**” she says. “By leveraging relationships with distribution partners, we can create exponential growth in terms of customer numbers and transaction volume.”

Another common pitfall is fixating on how much to charge without giving enough thought to your overall payment experience. Jensen says it’s not only the price that will prevent some customers from buying. She encourages business leaders to take a step back and consider the overall payment experience when setting pricing, and to steer clear of making payments more complicated.



“**Don’t ask customers to learn something new if they don’t have to.** If there is already a subscription market for whatever you’re selling, then that’s probably a little easier to launch a new subscription. But if you’re going to have to do an enormous amount of educating customers just to get to a new payment model, you probably aren’t thinking about the product experience exactly the right way. Make the payment experience naturally meld into the product experience that you’re trying to build.”

Kate Jensen, Head of Revenue, Anthropic

Prioritize customer lifetime value over short-term gains

In the pursuit of revenue growth, Behal cautions against becoming too short-sighted. “Business leaders often focus too much on short-term revenue gains at the expense of long-term, sustainable growth,” Behal says. “They may use aggressive sales tactics, deep discounting, or expand too rapidly into new markets, assuming this will automatically translate into long-term profitability. However, we’ve seen that this often leads to customer churn, margin erosion, and operational inefficiencies.”

At Klarna, Behal says prioritizing customer lifetime value over immediate gains has been a key strategy that’s proven to be successful.



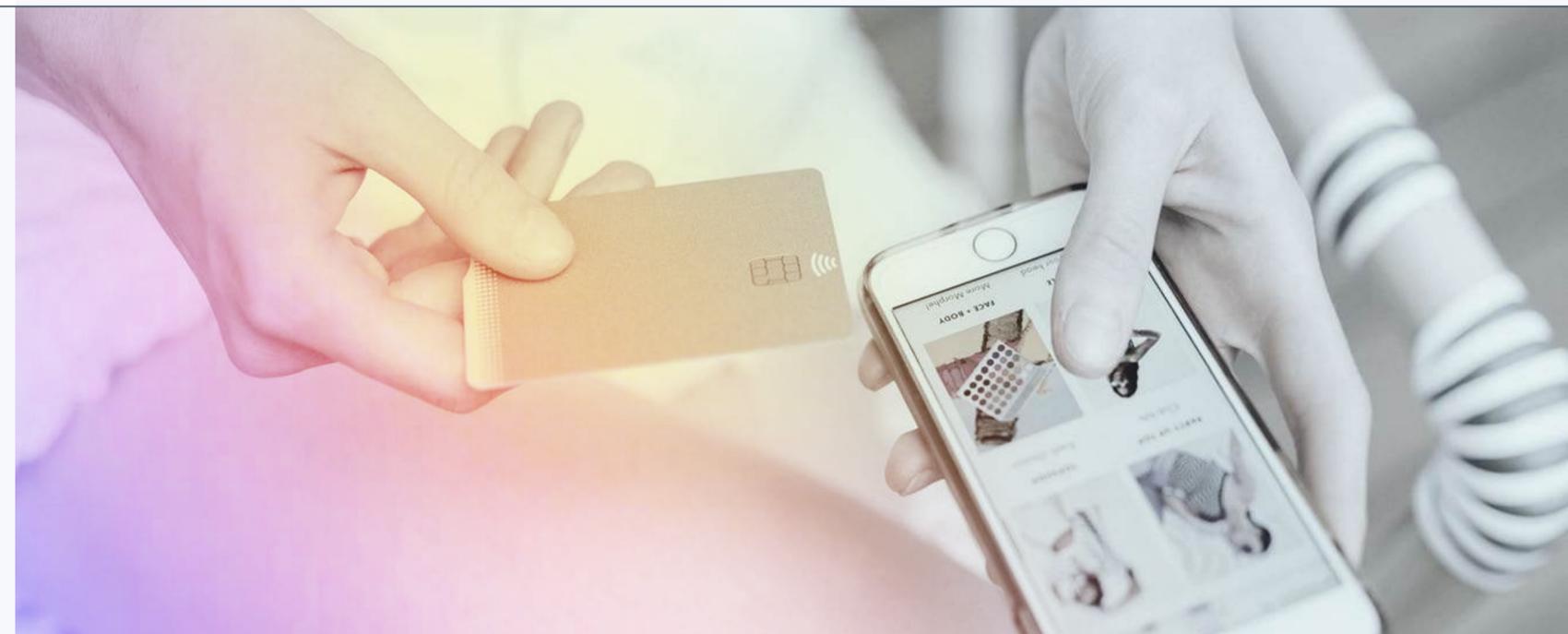
“ Instead of chasing short-term revenue spikes, we invest in **strategies that increase customer lifetime value**, such as personalized engagement, frictionless user experiences, and other initiatives that build loyalty.”

Raji Behal, Head of Western and Southern Europe, UK, and Ireland, Klarna

Even small optimizations in payments can bolster the top line

Increasing revenue growth doesn’t always stem from lofty, big-picture initiatives. When looking at your payment experience, McKee points out that even relatively minor adjustments can be unexpectedly powerful drivers of revenue growth.

“It could be offering local payment methods to drive up conversions in international markets, or getting creative with how you’re serving up buy now, pay later to increase average order value for certain customer segments,” he says. “Maybe it’s using retry logic to recover your failed transactions. All of those tactics ultimately bolster the top line. And what’s great about payments is these seemingly small changes in strategy and technique can really have an outsized impact on revenue growth for the business.”



Is differentiation in payments dead?

As payment technology evolves, some might argue that a superior payment experience or streamlined backend operations no longer set a brand apart. We asked industry experts to weigh in on whether payments differentiation is truly dead—and what opportunities exist for innovation amid fierce competition for customers' attention and wallet share.

Modern payments technology can help you recruit and retain the best talent

Erika Baumann, director of commercial banking and payments at Datos Insights, says businesses should not discount **the importance of modern payment technology in helping attract the best talent**. In her work, Baumann advises corporate leaders who struggle to retain workers and fill open roles because their tooling is inadequate to **think about their internal employees as customers**.

Baumann urges leaders to put themselves in the shoes of employees: "Let's say you start working for a company in the accounting department, and you're doing everything manually on spreadsheets. When customers call and say, 'Hey, what's the status of my payment?', and there's no way to give them an answer, employees won't want to work there anymore."

Investing in modern technology can make businesses more attractive to new recruits and help them compete for the best talent—which sometimes gives startups or smaller companies the edge over long-standing enterprises. "New players can leapfrog legacy players by using new technology and payment rails instead of manual processes and paper checks," Baumann says. "They have the advantage of a clean slate."

Take speed seriously to enhance the customer experience

For Shirley Hsu, VP and general manager of payments at FreshBooks, there's no question: differentiation is not dead. In her work, **fast settlement time has been a clear way to stand out**—and it's only become more important to customers over time. "We hear regularly from our customers that settlement time is important," she says. "When a payout settles within hours or one day, that's great. But anytime it settles within two days, they start to call us and panic."

That represents a shift in customer expectations, Hsu says. "Historically, not long ago, 2 to 4 days was normal, and there were no issues. Customers were getting checks that would take 7 days to clear, or wires that took 7 to 14 days, and that was fine. But now, more and more, the expectation is for faster and faster settlement," she says.

B2B customers aren't just businesses—they're also consumers, and their everyday consumer experiences carry over into business norms. "They're human," she says. "When people are used to one-click checkouts or fast payments in their personal lives, and then they become the accountants or operators moving money inside a business, their expectations start to shift."

Hsu says by paying attention to customers' changing needs and expectations and prioritizing them, businesses like hers can stay ahead.



“ We’re seeing that **cash flow control is absolutely critical** for businesses right now. Folks are willing to pay for instant settlements, especially in the small business sector. They’re even getting micro loans to better control their cash flow and understand when money is coming in and going out. That speed of money movement is becoming really important to everyone.”

Shirley Hsu, VP and General Manager of Payments, FreshBooks

Consider this example of how FreshBooks put faster payouts into practice: “We recently launched **Instant Payouts**, and we had a customer that was a big caterer. Having the speed of Instant Payouts, which they were willing to pay for, allowed them to leverage that cash flow to purchase materials and complete their orders and service. That’s a huge differentiator. Think about a smaller caterer that has to pay thousands of dollars to buy raw materials in hopes that they will get paid at the end of the day, once the event is over. That’s a risk they’re taking, and it’s cash flow management that makes a difference,” Hsu says.

Create effortless experiences that keep customers coming back

While it might seem like a simple, fast payment experience is commonplace by now, the experts argue that achieving a truly seamless checkout process remains a significant challenge—and its impact on customer satisfaction should not be underestimated. “**The best payments experiences are the ones that are transparent**; they disappear into the background,” Axelrod says.

It might seem counterintuitive—if simple, effortless customer experiences become ubiquitous, can they really give you an edge? But, in fact, they can because delivering a suboptimal experience can mean the difference between gaining a customer and losing one forever. “We’re acutely sensitive to when things go wrong,” Axelrod says. “I say it a lot to companies that are starting to embark on a payments journey: if you think your tolerance for bugs in software is low, you can’t imagine what it is for people’s money. And so, I think you want those experiences that just work every time, easy.”

Turn constraints into new business opportunities

Differentiation is also top of mind for leaders at Heathrow—and it demands creativity. Clough says the airport wanted to offer more retail opportunities, but it faced a real limitation: there’s only so much square footage available in each terminal. However, this constraint recently led Heathrow to **pioneer a new marketplace business model**. “We saw a huge opportunity because of the limited physical space to offer a pay-in-advance solution for retailers that are potentially not on-site,” Clough says. “We’re the first to do this, to our knowledge.”



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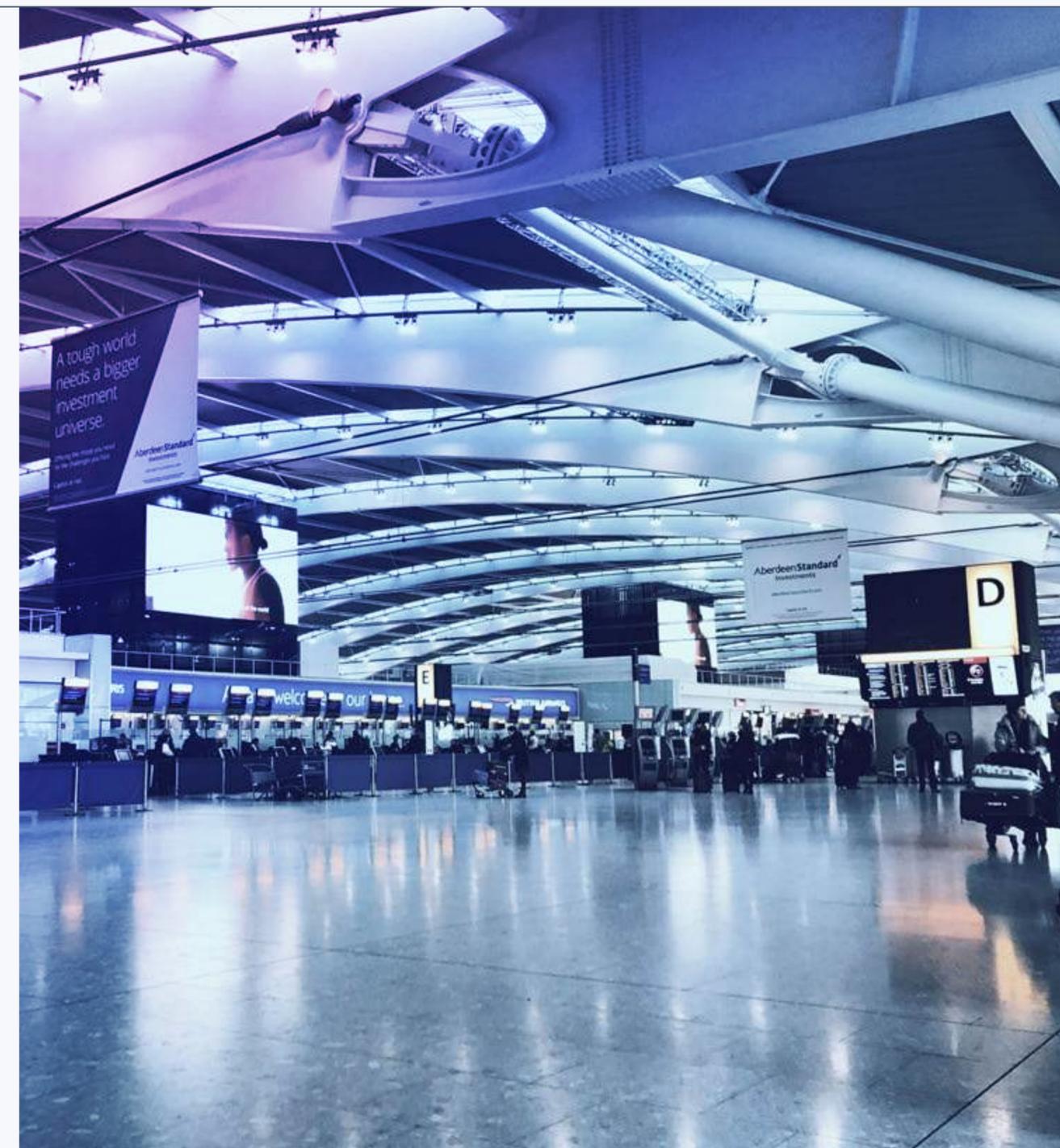
The new model makes it possible for more retailers to sell goods to travelers passing through Heathrow, even if there isn't space for a physical store. Clough says the airport is also seeing higher collection rates with its pay-in-advance model compared to a reservation model, where travelers simply reserve an item and don't pay until pickup. "If someone has the up-front commitment of paying for it, they're self-motivated to collect the item as well," Clough says.

Think holistically about product, pricing, and payment strategies

When Jensen thinks about smart pricing strategies, there's one example that immediately stands out: Slack, a true disrupter that **rapidly gained market share with its freemium pricing model**.

"They made it really easy for people at companies to sign up for Slack because you didn't have to put in a credit card," Jensen says. "This pricing structure incentivized companies to get champions of Slack internally across multiple departments, who could then become advocates for their company to buy a massive enterprise license."

And it wasn't just pricing that worked in Slack's favor. Jensen says Slack exemplifies how thinking holistically about pricing, payment, and product strategy can pay off. "It was a beautiful setup, where they made it easy to use with a great end-user experience to get started. They removed all barriers to entry, but then also teed up their enterprise go-to-market by creating these internal champions," she says. "It was disruptive in creating value for their customers. And it would have been really painful to rip out Slack, if the company hadn't agreed to pay for a big enterprise product."



How do you leverage AI to stay competitive?

AI is top of mind for many business leaders, as it brings new opportunities for efficiency, personalization, and fraud prevention. These leaders are finding themselves under pressure to figure out where to invest and how to manage risk, scale quickly, and deliver measurable results.

Making the most of AI requires strategic thinking and careful implementation. The most successful businesses will be those that go beyond chat functions and integrate AI into how we think, work, create, and buy. Businesses are already using AI agents to offer personalized discovery experiences, bargain with suppliers, spot supply chain risks, and more. But where are businesses seeing AI have the biggest impact: customer experience, operations, new product offerings, or business model innovation? And what challenges and opportunities is AI creating? We asked experts to share how businesses should think about harnessing AI and the opportunities they're most excited about.

Using AI to improve efficiency

For Baumann, AI's greatest value in the payments space will come from its ability to increase efficiency. She recommends that enterprises **seek out partners who are infusing their solutions with AI-based optimizations and passing on the benefits** of that cutting-edge technology. "If you're using an automated receivables solution, your financial services provider—be it the bank or a fintech—should be doing things like auto-repairing, learning when there's a mistake in the application of the payment, learning how to correct that mistake automatically and not have it come up next time, increasing those straight-through processing rates," she says. "The internal uses around **AI can amplify identifying at-risk payments**. It uses all of this data, and payments have tons of data."

Using AI to perform risk assessments for underwriting

FreshBooks and Klarna are already finding efficiency gains in their own use of AI. "FreshBooks is working to develop a supply chain intelligence platform for small businesses, particularly small service-based businesses, which are our main target group," Hsu says. "We're building an AI to **model financial metrics and assess risks** across a small business's entire network. Our AI detects supplier risks and customer payment risks, helping customers manage their cash flow. It also helps us assess the general risk of a customer for underwriting purposes."

Klarna is also applying AI to underwriting—a trend that Behal expects to grow. "Machine learning models are enhancing underwriting at a phenomenal pace, enabling more precise credit risk assessments in real time," she says.



“As AI continues to evolve, its impact on payments will extend beyond just risk mitigation. We're looking at enhancing personalization, optimizing transaction flow, and potentially creating new, **personalized financial products**.”

Raji Behal, Head of Western and Southern Europe, UK, and Ireland, Klarna

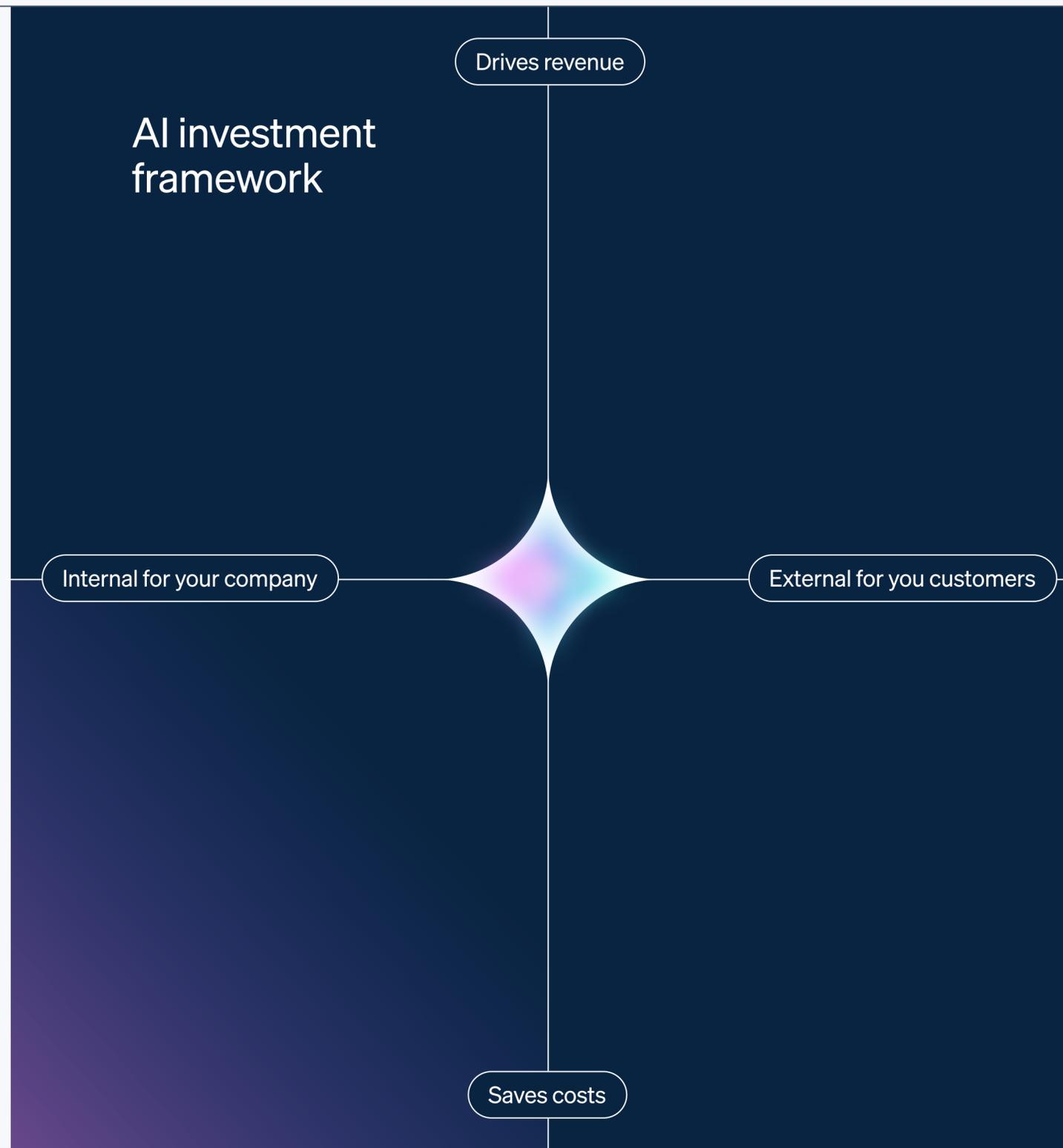
Transforming legacy industries with AI—and “the death of the billable hour”

In a profession as old and bureaucratic as the legal field, Axelrod sees AI bringing about significant change—and he says it could drive change much more quickly than expected. “I think we’re in an interesting time for the legal field,” he says. “Traditionally, it would probably classify itself as slow on adoption of technology. And I’d roll integrated payments and embedded payments into that adoption of technology. But I think AI has changed the way this industry is thinking about technology. Certainly we’ve seen more questions, and I think interest around AI.”

In particular, Axelrod points to the primary billing model used by most law firms—the billable hour, which AI has the potential to disrupt. “Our CEO and founder, Jack Newton, has talked about the death of the billable hour: if you move to a different economic model, not just the work you’re doing, but maybe charging for it differently, you can certainly imagine a hypothetical where you **move away from a billable hour into a fixed fee**,” he says. “In that case, finding efficiencies in your business means finding profitability in your business. Because if you spend less time on those things, and can work faster—same quality but faster—you can extend legal services to a bigger population.”

A framework for evaluating AI investments

By and large, business leaders know that over time AI will change how they operate. But determining what to invest in and how best to tap AI to benefit your business is another question. Jensen offers a framework for how leaders can evaluate how to spend on AI for the greatest impact. “If you think about all the different use cases for an enterprise, we can bucket them into four quadrants. On one axis: is this internal for your company or external for your customers? The other axis: is this something you’re hoping to make money with, or that you’re hoping to save money with? They’re imperfect—there are always use cases that can land right on the line, or be a little bit of both. But generally, having that conversation really helps companies think through how they’re making investments in AI.”



What's next in AI: Complete customization

Jensen says AI advancements are just the beginning, and she has an idea of where it's headed next: "I've heard people say this, and I love it: **'Everything is AI until it just works.'** You can think about it at a technology level. For a long time, any sort of automated customer support bot was AI. Then we had CRMs that many support teams used to help facilitate auto-responses for frequently asked questions. Now we have new technology that can actually chat directly with a customer, go search information, and put it back. That's the AI we're in now," she says. "The next phase will probably be where the **entire customer experience is customized**. Customers won't necessarily have to go to an FAQ page and search, or even go to a pricing page and search—just the information that's relevant to them will be served up to them."



“As we get more sophisticated with customer engagement, the frontier step is called AI, and the old steps are now just software.”

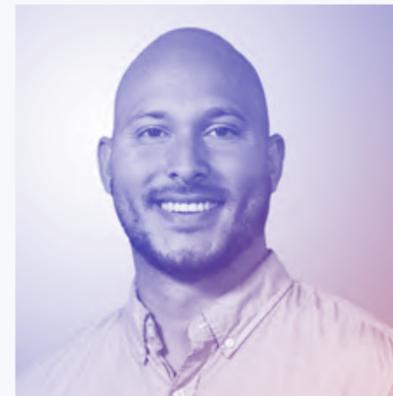
Kate Jensen, Head of Revenue, Anthropic

Are stablecoins integral to global expansion?

Advancements in stablecoin technology and growing regulatory clarity have fueled a significant increase in their global adoption over the past few years. Many businesses, particularly those operating globally, are finding advantages using stablecoins for **faster, cheaper cross-border transactions**, providing access to the dollar and issuing cards globally. We asked the experts to weigh in on how stablecoins might shape the future of global commerce and how businesses should incorporate them into their strategic planning.

More and more of the global population will hold their funds in stablecoins

Edmond doesn't buy the idea that stablecoins are part of a mere trend. Global stablecoin issuance has doubled in the last year alone, and they're being widely adopted across the world. "In emerging markets, stablecoins are becoming more popular as a method to save wealth," he says. "The value proposition is literally in the word 'stable.' People living in countries without stable currencies use it. The main use case is trading crypto, but it's also used to **save wealth in volatile currency environments.**"



“Countries like Nigeria, Brazil, Indonesia, and Turkey are embracing crypto and stablecoins. If you want to expand into emerging markets, this is going to be a critical consideration.”

Drew Edmond, Associate Partner, Glenbrook Partners

Regardless of stablecoins, local payment methods are key to global expansion

While stablecoins will accelerate global expansion in the near future, McKee says business leaders need to pay attention to regional preferences and prioritize the payment methods that individual markets find most convenient. "What really matters for global expansion is **connectivity into the local payments infrastructure**, local acquiring, local payment methods. Without those things, your decline rates are going to be out of control, your conversions are going to be low, you're not going to be successful in a new market," he says. "Going into the Netherlands, you've got to offer iDEAL; going into Japan, you have to offer Konbini. Cards are only going to get you so far in most markets outside of the US. So you need to offer the top noncard payment methods in each country."

Which approach is better: Local acquiring or cross-border commerce?

Whenever businesses expand internationally, they face the decision of whether to establish local entities or rely on cross-border processing. Local acquiring can provide better authorization rates, lower interchange and scheme fees, and access to local payment methods, but it involves higher setup costs and operational complexity.

Cross-border processing allows businesses to enter new markets faster with less operational overhead, but might come with higher cross-border and foreign exchange fees. We asked experts to discuss how businesses should weigh the pros and cons of each approach.



“Processing cross-border offers a simpler way to enter new markets, allowing businesses to **test demand and validate opportunities** before committing to a local entity. Once the revenue potential and long-term growth prospects are clear, establishing a local presence may become a strategic next step.”

Sandi Wenas, Senior Software Engineer Manager, Mindbody

Build market share through cross-border processing

Cross-border payment processing can cut down on the administrative burden involved with setting up a local entity, Behal says, and enable businesses to move quickly. “Cross-border processing can work well **when demand is uncertain**, regulatory requirements allow, and scalability is a priority,” she says.

Wenas argues it can also be a helpful strategy for experimenting and building market share in a new region before making bigger investments.

Establish long-term presence through local entities

Axelrod agrees that for many businesses, **local entities are an eventual requirement** and can help support long-term growth. “We have local entities, and we have a complex set of local entities in many markets,” he says. “If you’re a company that’s expanding its physical presence into new markets, it becomes somewhat inevitable. In many markets, you can’t have employees without an entity. It’s just a ‘when’ discussion for most people.”

Behal shares the view that **local acquiring can be especially important for high-touch industries and complex jurisdictions**. “Setting up a local entity, as we experienced with Canada, often involves significant regulatory compliance and longer timelines than anticipated. There can be tax benefits, but you also need to build trust with customers for a successful in-market presence,” she says.

How should businesses balance fraud prevention and checkout friction?

Businesses face the dual challenge of protecting themselves from fraud while maintaining a smooth customer experience: if they're not vigilant enough, they run the risk of higher fraud, but if they're too stringent, they run the risk of blocking legitimate transactions. We asked the experts to share their insights on striking the right balance, and how AI could change the way businesses navigate this challenge.

Not all transaction loss is bad, but understanding your risk tolerance is key

Hsu argues that your risk tolerance and customer experience should determine your fraud strategy. "Historically, I would have panicked over any loss, thinking all loss is bad. But that's not necessarily true," she says.

Hsu says getting clarity on your risk tolerance and expectations for your customer experience **requires organization-wide alignment**. With a clear picture of your priorities across the business, you'll have a better understanding of whether your company might need to tolerate higher levels of risk—and thus more fraud—or conversely, higher levels of friction to achieve less fraud.

"You can segment your customer base, and determine the level of trust you're willing to have for each segment," she says. "Define whether your risk tolerance is high, medium, or low, and align that with your customer experience goals. It's about getting the entire organization aligned, from marketing and sales teams to trust, product, engineering, and operations teams."

Use AI in real time to optimize conversions and reduce fraud

Several of the experts we spoke to agreed that change is on the horizon for fraud prevention, and AI in particular is likely to usher in new ways of approaching the tenuous balance between fraud protection and ease of checkout.

Behal predicts a complete shift from rule-based fraud prevention to a smarter, more flexible model. "AI-driven fraud detection is definitely going to transform authentication from a reactive, rule-based model to a **real-time adaptive model**," she says. "Rather than relying solely on rigid setups like 3D Secure, AI will continuously analyze thousands, if not millions, of data points per transaction. This includes behavior patterns, device intelligence, and past payment history to assess risk dynamically. This shift means fewer authentication challenges, higher approval rates, and lower fraud losses."

Tokenization could extend to many different payment methods

Behal also expects network tokens to play an expanded role in the future, which could mitigate the friction that businesses have had to accept in an effort to fight fraud. "While network tokens have primarily been used for card transactions, we're already **seeing tokenization expanding to alternative payment methods**," she says. "This includes bank-based payments, digital wallets, and open banking. We're actively working to reduce friction and improve security across all payment types, and we think tokenization is going to play a key role in that. It's really about simplifying repeat transactions beyond just cards."

Network tokens and 3DS create “positive feedback loop”

Emerging technologies serve an important role as businesses aim to **strike a balance between reducing fraud risk and creating a smooth checkout process**. Hap Huynh, VP of core applications at Visa, says network tokens and 3DS have already proved particularly effective, especially when used together.

“When you create a network token off the back of a successful 3DS transaction, it creates a very positive feedback loop both for the merchant and their relationship with the consumer,” he says. “You’re able to link that with strong customer authentication between the merchant and the consumer, and then reuse that token. You can use network tokenization to generate a dynamic cryptograph for each and every single transaction. This makes things much stronger from an authentication and security perspective.”

Network tokens and card account updater (CAU) exist to solve different problems

While network tokens and CAU solutions can lead to some overlapping positive outcomes, such as reduced declines or increased transaction success rates, Huynh says there’s a common misconception that these solutions are essentially the same. “It’s kind of a false equivalency to compare network tokens to card account updater solutions,” he says. “Network tokens are designed for **security and authentication** purposes, while card account updater is more geared toward providing merchants with reliable updates on card credentials, offering **greater consumer convenience**. This way, the merchant doesn’t have to reach out to the consumer just because they realize the card on file may be expired. They were built for very different purposes. They ultimately provide some similar halo benefits, but the benefits are achieved through different means.”



“ When you create a network token off the back of a successful 3DS transaction, it creates a very positive feedback loop both for the merchant and their relationship with the consumer.”

Hap Huynh, VP of Core Applications, Visa

How should payment costs factor into your growth strategy?

Many business leaders are understandably concerned about their bottom line and focused on reducing costs. For many businesses, payment processing fees represent a significant line item, so there's no question why these costs often emerge as a point of concern for many payments leaders looking to keep costs down. "That's kind of the way their brains are wired," says Erika Baumann of Datas. "That's their love language."

For example, Baumann says, if one provider charges 3¢ per transaction, a business leader might immediately ask, "Can I get 2.5¢ somewhere else?" That's a natural instinct, but the experts we spoke to pushed leaders to take a bigger-picture view to understand the **true cost and value of payments**.

Consider the broader value that payment processing provides

Wenas suggests a mindset shift when considering payment costs. "When business leaders think about payment costs, they often focus solely on how much it reduces their company's profit," he says. "However, **payments are far more complex than just a direct cost**. It's important to take a holistic view and consider the broader value that payment processing provides beyond the transaction itself."

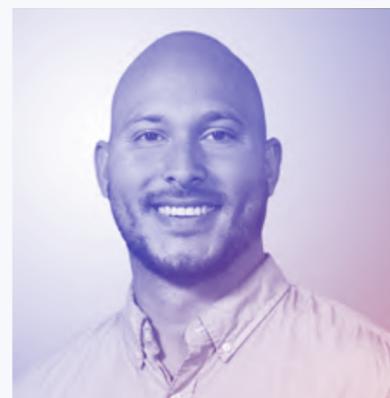
And remember you're not paying only for payment processing, Wenas says. Your cost also covers ease of onboarding, Know Your Customer due diligence, compliance requirements, data security, payment methods support, and more. And beyond the transaction itself, there are payout processes, reconciliation, and chargeback management, among other concerns.



“Every step of the payment journey involves differentiating factors that impact security, user experience, and business growth. Payments aren't just a cost, they're a **fundamental part of enabling seamless commerce and reducing risk.**”

Sandi Wenas, Senior Software Engineer Manager, Mindbody

Drew Edmond, associate partner of Glenbrook Partners, a payments consulting firm, echoes Wenas's point and says price is only one data point among many that should drive business leaders' decisions around a payment processor.



“When we help our merchant clients with vendor selection, **we never just go with the lowest cost provider**. We find the right solution that's best for their business objectives. What are they trying to accomplish? Do they want to increase sales, expand geographically, enhance customer experience, improve internal operations, or fix reconciliation? There are so many things merchants need to think about holistically rather than just driving costs down as far as possible.”

Drew Edmond, Associate Partner, Glenbrook Partners

There are risks to using a low-cost payments provider

Edmond cautions against prioritizing the cheapest solution, which he says could be a short-sighted approach with lasting implications. “It’s easy for someone to write on their résumé that they saved their organization thousands of dollars, but that could mean **moving to a lower-cost provider where you’re using something coded in 1995**,” he says. “Now, your developers are angry with you, and the operations team doesn’t have the tools they had before. The account management is worse because they can’t afford to give you good support, since you’re not paying them enough to provide it.”

Consider where partners can deliver better outcomes and save you money

In an effort to save on expenses, many businesses consider building payment solutions in-house. But the experts say there’s also a cost to taking engineers away from your core product to focus on complex payment systems. Jensen says business leaders should weigh these options carefully before tasking their own teams with building solutions from the ground up.



“Don’t forget that **every single decision you make is an investment decision**. Let’s say you’re going to embed payments or financial services into your product, or become a platform. The question of how much you build versus buy or partner is going to be a really big consideration because you probably won’t have engineering teams on those projects forever, or those engineering teams will get stretched really thin between different competing products and projects.”

Kate Jensen, Head of Revenue, Anthropic

McKee says outsourcing might not only save costs in the long run, but also lead to better outcomes.



“With enterprises, we always hear this **insourcing versus outsourcing** dynamism. Fraud prevention is a good illustration of that. As an enterprise, maybe you’ve hired a team of employees whose only job is to run manual reviews. It feels like you’ve already invested in this area, so you might not be as interested in bringing on new technology. But is that really the best use of those employees’ time, to manually review transactions? And how accurate are they at the end of the day? You should be thinking about how partners can help automate that process and move head count into more strategic areas.”

Jordan McKee, Director of Payments Research and Advisory, 451 Research

Hsu has firsthand experience with the build versus buy decision at FreshBooks. Many business leaders **underestimate the complexity of payments** and jump to take ownership of payments engineering too soon, she says. Outsourcing is often the better choice for less mature companies that lack payments-focused engineering resources.

Even as FreshBooks has expanded to the point of having its own in-house payment engineers, payments continue to present complicated challenges. For example, FreshBooks recently moved to an **interchange-plus cost model**. This pricing model, also known as IC+, breaks down the cost of processing a transaction into three components: the interchange fee set by card networks, the card network's assessment fee, and the payment processor's markup. It offers more transparency and potentially lower costs compared to flat-rate pricing models. "We thought we'd immediately reap the benefits and make a ton of money," she says. "I think the **biggest misconception is that switching to an interchange-plus model is a magic bullet for instant margin improvement**. But it's more like a marathon than a sprint."

For businesses to realize a benefit with this model, Hsu says, "You really need people who know how to optimize; ensure profitability; understand how interchange, scheme, and network costs are split; and monitor the industry. **It's not a 'set it and forget it' situation**. Now we have teams looking at transaction costs, nontransaction fees, and operational overhead."

The decision largely depends on your internal resources, Hsu says. "It's really about where you are in your business and how you want to approach this. Despite the heavy lifting with interchange costs, it's giving us a 50% to 75% increase in margin. But the misconception is, it's not just a switch to this type of pricing model, and you're going to win. You have to ask, does the gain in margin benefit you? **Does it outweigh the operational cost?**"



“If you don't have the team or resources for this complexity, go with a fixed-cost model where your payment provider manages it, and you can focus on your top-line growth. Once you get more mature and secure, and you have people who really understand how to work on this, then switch to a model where you can improve your margin significantly.”

Shirley Hsu, VP and General Manager of Payments, FreshBooks

Look beyond processing fees to optimize revenue

Instead of trying to save money on processing fees as a cost-cutting measure, some of our experts suggest a more strategic approach—looking for ways to optimize revenue through your payment strategy.

“**A major misconception is that payment costs are just fixed rather than a strategic lever,**” Behal says. “Business leaders often focus only on processing fees, overlooking bigger factors like authorization rates, fraud costs, chargebacks, and other costs that go into payments and risk management—not to mention underwriting, defaults, and losses.”



“In my conversations, I try to help businesses shift their mindset from simply reducing costs to **optimizing revenue and customer experience**. The value proposition goes beyond payments—it's about increasing conversion, getting a higher average order value, building loyalty, and increasing purchase frequency. It's about looking at the bigger picture of overall business impact rather than just the cost per transaction.”

Raji Behal, Head of Western and Southern Europe, UK, and Ireland, Klarna

Baumann shares this view, and she says **paying a higher up-front cost for more sophisticated payments infrastructure can lead to even bigger savings in the long term**. “If businesses are using payments technology the right way, they can save money operationally, because, as an example, payments technology allows businesses to reconcile their payments more quickly through advanced analytics,” she says.

For example, “You can predict when a payer is getting later and later. You can have web robots out there that are pulling M&A activity information. So you get a red flag that this payment might not come in because there’s this other activity happening, or they have a court filing. This creates a lot of opportunities for savings. You’re going to renegotiate those terms if this company is in trouble. You’re not going to extend them the level of credit that you maybe would have. You can more accurately predict your cash flow. You can get payments faster. So you’re decreasing your cash conversion cycle and increasing your straight-through processing rates.”

The cheapest payment method might not be the best payment method

Beyond processing fees, the experts’ arguments extend to payment methods, too. Just as the cheapest payment processor might not produce the best results, Edmond cautions against choosing payment methods based solely on cost. “There are so many options out there, something like 900 payment methods around the globe. When a merchant is deciding whether to add a new payment method, they’ll consider things like how many people actually use it and what it costs,” he says. “But the **customer experience should be the driving factor** in how you think about adding payment methods and how you make changes to your checkout flow, not just cost considerations.”

Behal says meeting customers’ expectations for convenience is necessary for business success, and **focusing too much on fees can put customer experience at risk**. “A common mistake is assuming that the cheapest payment method is always the best, which doesn’t make sense for anything in life,” she says. “Lower fees don’t always mean better performance; in fact, often it means the opposite. It can result in lost sales, slow settlement, and poor customer experience. I think offering the right payment methods tailored to customer preferences, ensuring a fast and seamless checkout, and removing friction are key to increasing the likelihood of a completed purchase.”



Should businesses invest in an open ecosystem or one-stop shop?

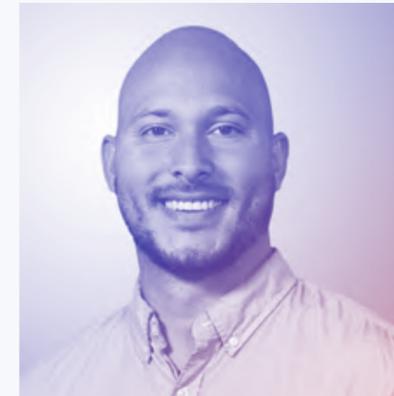
As enterprises grow and evolve, they often face an important decision in their payment strategy: **whether to rely on a single, all-in-one payment processor or diversify across multiple providers.** It's a strategic choice that can influence operational efficiency, cost structure, and a company's ability to navigate global expansion. And it's a complicated decision for many because both sides have some persuasive arguments. We asked the experts to share how they weigh the advantages and trade-offs that come with each strategy.

↔ Why multiprocessor makes sense for enterprise businesses

On the side in favor of using multiple processors, experts say there's a potential for optimization and flexibility. These advantages can be especially attractive for larger enterprises or those doing business across multiple regions.

Behal says she's seeing a clear shift among the largest enterprises toward distributing volume across multiple processors. This approach gives them negotiating power and protects them from missing out on advantages that one competitor or another might offer. "Using a multiple payment processor strategy makes sense when businesses want to **optimize for performance, cost efficiency, and resilience,**" she says. "A multiprocessor setup can improve authorization rates through smart routing, reduce dependencies on a single provider, and unlock better negotiating power by leveraging competition. It's particularly beneficial for global businesses, high-growth merchants, and those operating in complex regulatory environments where local acquiring can boost approval rates."

Edmond also sees optimization necessitating a multiprocessor setup.



“You’re balancing **simplicity versus optimization** in a lot of ways. And I think that the payments ecosystem is just strange enough that to truly optimize, to maximize your optimization on things like approval rates, for instance, you just need multiple PSPs.”

Drew Edmond, Associate Partner, Glenbrook Partners

For Hsu, the question largely comes down to **market expansion and the need to offer specific capabilities in different regions.** “Every country, even every geography within a country, has a different payments ecosystem,” she says. “In the US, certain regions prefer Zelle, others Venmo. Canada loves their Interac e-Transfers. Europe has iDEAL. It’s very rare for one processor to be an expert in all of these systems.”

🔄 On the other hand: Why a single processor makes sense

However, there's another compelling side to the debate. With multiple processors comes greater complexity, which in turn can lead to increased costs and overhead to manage. Hsu says this fragmented approach eventually led FreshBooks to change course.

“At FreshBooks, we came from a world of multiple processors,” she says. “At one point we had 18 gateways. It was challenging because we’re international. We were trying to provide different payment methods for various countries and their preferences, even considering geolocation like states or provinces. Managing 18 gateways and their partnerships was unmanageable. We eventually dropped to 4, and now we mainly partner with Stripe.”

Consolidating onto a simpler payment system has helped FreshBooks reduce workload. “This approach made the most sense for us because **we want to own the customer experience, but we don’t want to own the operational burdens of having multiple processors**. That’s not to say this will stick forever—we’re just not at the volume where it makes sense for us to take on that processing ourselves,” Hsu says.

Wenas says using a single processor can be effective, but as Hsu suggests, the decision likely depends on your business and its goals.



“As long as the processor remains **adaptable, continuously innovates, and supports the business’s growth**, sticking with a single provider makes sense. However, using multiple processors becomes necessary when the primary provider cannot support critical needs, such as expansion into new markets, local payment method adoption, legal and compliance, or cost optimization.”

Sandi Wenas, Senior Software Engineer Manager, Mindbody

The ideal platform delivers all-in-one simplicity with options for specialization

Axelrod says the best platform might be the one that offers the benefits of both approaches—a single processor that also caters to specific industries and regions. “If I was going to use a general rule, I would say smaller businesses like the micro SMB want everything in one place. And they want it to be as integrated as possible. **As companies move up in size and scale, they can afford more specialization**, and that specialization may lend itself towards having multiple point solutions,” he says. “A good payment platform can marry those two.”



What's next for the internet economy?

Between emerging AI technologies and shifting customer behavior, we were curious to learn what experts saw on the horizon as the next major innovation shaping the internet economy.



Crypto and digital currencies will require new security models

Behal expects to see the proliferation of new authentication models to support new payment types. “We’re seeing cryptocurrencies and central bank digital currencies gain traction. This means we’ll need new authentication and security frameworks that go beyond just 3D Secure or network token models,” she says. “While 3D Secure was designed for card rails, **emerging digital payment methods will require decentralized authentication models** that align with the real-time, programmable nature of these assets.”



Biometric passkeys could be the next wave for payment authentication

Huynh says the next generation of authentication will likely involve biometric passkeys—and any associated friction will serve a purpose in making customers feel safe. “If we can get a good strong customer authentication at the beginning, or at least for the very first transaction a consumer makes with a merchant, it can go a long way in establishing trust,” he says. “In the future, we envision that every time you log in to your PC or even a website, you’ll have FIDO passkey biometric authentication available to you as a consumer. This creates what I like to call **‘smart friction’ associated with payments.**”



Open banking could transform payments

Another transformative change Behal says we’re likely to see: open banking—even if it takes a while to gain widespread adoption. “We’re already integrating open banking into much of what we do and are directly connected to over 14,000 banks. **Open banking can definitely reduce complexity, drive conversion, and create a frictionless experience,**” she says. “However, I think it’s still going to take some time to be adopted everywhere. The potential is there, but the implementation challenges are significant and will require continued effort and innovation to overcome.”



Shopping stands to see major change

Retail has already seen massive change in recent years, but the experts don’t expect that to slow any time soon. Wenas points to virtual reality as a potential change agent in the shopping space. “I think **immersive commerce will be a game changer.** With virtual reality, shopping could become much more interactive, allowing buyers to see product demos, examine items from different angles, and better understand actual sizing before making a purchase,” he says.

McKee says **sustainability efforts could also reshape retail and other industries,** as customers show growing interest in renting items that were once only purchased to own. “We already see rental models in housing and cars, and it’s popping up in retail, with businesses like Rent the Runway,” he says. “As sustainability becomes more important to consumers, we might start to see rental models take hold across other areas we might not have expected before.”

AI can enable hyper-personalization

Meanwhile, Jensen says the next wave of innovation is likely to center on highly personalized experiences that are unlike anything we’ve seen yet. “I think the **new economies are going to be all around hyper-personalization:** how do you deliver a user experience that’s really tailored for the individual or the company that’s using the product itself? This could mean transacting entirely in a customized way with custom pricing constructs for each individual consumer, depending on how they’re using a product. Or it could be about creating adaptive intelligence ecosystems. I don’t think companies will sell AI as a feature. I think they’re going to build entirely new business models for different customers using AI to construct that,” she says.

How Stripe helps businesses grow faster

Stripe gives businesses better financial infrastructure to generate more growth, faster. Powering over 1% of the global GDP, Stripe is the partner of choice for 80% of the top AI companies, 75 of the top 100 marketplaces, more than 14,000 software platforms, and 100+ category leaders processing over \$1 billion in payments annually.

Stripe's end-to-end platform makes it easy for businesses to accept, move, and manage money. Our extensive set of technical integrations, third-party partners, and in-house professional services help you realize value quickly.

Optimize payments globally:

Stripe's optimized payments enable businesses to grow revenue, expand globally, and reduce costs. Stripe supports more than 135 currencies and more than 100 payment methods, enabling businesses to rapidly expand into new markets and increase conversion rates with locally preferred payment options.



La Redoute chose Stripe to replace its legacy payment systems, which helped achieve a 2% uplift in conversion and 98% authorization rate—and saved 9+ months of work.

OpenAI

OpenAI powers subscriptions and one-time purchases using Stripe's prebuilt hosted payments page and saw 40% faster checkout speeds with Stripe's accelerated checkout solution.



URBN consolidated \$5 billion in revenue across more than 5 brands and 700 stores using Stripe's unified commerce platform to streamline online and in-person transactions while ensuring reliability during peak promotional periods.

Power any business model: Stripe's flexible infrastructure enables businesses to launch new revenue streams like subscriptions or marketplaces while simplifying money movement.



FOX Sports Mexico launched a new app with payments and billing powered by Stripe and saw a 20% uplift in subscription revenue and a 54% increase in app user retention.



Deliveroo launched a new subscription revenue stream and recaptured over £100 million in at-risk revenue using Stripe's AI tools.



Toyota created a sustainability-driven marketplace to help repair shops buy and sell equipment and launched in just six months, using Stripe to facilitate payments for purchases, deposits, and escrow services.

Embed payments and financial

services: Stripe's embedded finance solutions allow businesses to integrate financial services directly into their product or platform, enabling them to provide seamless payment experiences, banking-as-a-service, and other financial products.



Shopify partnered with Stripe to enable merchants to create and distribute virtual and physical cards and launched Shopify Balance, allowing merchants to manage their funds on the same platform where they run and grow their business.



HubSpot developed a payments processing integration for its Commerce Hub with Stripe, giving customers the choice between white-labeled HubSpot Payments or the ability to connect their own Stripe accounts.



Lightspeed, a commerce platform used at more than 115,000 locations, integrated Stripe to power omnichannel payments in the US and Canada and to launch Lightspeed Capital, making flexible financing options available to its US merchants.

Streamline back-office operations:

Stripe's revenue management solutions help finance and accounting teams automate invoicing, tax collection, reporting, and reconciliation so they can minimize the risk of errors and close the books faster.



Shipt, a retail delivery technology company, saw an 88% reduction in revenue recognition cycle time using Stripe's revenue recognition solution.

Figma

Figma, a design platform for teams that build products together, uses Stripe to automate billing and invoicing and reliably forecast business metrics with real-time data.



Xero, a cloud-based accounting software company, speeds up its cash flow cycle with the result that customers get paid 14 days faster on average.

→ To learn more about how Stripe can help your business grow, **contact our sales team.**