

Making payments core to your platform or marketplace

A guide to owning the experience from end to end

adyen



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Adyen for Platforms – Part 1 of 4

Managing money flows with control and compliance

In this section, you'll learn

- [The benefits of bringing payments in house](#)
- [How to define your funding flows](#)
- [Tips for keeping up with regulations](#)
- [What to look for in a payments provider](#)

Platforms are getting more advanced, and so are payments

Much has changed since the earliest days of marketplaces, when companies like Amazon and eBay made it normal to shop online. Decades later and marketplaces aren't the only platform business setup challenging the status quo.

Software as a Service (SaaS) and on-demand platforms are unlocking consumer demand in surprising ways, with experts predicting that digital ecosystems could account for more than [30% of global corporate revenue by 2025](#).

Some of these platforms are surfacing new modes of working altogether (like those being built for the passion, sharing, and gig economies), while others are transforming traditional industries (such as insurtech, legaltech, and business as a service). And while no two are alike, all share similar challenges when it comes to their payments: Complexity, control, and global scale.

All too often, inflexible payment systems can be a blocker to growth. If your platform business is experiencing some of the following, then our four-part series on platform payments is for you.



7 signs it's time to upgrade your platform's payment setup

01

It takes a long time to add new payment innovations (such as digital wallets) or go live in new markets.

05

You use multiple systems for risk management, reporting, and user onboarding which require a lot of maintenance time.

02

You aren't getting economies of scale when it comes to payment processing costs, or enhancements like adding point of sale (POS) come with expensive project costs.

06

You have complex contracts and vendor setups across different regions to manage.

03

It's difficult and time consuming to do simple tasks, such as customer returns or seeing why a transaction was declined due to risk.

07

You can't respond to users' requests, like the ability to do sales in-store on POS devices or buy online and return in store (BOPIS).

04

You see higher cart abandonment at the payments screen in certain geographics or demographics due to non-native checkouts or payment methods mix.

Part one breaks down how to upgrade your payments setup to facilitate seamless money flow by joining the dots on fund allocations, fund transfers, and regulation.

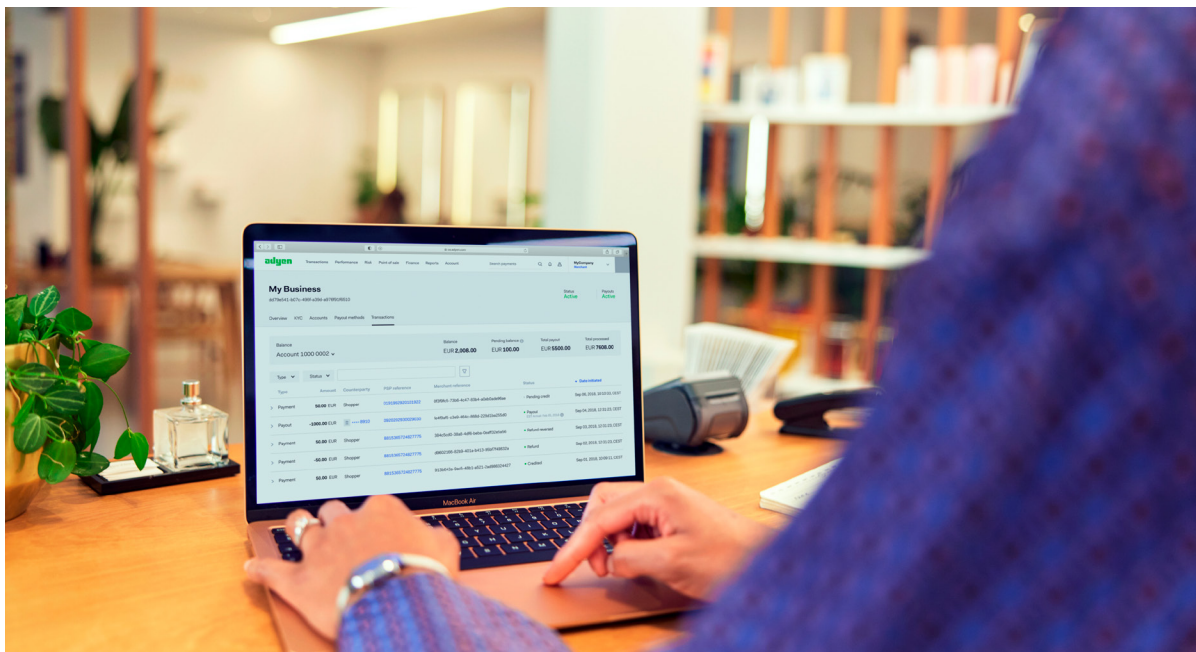
The benefits of bringing payments in house

Like any real-life marketplace, platforms are ultimately spaces for commerce. Goods and services are traded between platform users (e.g. sellers, service providers, couriers, drivers, hosts) and customers (buyers, shoppers, riders, guests) through your platform. Money flows across all parties, which is why funding speed and accuracy are key markers of platform health.

Take [Zenoti](#). The SaaS platform helps spa, medspa, and salon owners with every aspect of their business, including elevating the guest experience with touchless booking, checkin, and payments experiences.

With over 12,000 spa customers in 50 countries, having the ability to get sales funds to each store in a timely fashion is one way Zenoti continues to attract more spas onto their platform. Since they have the flexibility to design a range of different funding flows (such as redeeming gift cards purchased at store A and redeemed at store B), they have better control over their customer experience. The right payment setup is at the heart of these flows.

Here's how to get your flows just right for your platform business in two steps.



#1. Define your funding flows

Money constantly moves through your platform. Optimizing these actions can mean huge efficiencies for everyone involved. The result? Happier providers or sellers using your platform or marketplace – and happier customers, too.

For example, say you're a marketplace for sneakerheads. You want to empower your users with easy-to-run promotions during major holidays. But because your payments are outsourced, it can take days to reconcile a payment with a promotion code – which usually means massive delays in fulfillment. That's not a great experience, even for the most patient fan.

To deliver the seamless experiences that keep customers coming back (thereby creating that stickiness for your users), you need to get clear on the experiences you want to create across two categories: Fund allocations and fund transfers.

Fund allocations

How you want to calculate and deduct funds along the flow (e.g. for fees or commissions).

Fund transfers

How you want to shift balances within your platform (e.g. for credits, refunds, and promotions).

Splitting funds with allocations

When a portion of a sale you process for your users is split across two or more parties, it usually involves three actions:

1

Calculating the split, either as a set amount or a percentage of the sales price.

2

Applying the payouts to multiple platform accounts in real time.

3

Reporting and tracking of that funding event..

By using APIs, you can customize your fund allocations to conduct splits automatically. This lets you create allocations like:

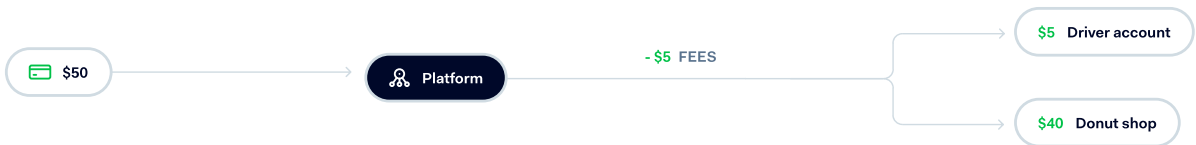
Taking a success commission

A customer purchases a \$50 pair of sneakers. A \$5 commission (10%) goes to your platform, \$45 to the user. All funds are routed to the user's and your platform's bank accounts.



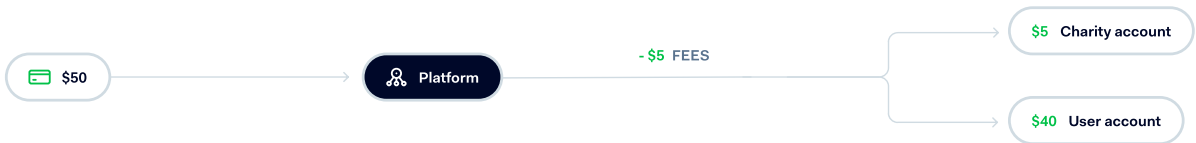
Taking a service fee and commission

A customer orders a delivery of \$50 in donuts. A \$5 fee goes to your platform paid to your bank account, a \$5 fee goes to the driver, and \$40 goes to the donut shop paid to their bank account.



Taking a donation

A customer spends \$50 and either adds an additional donation at checkout or a portion of the sale price is taken as a donation for the nonprofit supported by your platform. Funds are paid directly to the charity's and user's accounts.



Moving money with fund transfers:

Keeping users on your platform has many benefits, which is why fund transfers are popular. The money being moved can either be from your platform to your users, or between users who can then use funds as a customer on your platform.

Originally, fund transfers were designed to move monthly fees from users' accounts to the platform account.

Today, there are many additional creative applications:

- **A promotional credit given to a user to spend on the platform**
Common with sign-ups, the amount is deducted from a platform admin account and credited to the user's platform account to help create a little incentivization.
- **A refund needs to be applied by the platform admin**
Funds from the user's account are deducted and credited to the customer's account. Note: Some platforms maintain a minimum account balance to avoid negative balances from refunds.
- **Two platform users have completed a sale with each other.**
The sale balance is transferred from the user to the purchasing party as a credit in their platform account. This is a great way to keep users coming back to your platform as a seller and buyer.
- **A monthly fee is charged to users.**
This is calculated, deducted from users' accounts, and transferred to a platform admin account on a regular cadence (e.g. monthly).
Tip: You can automate fund transfers like this with Adyen.

Craft your desired payments experience end-to-end with Adyen for Platforms and our enterprise-grade APIs.

[Learn more>](#)

Funding flows checklist

Working with the right payments provider makes it easier to choose funding flows for your platform, but you still need to know your business's needs. Once you have your funding flows in mind, it's time to put them in action.

The following checklist can help:

- ✓ **Determine what you'd like to automate** and in what frequencies, adjusted for the regions and time zones you're doing business in.
- ✓ **Set up an experiment framework** for campaigns and discounts to see what gets users back.
- ✓ **Contextualize your platform business.** For example, many brands took on donation collections to support global causes in 2020 and it's now becoming standard practice.
- ✓ **Get your pricing right** with a flexible system that tests pricing sensitivities as well as new pricing structures at pace.





#2. Keep up with regulations

Back when transactions happened mostly in person, knowing who you were doing business with and minimizing fraud was easy enough. All you needed was an ultraviolet light beside the cash register for checking large bills and you were set.

Today, an ever-evolving payments landscape makes risk a constant threat. In response, the level of payment regulation has risen dramatically over the last two decades and is connected to many aspects to help protect consumers and businesses. These include online security, tax decisions made in different regions, and even the ability to stop inadvertent funding of terrorism.

Meeting regulations can help your platform safeguard against risk and liability. No matter the approach you take – whether you keep funds in your platform or exit them via payout – these transactions always have higher regulation. It's also important to note that holding funds can push you into a financial services space from a regulation standpoint, which most platforms don't want to make core to their business.



ebay

“eBay’s global marketplace operates in over 190 markets. Adyen brings to the partnership a broad global footprint with a flexible and scalable technology platform.”

- **Alyssa Cutright**, VP of Global Payments & Risk, eBay

Examples of mandatory regulations:

- **Sanction lists**

These lists of individuals are issued by governments worldwide in an effort to fight financial crime and illegal activity. Constantly changing, their purpose is to restrict or prohibit trade from known targets. Your platform can't allow sales or payouts to targets on this list and can be fined/prosecuted if you do.

- **Anti-money laundering (AML)**

Money laundering is the illegal process of concealing the origins of money obtained illegally by passing it through a complex sequence of banking transfers or commercial transactions. The overall scheme of this process returns the "clean" money to the launderer in an obscure and indirect way.

- **Know your customer (KYC)**

KYC is the process of identifying and verifying the identity of your customers. It's required by payment industry regulations as a prerequisite to allow individuals or businesses being paid out.

- **Payment Service Directive 2: Strong Customer Authentication (PSD2)**

Mandatory for European transactions, this regulation ensures a higher level of security for customers when buying online.

Stay ahead of new regulations and easily scale into new regions with Adyen for Platforms.

[Explore our docs >](#)

Regulation capabilities checklist

The easiest way to manage regulations for your platform is to find the right payment service provider (PSP) who can do it for you, one who has the licenses and resources to automate this process. Like [Adyen for Platforms](#), which connects these capabilities right into our solution.

Here's what to look for when assessing a provider:

- ✔ **Licensing**
Do they offer acquiring, electronic transfer licenses, a banking license, and card issuing? Is 3DS2 built in to their solution? Are they PCI compliant? Do they have an affiliation with industry governing groups like EMVco?
- ✔ **Built-in KYC database**
Do they help you complete this step automatically when onboarding new users? How is their KYC database updated and maintained?
- ✔ **Built-in sanction lists**
Are they listed by country and are they updated regularly?
- ✔ **Proven performance**
Can they confirm expertise across key payment directives, like PSD2? How quick do they respond to implementing technology for new regulation?
- ✔ **Coverage**
What markets are they in and do they have local offices on the ground? This enables better connection with central regulators and government groups.

The Adyen logo is displayed in white lowercase letters on a solid green square background.

“Complexity compounds for platforms, especially when it comes to collecting and verifying KYC information at scale. By investing in an intuitive and automated onboarding process, time and resources can be reallocated to the core business function.”

– **Karolina Noronha**, VP of Product, Adyen for Platforms

Adyen for Platforms – Part 2 of 4

Onboarding new users with seamless sign-ups

In this section, you'll learn

- [The importance of onboarding and KYC](#)
- [3 best practices to kickstart your onboarding strategy](#)
- [The right onboarding experience for your users](#)
- [What information you need and when to ask for it](#)

Onboarding, where user experience meets compliance

There's no better feeling than when a new user signs up for your platform or marketplace. After all the hard work from your development, marketing, and sales teams, a prospect finally becomes an active user and begins making money for your business.

As simple as this moment seems, the sign-up process is actually incredibly important to your business from a regulation and compliance perspective. It also happens to be the first meaningful interaction users have with your platform, so the pressure's on to get it right.

Done well, onboarding lets you:

- ✔ Welcome happy users onto your platform and using your services within minutes.
- ✔ Satisfies critical Know Your Customer (KYC) verification requirements in one go.
- ✔ Helps keep your platform compliant with global and local regulations.

Done poorly, complex onboarding can:

- ✘ Be a major roadblock for new users, dissuading them from completing sign-up.
- ✘ Open your platform to risk by letting in bad actors.
- ✘ Impact everyone's growth, bottom line, and reputation.

Taking a carefully planned, staggered approach to onboarding can help you welcome new users seamlessly onto your platform, while getting all the important details you need to protect your business. The result? Less time managing KYC and more time growing your platform.

In part two, we share how to join the dots with a strong onboarding process that collects the right details at the right time, puts your brand front and center, and scales with you.

The importance of onboarding and KYC

Onboarding and KYC is the process of collecting company or individual details that verify an account holder's identity. Getting the right information protects your platform from illegal activities and is mandatory for meeting regulation in the countries you do business in.

To avoid onboarding pitfalls like the ones below, it's important to take the time to design an onboarding process that serves your business and users. This is accomplished through choosing the right kind of experience for your platform, collecting the right information from new users at the right time, and optimizing verification of information.

Where onboarding goes wrong

From the user's perspective

- ✘ Lengthy sign-up process, requiring too many details
- ✘ Asking for information prematurely, without tying it to a user benefit
- ✘ No guidance on how information will be used and safeguarded
- ✘ No local language support

From the platform's perspective

- ✘ Drop offs during sign up
- ✘ Noncompliant with regulation
- ✘ Decreased Net Promoter Score (NPS)
- ✘ Loss of trust and credibility with local markets
- ✘ Burden of management at scale



SKIDATA KUDELSKI GROUP

Onboards unlimited users globally

For global access and revenue management platform SKIDATA, delivering a uniform onboarding experience to the hundreds of car parks, ski-slopes, and other access points signing up with them every year was paramount.

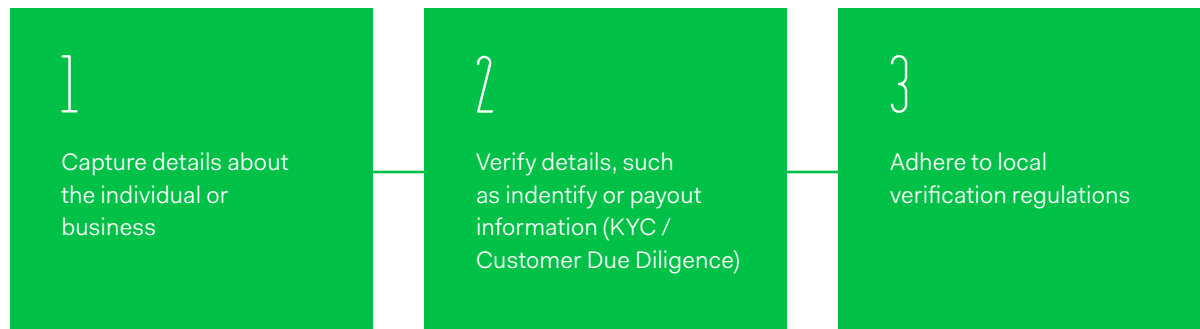
The company uses Adyen for Platforms to deliver localized sign-up, staggered information collection, and user-friendly UI. Using Adyen's hosted onboarding page lets the company achieve all of this with little to no developer support, while maintaining compliance with local regulations in over a hundred countries.

[Read SKIDATA's story >](#)

Kickstarting your onboarding strategy

Removing enough friction while still getting what you need for verification is the hallmark of a strong onboarding process. The following best practices can help you find the right balance between these two opposing needs. Some are recommendations that are becoming standard, while others are innovations for delighting users. Choose what makes sense for your platform.

Onboarding at a glance



Keep it conversion-driven

Prioritizing actions that help turn prospects into onboarded users can add up, fast. Just imagine what boosting your conversion rate by a few percentage points would mean for your business. That's where things like speeding up onboarding from days to minutes, reducing drop off, and outsourcing the burden of KYC management to your payment service provider (PSP) can help.

Tips for reducing friction

- **Use smart fields and prompts**
Smart fields autofill pieces of information like address and zip code. Using them, along with prompts, helps reduce input errors and form drop off. Using automatic field verification (either by connecting with relevant third party databases or a [PSP like Adyen](#)) helps reduce the number of simple mistakes.

- **Request information dynamically**

Asking for all KYC info at sign-up can be an onboarding roadblock. A dynamic approach lets you space out requests when they make most sense to users, incentivizing action at each stage (e.g. asking for bank details when getting paid). But like all decisions, it has to be right for your users. If you have sellers you expect to sell a lot, quickly, it might be worth doing all the verification up front.

Make troubleshooting easy

Even a highly optimized onboarding process encounters user error or instances when manual review is required. This is when it's important to have accessible support available for your users (as well as internal insights for your team), so you can resolve issues efficiently.

Tips for reducing error

- **Build in FAQs and support help**

Embedding support options in your onboarding interface lets users help themselves quickly and reduces frustration at sign up. It's also important to use onboarding insights to proactively assist users navigating tricky fields, such as a chatbot who can provide answers to common support questions.

- **Establish form drop-off reporting**

This is the best way to figure out why people leave your onboarding process and where they're getting stuck. Instituting form drop-off reporting helps you identify which fields users find confusing and gain meaningful insights on where to optimize your onboarding flow.

Localize your process

It's extremely frustrating for users when they have to onboard in their second or third language, or through a process that has been poorly translated into their native language. This can be a huge point of friction as you expand into new markets. Localizing isn't just about translating your process, it's also about customizing fields based on local best practices. That's where having a knowledgeable PSP to lean on can help ensure your localized onboarding is optimized.

Tips for making it easy

- **Localize the language and fields of your process**
Localization makes your platform more attractive to new users in corresponding regions and reduces barriers to sign up. In addition to language, it's also important to ask for the right details based on locality (e.g. Social Security Number in the US, Codice Fiscale in Italy, etc.)
- **Build in verification and compliance**
Each region has its own regulation, which is why it's helpful to build in verification with your PSP. Transferring responsibility and operations of keeping up with these local regulations to your PSP lets you reallocate time and resources to your core business.

The image displays three sequential screenshots of a payment onboarding form. The first screenshot, titled "Personal Details", shows an address field with a dropdown menu listing suggestions like "2036 Main Street, Alameda California". Below the address are fields for "Month", "Day", and "Year", and a "Submit" button. The second screenshot, titled "Bank Details", shows fields for "Name on account" (filled with "John Smith"), "Account number" (with a help icon), and "Routing number" (filled with "123456789"). A "Submit" button is at the bottom, and a help bubble "Can I help with anything?" is visible. The third screenshot, titled "Welcome", shows a language selector "English (USA)", a "Welcome" heading, a message "To receive payouts, please submit the required information so we can verify it with official records.", and a "Choose your entity type" section with radio buttons for "Individual" (selected) and "Company". A "Submit" button is at the bottom.

eBay launched new payments experiences in 30 countries over five months with Adyen for Platforms, thanks to our years of localized onboarding expertise.

[View our global solution >](#)

Onboarding lookbook

	Basic The bare minimum, often resulting in higher drop off rates due to the lack of conversion features.	Better A hyper-localized experience that uses conversion best practices to sign up users faster.	Best The 'ultimate' onboarding experience that incorporates future thinking features to delight new users.
Features			
Local language display	✓	✓	✓
Smart fields and prompts	✓	✓	✓
Localized onboarding (captures regional requirements in form fields)		✓	✓
Staggered data collection		✓	✓
Data-driven personalization			✓
Chatbot in onboarding interface			✓
Suggestions based on past behavior			✓
Promotional offers served to incentivize users			✓

Choosing the right onboarding experience for your users

When it's time to create a platform onboarding process for your website and app, you have two options. You can either use a [hosted onboarding experience](#) from your PSP or build a [custom onboarding experience](#) with your own development resources.

We've made it easy to figure out which combination is right for your platform with a short questionnaire. Simply take the self-assessment below.

Onboarding experience self-assessment

1. What is the desired sign-up experience?

- A Straightforward verification compliance.
- B Full integration into the existing user interface.

2. What development resources are available?

- A Minimal development resources available.
- B Dedicated development resources available.

3. How quickly do you need to launch your page?

- A As soon as possible.
- B Flexibility with launch timeline.

See recommendations based on your results on the next page.

Choose between a custom, optimized hosted, or hybrid onboarding experience, depending on your business needs, with Adyen for Platforms.

[Explore our onboarding experiences >](#)

Results and recommendations

Hosted onboarding (mostly As): Instead of building an implementation to collect and submit KYC information, you have the option to redirect account holders to a hosted onboarding experience provided by your PSP. This is the fastest way to implement KYC verification checks, since it requires less development effort and is managed by your PSP.

Custom onboarding (mostly Bs): This option lets you use an entirely API-driven approach to build a custom sign-up experience directly into your platform's existing user interface. It provides a seamless experience for users, since you have complete control over the entire look and feel, but it also requires that you have adequate developer resources.

Hybrid onboarding (even split): Many platforms and marketplaces choose to mix and match, using a hosted onboarding experience for certain countries and/or verification checks and custom one for the rest. Adyen, for example, offers modular hosted experiences (standalone components that can be used for specific parts of an onboarding flow), so you can leverage our real-time bank and identity solutions as part of your custom onboarding experience.

What information you need and when to ask for it

Last, but not least, data collection. While the information you gather is ultimately determined by the legal entity type and the country of the account holder signing up, there are mandatory fields that apply around the world. We've outlined these below in our onboarding checklist.

As to when to [collect KYC information](#), you have the choice of a staggered approach (progressive risk-based verification) or to front-load by collecting everything at sign-up. Which approach you choose should be guided, once again, by your business model and users.



“We want our customers to love using our service and we want to make it convenient for them to do so. Adyen’s online onboarding and KYC process was a strong selling point for our Payment Facilitation business model.”

– **Bill Paynter**, Senior Director - Billing & Payments, Viasat

Onboarding and KYC information checklist

Individual

	What	Why	When
Contact details	Name Phone # Email	For creating a new user account KYC / verifying contact details AML / sanction screening	A user signs up For B2B services, collect all details during onboarding
Individual details	Individual name Individual address Individual phone #	KYC / verifying individual details	Collect when a user initiates their first transaction
Bank details	Name on account Account # Routing #	KYC / verifying bank details AML / sanction screening	Collect once the first sale is complete and funds are due to be paid out
Photo ID	Name on account Account # Routing #	KYC / verifying documents	Only needed if identity cannot be verified from other documentation

Onboarding and KYC information checklist

Company

	What	Why	When
Contact details	Name Phone # Email	Creating a new user account KYC / verifying contact details AML / sanction screening	Collect when a user signs up For B2B services, collect all details during onboarding
Individual details	Company name Company address Company phone #	KYC / verifying company details AML/ sanction screening Issuer terminated Merchant file.	Collect when a user initiates first transaction
Bank details	Name on account Account # Routing #	KYC / verifying bank details AML / sanction screening	Collect once the first sale is complete and funds are due to be paid out
Photo ID	Driver's license Passport ID card (government issued)	KYC / verifying documents	Only needed if identity cannot be verified from other documentation

Adyen for Platforms – Part 3 of 4

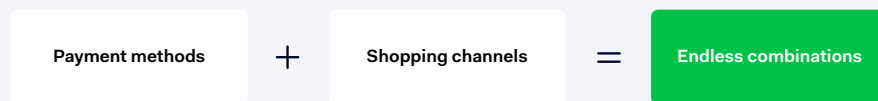
Delivering great payments experiences everywhere

In this section, you'll learn

- [Tips to accelerate platform growth with payments](#)
- [How to attract customers with a unified experience](#)
- [Ways to convert customers with the right payment methods](#)
- [Best practices for managing payment transaction risk](#)

Give everyone the payments experiences they want

It's never been easier for consumers to make a purchase. Online, in-store, via chatbot, as the list of where people like to buy grows, so, too, does the number of ways they like to pay. But the resulting combinations of payment methods and channels make it hard for platforms to keep up.



No wonder leading brands like Amazon and Uber work tirelessly to meet their customers' growing payments expectations – hiring payments experts, digging into data-rich insights, and investing in technology to differentiate themselves from the competition.

But not all companies can afford these resources. Small and medium-sized businesses, solopreneurs, and individual sellers find themselves also tasked with [competing on customer experience](#), but often have the hardest time creating customer-first payments flows on their own.

Platforms like yours are the answer. By integrating payments into your business model, you can help solve this serious challenge and sustain growth for everyone. It all starts by offering the best payments experience, so you can attract and convert even more customers on behalf of your users.

In part three, we join the dots on key payment capabilities and trends your platform can use to deliver a great payments experience for users – and the end customer.

How payments accelerate platform growth

While every platform's payments journey is unique, there's one thing that remains the same: Payments are always a strategic driver for value and growth. Why? Because joining your business goals to your payments lets you achieve them faster and with greater control.

Take scaling to new regions, countries, or markets. A payments-first approach lets you pave the way by addressing regulations and payment hurdles at the start. Although global expansion requires a thorough knowledge of local payment methods and channels, you don't have to have all the answers. Instead, by leaning on a knowledgeable payments partner, you can benefit from their expertise across geographies, payment methods, and changing customer preferences.

Like commerce platform Lightspeed, which provides cloud-based, all-in-one commerce solutions for retailers and restaurateurs in 100+ countries. Says Jona Georgiou, General Manager of Payments: "Supporting Hospitality customers globally is something that we take very seriously as a commerce platform. We've learned that providing a one-stop solution makes our core SaaS products stickier, and enables merchants to simplify their operations, scale for growth, and provide exceptional customer experiences. Adyen supports our vision of supporting this space globally, with localization and payment regulatory framework thought through in each region."

Here's how to deliver the best payments experience for customers at each point in the buyer's journey: Attracting, converting, and protecting.



Attracting customers

At its heart, attracting customers is all about selling wherever people are buying across different sales channels. For platforms, managing this can get complicated, fast, especially as your business grows. The solution? Connecting everything in one place with [unified commerce](#).

Giving customers total flexibility with unified commerce

It's no secret that today's consumers want seamless, cross-channel experiences. Adyen research shows that [73%](#) of customers now expect brands to sell on multiple channels, while 1 in 4 say they'll abandon a purchase if there's no cross-channel buying option.

If your platform is already delivering omnichannel services to meet these demands, you're on the right track. But unless your backend systems are also connected, you're missing out on valuable cross-channel insights that could help you stay one step ahead when things change.



Omnichannel



Unified Commerce

In fact, unified commerce is the only approach that provides a single view of inventory, customers, and payments. By connecting all your platform's online and offline channel data in one system, you can become more agile and adaptable (especially in the face of major disruptions like a global pandemic).

Modernizing Medicine and Zenoti use Adyen for Platforms to deliver unified commerce with our full range of POS terminals and ecommerce channels.

[Read their journey >](#)

How unified commerce simplifies selling

Pain point

Lack of cross-channel insights

- Customers interact across a multitude of brand touch points, but since your sales channels aren't connected, you can't track them.

Solution

Unified commerce

- Recognize customers across sales channels to build better buyer experiences and increase spend.
- Enable payment-linked loyalty.
- Ensure a consistent experience across channels.

Pain point

Growing demand for flexible sales channels

- Inability to add new channels and be proactive on consumer trends (e.g. self-scan and pay).

Solution

Unified commerce

- Support growth into new markets and/or segments.
- Quickly add new channels and support new customer journeys.
- Differentiate your business from competitor platforms with loyalty-driving payments experiences.

Pain point

Compounding operational complexity

- Platform operations are scattered across multiple systems, making reconciliation and reporting more resource-intensive for finance teams and systems maintenance more complex for engineering teams.

Solution

Unified commerce

- View all payments data in one reporting system for easy reconciliation and analysis.
- Use payment data more easily to inform business strategy/growth plans.
- Reduce the amount of manual or error-prone work for reporting or finance teams.

Converting customers

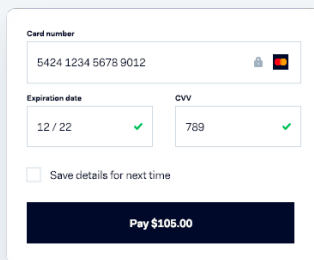
Turning browsers into buyers at checkout gets a lot easier when you can offer the payment methods they prefer. You don't have to guess till you get it right, take what you already know about your customers to build a hyper-local payments experience wherever they shop.

3 steps to choosing the right payment method mix

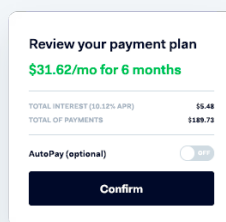
Selecting the best payment methods for your platform requires consideration of three things: geography, demographics, and platform type. We recommend working with a payment service provider (PSP) to fine-tune as you go, since they'll have experience you can rely on across key markets.

01. Look at geographics

Just like regional differences in architecture, language, and cuisine, payment methods vary in popularity from country to country. Navigating all these ways to pay can be dizzying, but it's the most important consideration you can make when choosing your payment methods mix. Take the differences between North America and Asia Pacific:



A screenshot of a credit card payment form. It includes fields for card number (5424 1234 5678 9012), expiration date (12 / 22), and CVV (789). There is a checkbox for "Save details for next time" and a "Pay \$105.00" button.



A screenshot of a payment plan review screen. It displays "Review your payment plan" with a total of "\$31.62/mo for 6 months". It also shows "TOTAL INTEREST (10.12% APR) \$6.48" and "TOTAL OF PAYMENTS \$189.72". There is an "AutoPay (optional)" toggle and a "Confirm" button.



A screenshot of a WeChat Pay QR code payment screen. It shows the WeChat Pay logo, the text "扫描二维码" (Scan QR code), a QR code, and the amount "CNY 110.00". There is a progress bar and a "1491" number at the bottom.

North America:

A relatively straightforward payments landscape. Credit cards dominate, but debit cards, digital wallets, and buy now, pay later (BNPL) services are also popular (with BNPL growing [200%](#) last year in the US alone).

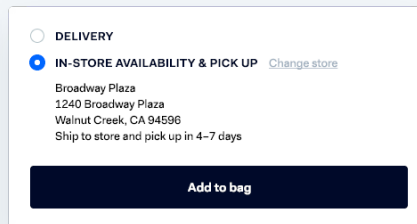
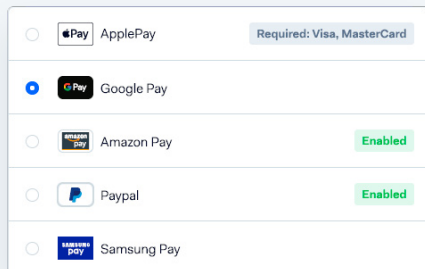
Asia Pacific:

A fragmented payments landscape, with each country favoring different payment methods. For example, China's top three are Alipay, UnionPay, and WeChat Pay, while in Japan, cash on delivery, Konbini, and local credit card JCB are preferred.

02. Weigh demographics

Next up is demographics. Knowing the details about your customers when it comes to things like age, income, and employment status can help you better serve them and pave the way for a successful experience at checkout.

For example, the payment preference differences between Gen Zs and Baby Boomers:



Gen Z:

Born between 1997 and 2012, Gen Z may be the youngest cohort, but they're already making up 20% of the world's population. It's important to let these [digital natives](#) pay with technology-first payment methods, like tokenized card details saved conveniently to their mobile wallet (e.g. Google Pay, Apple Pay, and Amazon Pay).

Baby Boomers:

Born between 1946 and 1964, Baby Boomers have the second highest buying power after millennials. Although technology-averse, they have been forced to adapt to new experiences like buy online, pick up in store (BOPIS) and contactless. But at the end of the day, they prefer using credit cards, cash, and debit cards.



"You absolutely have to offer the local payment methods. Otherwise, you are perceived as not understanding a local market. We currently have the ability, with our integration with Adyen and our partners, to absolutely do that. We can turn a local payment method on [with a click]. To do that ourselves, it would be a tremendous effort."

- **Kevin Goddard** Head of Payments, Cloudbeds

03. Consider your platform type

Last, but not least, it's important to think about your platform's business model. What payment methods does the competition offer? What payment methods are expected by customers at checkout as a result? Your answers can help pinpoint anything you might have overlooked.

To guide your analysis, here's an overview of common payment methods by platform type.



Marketplace

Goal:

Bring together buyers and sellers of a certain good or service and facilitate a sale.

Needs:

Often global reach, so customers want to pay in their country's currency and local payment method.

Suggested methods:

Cards, digital wallets, BNPL, and online banking.



On-demand

Goal:

Allow customers to order a service and gig workers to deliver as quickly as possible.

Needs:

Often mobile transactions, so on-demand platforms want to be able to limit the number of clicks to speed up checkout.

Suggested methods:

Cards, digital wallets.



SaaS

Goal:

Provide applications to enable businesses to operate online and in-store.

Needs:

Often subscription-based, so must be stored for recurring payments; typically offers fullstack payment solutions.

Suggested methods:

Cards, digital wallets, direct debit.

Protecting customers

While the positives far outweigh the negatives, accepting payments does ultimately open your platform to risk. To protect your business and customers, you need to build a risk management system that combines different techniques and technology to make the best risk decisions.

3 best practices for managing payment transaction risk

At the end of the day, all businesses that process transactions (especially those that process the majority online) must balance security with the customer experience. And although many choose to prioritize security over customer experience, this hasn't really helped reduce fraud.

Despite blocking transactions at the slightest hint of inconsistency, online payment fraud grew to exceed \$20 billion in 2021.

Unfortunately, since fraud is so dynamic, there isn't a silver bullet for managing it. But you can protect customers by creating a risk management system that learns as the risk landscape changes around it. The following best practices can help as you build one for your business.



“We are entering a new era in machine learning, where the customer problems are more complex. And they’re more complex for two main reasons: There are various complex customer journeys, and they are happening anywhere, anytime.”

– **Jose Rodriguez**, Adyen Product Lead, Risk

1. Get good at distinguishing the genuine from the fraudulent

Detecting fraud is often incredibly challenging for platforms because fraudsters are evolving their activities all the time. But that doesn't mean your platform is at their mercy.

Fighting fraud requires a risk management system that:

- Recognizes genuine customers.
- Spots fraudsters across sales channels.
- Uses advanced data science and machine learning models that detect behavioral abnormalities and learn as they go.

If that sounds like something that requires a lot of time and resources your team doesn't have, don't worry. Your PSP should actually be the one to deliver these capabilities, helping you detect fraud and avoid unintentional biases regarding location, payment method, or transaction value.

2. Maintain full control and visibility over your risk management system

Combining your platforms' risk knowledge with a machine's means your system can learn and adapt to fraud situations as it goes and makes managing risk scalable. Known as supervised machine learning, this approach uses labeled data, payment authorization details, and other data points to make a decision.

It's important to note, though, that machine learning is only as good as its base data:

- Common challenges include a lack of visibility into how machine learning makes decisions.
- It can also mean an increase in operational work setting up risk rules.

That's why it's important to ensure your [PSP continuously trains](#) the machine with things like access to comprehensive shopper and transaction data, a long history of risk management, and international coverage.

3. Adjust and optimize your risk set up to match your platform's needs

Your platform is unique and so is the best way to manage payment transaction risk for your business. Since there's no "one size fits all" approach, it's important to test and adjust your system as it discovers how best to block attacks.

False positives are the result of being too strict and can have consequences like:

- Lower authorization rates for your platform and missing out on genuine customers.
- Increased likelihood of customers not coming back after being turned away.

As you respond to your platform's unique risk situations, it's critical to optimize your setup as you go. One way you can make the most out of these learnings is by setting up A/B tests, which will help you learn and adapt what works best to achieve the highest authorization rates.

Block fraud, prevent disputes, and stay ahead of the latest trends using advanced technology featuring customizable risk rules with Adyen.

[Explore RevenueProtect >](#)

Adyen for Platforms – Part 4 of 4

Getting funds to users with fast, reliable payouts

In this section, you'll learn

- How to choose the right payout schedule
- Tips for offering the best payout methods
- How to be ready for cross-border payouts
- Best practices for blocking payouts to malicious users

Pay users on time and they'll stay loyal longer

If there's one moment in the money flow that platform businesses can't get wrong, it's payouts. You can have the most amazing onboarding process, offer great support, but if you're messing with users' cash flow, they'll drop your platform faster than you can say "payment sent."

60%

of small businesses say cash flow has been a problem.

#2

reason for cash flow issues is not getting paid according to payments terms.

23%

of all payments are late to small businesses. [Source](#)

Like everything else related to platforms, you have options when it comes to payouts. The first step is to acknowledge that deals being done and goods or services trading hands is only half the equation. Getting funds to users is just as important as facilitating commerce.

The trick is to design a payout system that meets your users' needs while also managing risk and supporting your growth. Only then can you turn payouts into a serious competitive advantage, building trust with users and making your platform indispensable to their business.

In part four, we share how to join the dots to build an optimized payouts system – from key considerations for delivering reliable, timely payouts to user experience must-haves.

Choosing the right payout schedule

Getting paid should feel seamless from a user's perspective and easy to manage from yours. Of course, there are plenty of details to figure out before getting to that point, like establishing how frequently to pay out your users (known as a payout schedule).

To determine which schedule is best for your platform, we recommend looking at two things: Your relationship with your users and their business model. Once defined, you can then decide whether a scheduled, on-demand, or express schedule most closely aligns with your needs.

Why is it critical to choose the right payout schedule? Because it can either act as a competitive advantage, enabling your platform to provide a higher level of service, or as a point of friction with users, impacting one of the most important factors of their business (e.g. cash flow)



Payout schedules cheatsheet

Type	Details	Benefits	Example use case
Scheduled	Lets you automatically pay out all available funds in an account holder's balance on a daily, weekly, or monthly schedule.	<ul style="list-style-type: none"> Reduces complexity. Automated system ensures consistent payouts.	For users operating in-store, scheduled payouts are often a good match as sales are usually consistent and low risk (since services or goods are provided immediately).
On-demand	Lets you manually decide how much and when to pay out to a user via API.	<ul style="list-style-type: none"> More control over payouts. Flexibility to determine payouts case by case. 	For users who present a higher risk, on-demand payouts work best because you can initiate payout when goods have been delivered or sent to a customer. Or, you might decide to not pay out the full balance to them, depending on their risk profile or newness to your platform.
Express	Lets you get funds to users faster by paying out while funds are pending settlement.	<ul style="list-style-type: none"> Better service for users who require fast cash flow. Differentiate your service against competitors. 	<p>For cash-flow dependent users like shift workers, express payouts are best because you can payout immediately after their shift is done, especially any tips.</p> <p>VIPs or top performing users also work well for an express schedule, since you want to provide the fastest form of payouts to build their loyalty.</p>

Offering the best payout methods

What's nice about payouts is getting money to your users is much simpler than providing them with the [payment methods](#) they need at checkout. You have two options, transferring funds to a user's bank account or to a card, and your users select which one they prefer at onboarding.

The downside is, you don't have much control over the payout methods themselves, since they're handled by banks and issuers. However, there are moments where you can influence the customer experience for the better – like helping money arrive more quickly. All you need is a little help from your payment [service provider \(PSP\)](#), such as the Adyen accelerations below.

Payout methods at a glance

Bank account

- Most common and cost-effective payout method.
- Offers a normal processing time between 1-2 days.

Debit card

- Fastest payout method.
- Offers a processing time of <30 mins (depending on issuer).
- No dependency on bank cut offs (e.g. paying out on a Saturday).

Adyen acceleration

Same day payouts

- Deliver funds to a user's bank account on the same day by leveraging payout rails (e.g. same day ACH in the US and FPS in the UK).

Adyen acceleration

Instant payouts

- Deliver funds in less than five minutes with Visa's "Visa Direct" and Mastercard's "Moneysend" products.

Although both payout methods are reliable and secure, they can create inconsistencies in the payout experience. For example, transferring funds to a user's existing bank account can take longer than promised, due to reliance on third parties with different cutoffs and settlement times.

Enter card issuing for end-to-end payouts control

As more and more platforms accelerate their payout methods with optimizations like the ones above, forward-thinking or innovative ones are going a step further to own the entire payout experience. And many are realizing one of the best options is to launch their [own card program](#).

Why? Imagine for a moment that your platform is a popular marketplace for rare book lovers. Thousands of users and customers connect on your site every day to browse, sell, and buy. Since you have your own card program, every new user gets a branded card at sign up. As soon as they make a sale, funds are sent immediately to their platform-issued card. No waiting, no worrying, just available money that they can spend to grow their business or pay their bills.

4 ways having a card program makes your platform's payouts better:

- ✔ Better control over the end-to-end payouts process.
- ✔ Helps reduce your reliance on third parties.
- ✔ Expands your service offering to build brand loyalty.
- ✔ Gives you the ability to unlock new revenue streams.

Issue your own physical or virtual branded card to optimize cash flow and build better user experiences with Adyen for Platforms.

[Explore Adyen Card Issuing>](#)

Being ready for cross-border payouts

If there's one thing global marketplaces like Etsy and Amazon have taught consumers to expect, it's seamless cross-border commerce. But users have expectations, too, especially when it's time to get their funds paid out to their bank account or card.

Global cross-border ecommerce grew 21% in 2020 [Source](#)

If your platform operates in multiple countries or you plan to do so in the future, it's important to create a payouts setup that lets you pay users in their local currency. Users don't want to have to deal with foreign exchanges (FX) and expect you, as the platform, to provide this service

The challenge with cross-border payouts is that they can be time intensive, complex, and expensive to set up. As you scale to new regions and markets, each one will require new local entities and licenses – which can seriously slow down your growth plans if you try to tackle them yourself.

This is another instance where having a knowledgeable payments partner can help. Be sure to choose one who leverages their global entities and licenses to help you quickly expand to new regions, while maintaining a localized and optimized experience for both users and customers.



Navigating cross-border payouts

Imagine you're that rare book marketplace again. One of your users in the US just made a sale to a customer in Poland.

Here's what that would look like with Adyen for Platforms.



- 01 You acquire funds from the Polish customer in PLN via Adyen's European acquiring connection.
- 02 Once funds are settled, Adyen initiates the foreign exchange (FX) from PLN to USD, as well as the cash management, moving funds from Europe to the US on your behalf.
- 03 Your marketplace pays out the American user in USD via the domestic banking connection (ACH).
- 04 Since the entire process is optimized for speed, simplicity, cost, and localization, both user and customer walk away satisfied with their experiences.

Set up cross-border payouts with the flip of a switch. Adyen's extensive global coverage helps you pay users in the currency they want.

[Learn about global acquiring >](#)

Blocking payouts to malicious users

Whenever there's money going in or out of a business, you have to think about risk. All brands that process transactions must address fraud at checkout. But because platforms are multi-party businesses, they must also manage two additional layers of risk when onboarding new users and paying out to users.

The last thing you want is for your platform to inadvertently fund illegal activities by accidentally sending money to malicious users. The good news is your payouts can double as a useful tool for defending against these fraudsters – if you have a strong risk management system in place.

By strong, we mean having the ability to spot and block fraudsters before payout, as well as adapting to their new strategies and behaviors as they evolve. These platform risk needs cannot be met by traditional risk prevention tactics, but they can be addressed by smarter payout risk tooling.

Traditional payout risk tooling

- Reliant on platform's data and tools
- High dependency on human intervention
- Very expensive to build and maintain
- Creates operational pain points

Smarter payout risk tooling

- Uses proprietary machine learning algorithms
- Global and industry-wide view
- Plug and play (no technical integrations required)
- Automation and alerts drastically reduce manual reviews

Defend against malicious users through a combination of machine learning and network analysis that assigns each user a risk score with our risk tool, Score.

[Read about Score >](#)

About Adyen for Platforms

As the payments partner of choice for many of the world's leading brands, Adyen helps businesses such as eBay, Wix, GoFundMe, and Lightspeed build exceptional payments experiences at scale. To learn more about how our advanced APIs can help your business offer a best-in-class payment solution, check out [Adyen for Platforms](#) or [reach out to our team](#).

