

Your guide to public sector payments

How they'll improve customer experience, increase agility and reduce back-office costs.



Payments: From cost-centre to revenue optimiser

First and foremost, payments just need to work. But they have the potential to do so much more. When done right, they can improve the efficiency of your organisation by:

- Making paying easy with optimised checkouts
- Ensuring the highest card authorisation rates
- Giving you a single view of payments across all departments
- Simplifying reconciliation
- Providing predictable cash-flows
- Identifying and blocking fraudsters

This guide will walk you step-by-step through how payments can deliver more revenue and increase efficiencies for public sector organisations.

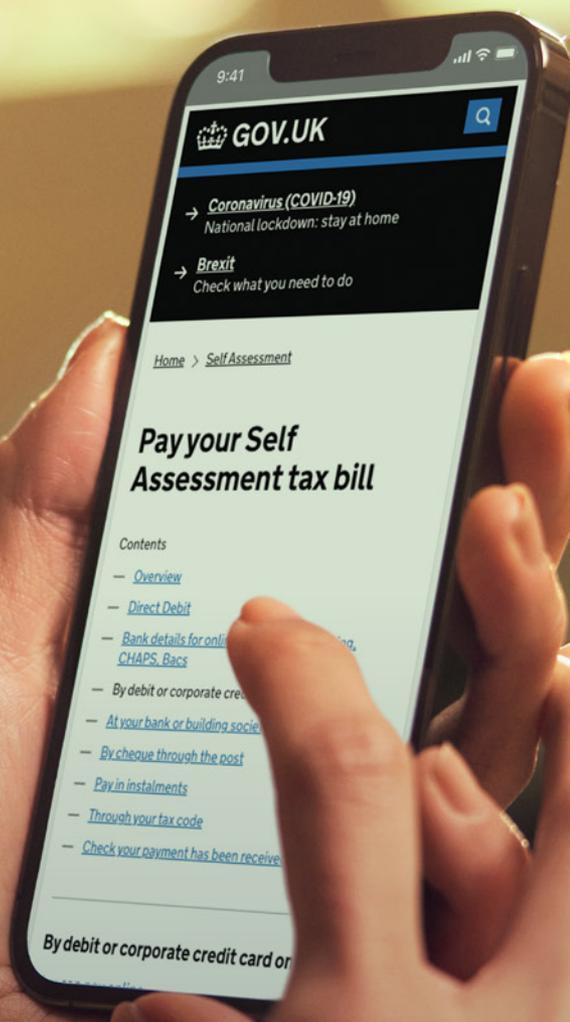
Any questions?

Adyen's public sector lead, David Chapman, has over 20 year's experience working with public sector organisations and has spent the past 10 years advising governments.

You can reach him at david.chapman@adyen.com or on 07504 474705.

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Chapter 1

How payments work

Before we dive in, it's important to understand what actually happens from the moment your customer hits "pay". Here's a breakdown of the payment process.



Each step along the way provides opportunities for optimisation. The following chapters will explain how.

A woman with voluminous, dark curly hair is looking down at a laptop. She is wearing a light-colored, long-sleeved top. The background is a blurred indoor setting, likely a cafe or office, with warm lighting. The laptop lid has several stickers, including a colorful four-petaled flower and a circular logo with the letters 'PLAB'.

Chapter 2

Optimise your checkout

The checkout page is a critical part of any service delivery. Creating an easy, frictionless process provides a better customer experience and frees up your support teams to focus on other things.

In this chapter, you'll learn:

- Best practices for mobile payments
- How to support secure one-click payments
- How to keep your online checkout clean and simple

45% of customers in the UK have abandoned a purchase because of a payment issue. An issue could be anything from a poorly designed payment form, insufficient payment options, too many steps in the process, or redirecting to a third-party site that the customer doesn't recognise. This can result in delayed payments and increased pressure on your support teams. Here's how you can minimise abandoned payments:

Be mobile-friendly

Today, everyone is increasingly tied to their mobile devices. In the UK, for example, mobile wallets now account for nearly 30% of all retail transactions. As a minimum, have your checkout optimised for all screen sizes by creating dedicated interfaces for each device. The best option is a responsive design that automatically detects the screen size of the device and adjusts the payment interface accordingly. It's also important to support mobile wallets (see Chapter 3).

Make your checkout dynamic

Everyone loves choice. But too much can be daunting. Some payment methods work better for some transactions than others, depending on costs. It's best practice to dynamically offer up a relevant choice of payment methods based on the customer's location, transaction type, and transaction amount, and even the apps installed on their phone. For example, a German student might welcome the option to pay with Girocard, while an Apple Pay user might choose to bypass the checkout and go straight to their Apple Wallet. Or you may want to offer Open Banking (see Chapter 3).

Support one-click payments

Entering payment details is time-consuming and fiddly, especially on mobile. The answer is one-click payments, where the customer enters their payment details once only. The information is then securely stored for subsequent purchases, which they can complete with a single click (or tap of their finger).

Keep customer card data safe with tokenisation

The challenge with one-click payments is how to store customer card data securely. Fortunately, this is made easy with tokenisation technology. Payment details are captured by your payments provider and replaced with an encrypted token, which you can then use to charge subsequent payments. This lets your customers pay easily while your payments provider shoulders the responsibility of keeping their data safe.

Be aware of security concerns

In some cases, one-click payments might undermine the perceived security of the transaction. Be sure to display security icons and explain your data protection policy clearly.

Keep the customer on your site

Redirecting your customer to another page with a different URL adds an unnecessary layer of friction to the process, especially on mobile, where slower load times or (worse) time-outs are more likely.

The best approach is to cut the redirect and host the entire payment within your own domain. You can accept cards and local payment methods by embedding secure hosted fields into your page. Your payments provider can then handle the bulk of Payment Card Industry (PCI) compliance for you.

Hosting the payment on your site also means you have control over branding and layout. And since you have all the data, you can use conversion analytics and A/B testing to identify areas for improvement.

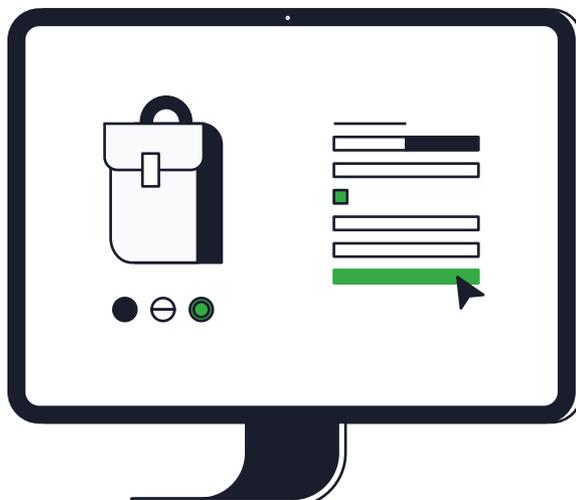
Accept payments during support calls

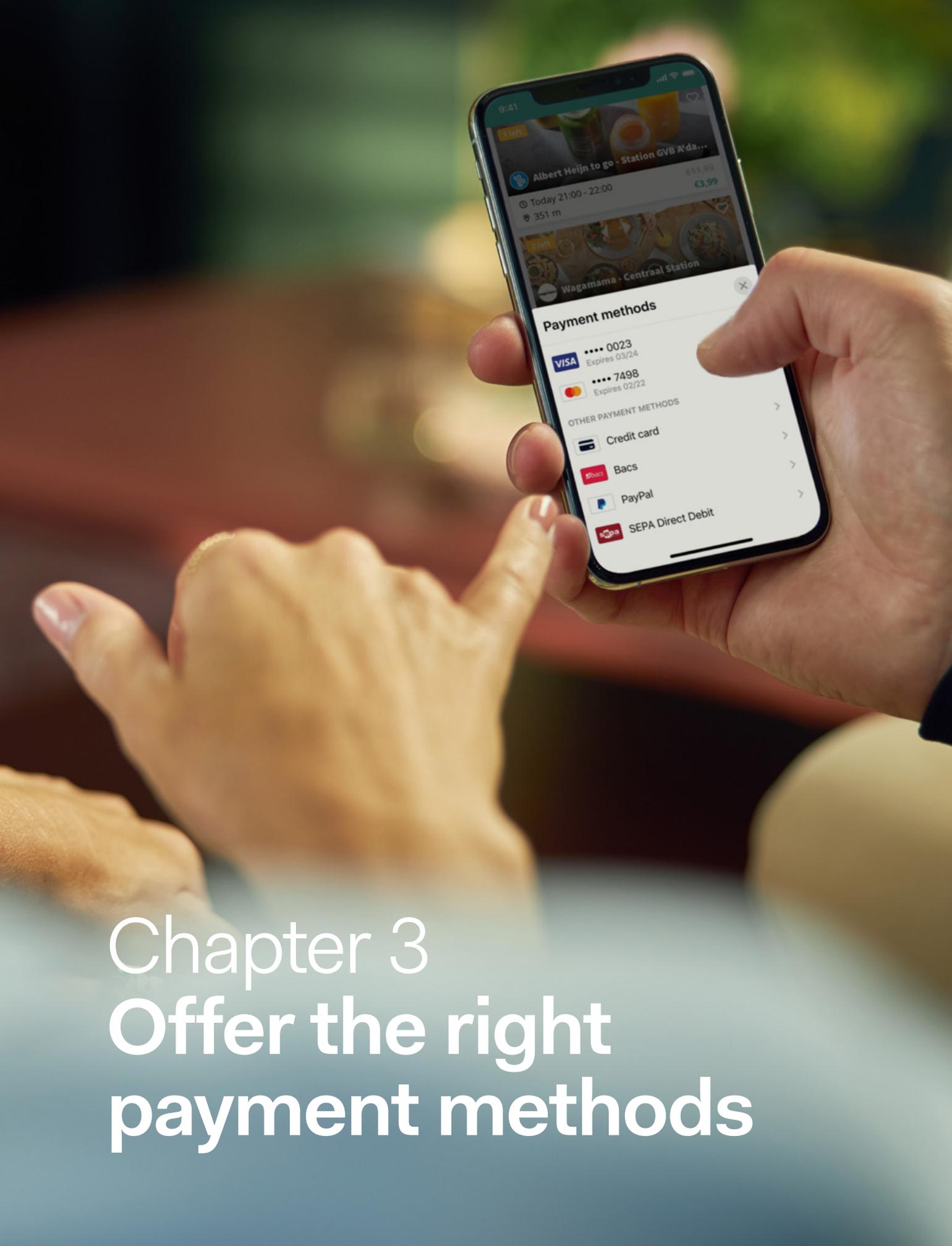
In some cases, you may want to accept payments during a support call, or via a webchat window or email. In this case, your support teams can generate a secure payment link that can be sent via email or pasted into a chat window pre-filled with the set amount. The customer simply completes the payment as if it were an ecommerce transaction, removing the need for them to read card details over the phone, which leaves your organisation open to fraud attacks.

Optimise your online checkout with Adyen

Adyen Checkout is the fast, secure, developer-friendly way to accept payments anywhere, on any device. You can choose how to integrate, from a pre-built solution to building your own UI for full control over your checkout experience. You can easily switch between integration options as your needs evolve.

[Discover the Adyen Checkout ›](#)





Chapter 3

Offer the right payment methods

In this chapter, we'll look at how the right payment methods will help streamline the checkout and improve your customer experience.

You'll learn:

- The latest payment method trends
- How to integrate new methods

The days of fishing your card out of your wallet and manually inputting your details into an online checkout are numbered. Today, there's a growing list of payment options that let you pay with a single click. The more these methods dominate the checkout pages of commercial sites, the more your customers will expect you to follow suit.

On top of that, if your customers are originally from overseas, such as international students, there's a whole wealth of additional payment methods they may prefer, such as China's Alipay and WeChat Pay.

Here's a breakdown of the payment methods you should be considering if you want to deliver a checkout experience that lives up to today's expectations:

Mobile wallets

The ubiquity of the smartphone means that more and more people are loading their cards into digital wallets like Apple Pay and Google Pay™ to make paying a one-tap action. In most cases, these still count as card payments, but they often come with the added benefit of higher authorisation rates. This is thanks to the added security built into the process. In a world of biometrics, these players are ideally placed to meet the ever-tightening requirements of Payments Card Industry (PCI) compliance and Payments Services Directive (PSD2). We'll explore regulations such as PSD2 and Strong Customer Authentication (SCA) in Chapter 7.

[Learn more about PSD2 ›](#)

International payment methods

International students account for 20% of UK university places. Of this number, students from China, Hong Kong, India, the US, and Malaysia make up the highest proportion. An important part of making these international students feel at home is to let them pay using their preferred methods.

Alipay, China Union Pay, and WeChat Pay are the golden triangle of Chinese payment methods and supporting these should be considered as a central part of your welcome package for Chinese students.

But that's just the tip of the iceberg. London was recently ranked as the 5th largest French city where Cartes Bancaires dominates the payment scene. And, whilst these are often co-branded with Visa and Mastercard, there's still a significant number of cards that aren't. So supporting Cartes Bancaires can simplify the process for everyone.

Direct Debit

For recurring payments, like tax payments, parking permits, or tuition fees, Direct Debit remains an important payment method in the UK. Today, modern payments technology makes it simple to manage Direct Debit from the same integration as your cards.

Open banking

Open banking is attracting significant interest in the public sector due, in part, to its reduced fees for higher transaction values. By using a dynamic checkout (Chapter 2), you'll be able to control when payment methods such as open banking appear and when they don't.

Contactless payments

If you accept payments at the point of sale, it's increasingly important to support contactless payment methods. This trend was accelerated by the coronavirus pandemic, but its adoption is here to stay. Near Field Communication (NFC) has been around in the UK for a long time and, as contactless limits increase, customers will expect tap-to-pay as standard.

Learn more about point of sale payments in Chapter 8.

So how do you support the latest payment methods?

You have two options:

- Go to the payment method directly and integrate each one separately
- Integrate via your payments provider

Integrating each payment method separately can be costly and time-consuming. Not only does it take a lot of development work to integrate each method, but you'll have to maintain the integration as regulations change and updates occur. You'll also have to manage separate contracts and reporting for each method.

It's much easier if your payments provider can handle all this for you. But it's important to ensure they provide a good, well-maintained integration with an optimised payment flow that works on mobile. It's also worth checking if they'll take care of reconciliation.



Another important factor is pricing.

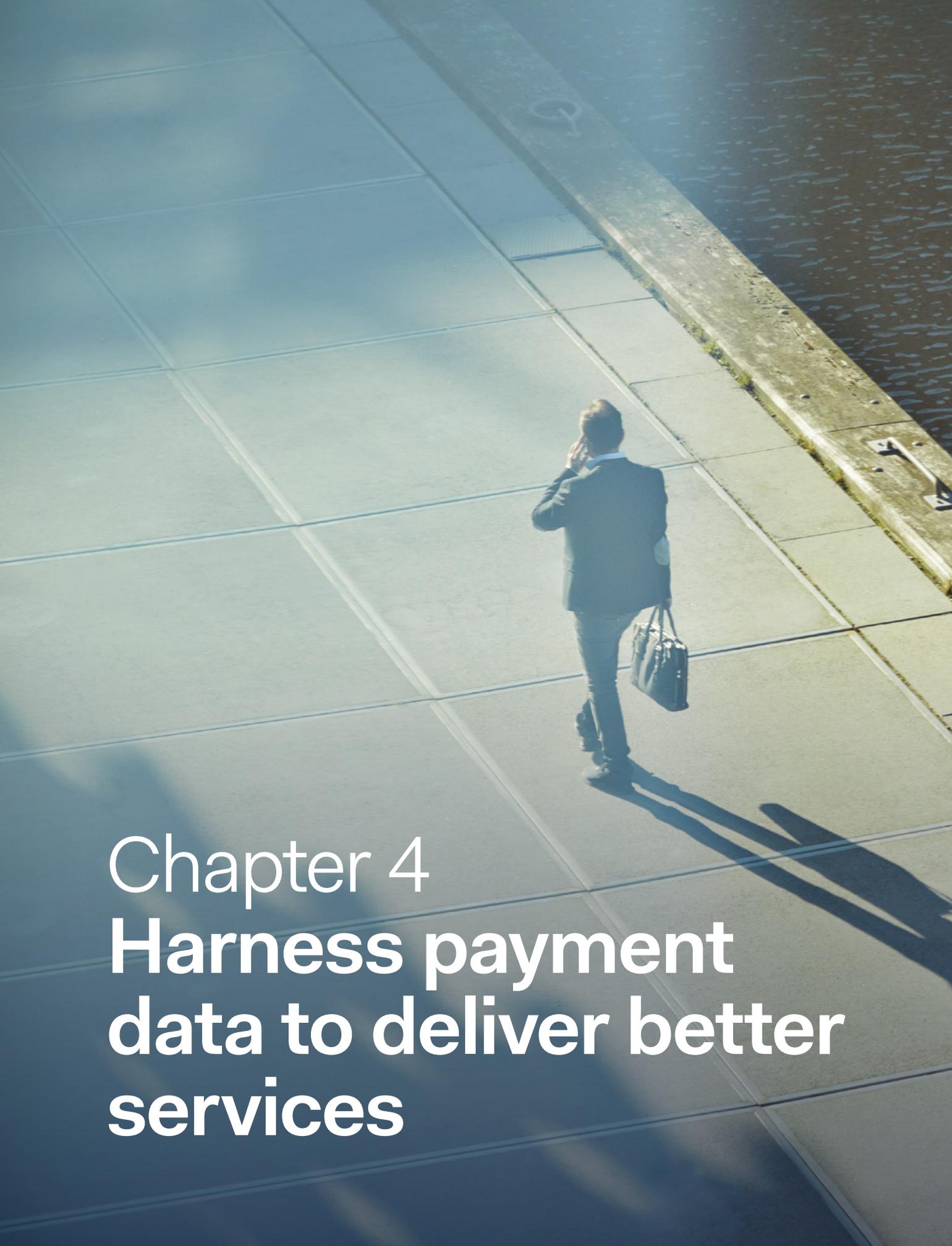
You may suppose that you'll get a better price by going to each payment method directly. But payments providers that process for many large businesses have strong leverage to negotiate lower fees. So, while they will charge you a mark-up, you should offset this with the lower fee they'll negotiate, and the time you'll save in terms of development hours and reconciliation.

Support all payment methods with Adyen

One contract and one integration with Adyen gives you access to all key payment methods, optimised for mobile and ready to go out-of-the-box. And adding new methods is as simple as flipping a switch.

You can even serve up a targeted list of payment methods based on your customer's device, nationality, or the apps installed on their phone. So each customer only sees the payment methods relevant to them.

[Explore payment methods ›](#)



Chapter 4
**Harness payment
data to deliver better
services**

In this chapter, we'll look at how payment data can be harnessed to improve your processes and deliver better services.

You'll learn:

- What customer insights you'll have at your fingertips
- What 'unified commerce' is and why it's important
- How payment data can help you provide a more personalised experience

You can learn a lot about your customers from your payment data:

- Where they are
- How much they're spending
- Which services they're using and how often
- What device they're using
- How they like to pay

If your payment data from all devices and channels feeds into the same platform, you'll have a single snapshot of your customers in one place. This is gold dust. You'll be able to paint a detailed picture of your customers' needs, wants, and preferences which in turn helps to build trust.

Unified commerce

It used to be multichannel, then it became omnichannel, and now it's unified commerce. In simple terms, it means everything is connected: Your customer can pay via multiple devices and channels. And, instead of managing each in separate systems, you consolidate everything into one. Unified commerce is a growing trend in the commercial sector and customers increasingly expect a connected experience wherever they are.

Unified commerce also gives you some interesting insights since you can view all your payment data in one place.



Personalised checkouts

Insights from your payments data will let you create a tailored experience for all your customers. In fact, you can be so targeted that no two customer journeys need look the same. For example, you can tailor your online checkout to display only the payment methods relevant to that person, like Apple Pay for an iPhone or WeChat Pay for a Chinese student.

Get powerful customer insights with Adyen

Adyen gives you a single view of customers across devices and channels, helping you to build a deep understanding of your customers. Our comprehensive reporting is available in one place. So you have all the information you need to deliver a great experience to all your customers.

[Discover Adyen's insights ›](#)



Chapter 5 Get higher card authorisation rates

In this chapter, we'll look at how card processing works, the multiple parties involved, and how to make sure customers' payments go through smoothly.

You'll learn:

- How card processing works
- How to reduce your costs
- How to increase your authorisation rates

Credit and debit card transactions probably account for the majority of your payments. So it's important the maximum number is authorised without a hitch.

How does card processing work?



Payment processor passes transaction details to the acquirer.



Acquirer sends a request to the customer's bank (the issuer).



Issuer reviews the transaction and comes back with a response: Approved or declined.

**What's an acquirer?**

An acquirer is a bank or financial institution that acquires funds from a customer. It's responsible for sending the authorisation request to the issuer and passing the response back to the seller.

To get the best from your card processing, it's important to understand the factors that impact the end result. These are processing costs and authorisation rates.

Card processing costs

Credit cards come with fees:

- **Processing fee:** Charged by your payment provider for processing the transaction.
- **Card scheme fee:** Charged by the card schemes for using their network.
- **Interchange fee:** Charged by the issuing bank

These fees vary depending on the type of transaction, your location, and business model, to name but a few. It's confusing, but it can have a significant impact on your bottom line. The good news is there are things you can do to bring your interchange costs down.



Interchange fees explained

Interchange is usually the biggest expense when it comes to card processing. It's also the biggest headache since the structure and fees change all the time. If your payment provider bills you using the 'interchange++' pricing model, you'll be able to see your interchange fees and monitor the mark-up applied by your payments provider.

[Learn more about Interchange fees >](#)

Card authorisation rates

25% of declined transactions lack valid reasons. Of course, there are good reasons to decline a transaction like insufficient funds or suspected fraud. But often the card is declined because there was a temporary outage somewhere in the network or the issuing bank's interpretation of the payment request was different to the acquirer's.

So what can you do about it?

The key lies in understanding why the card was declined in the first place. If you have this information, you'll know if the decline is valid and, if not, be able to take action.

This is where your acquirer comes in.

The acquirer is usually another third party provider in the payment process. But, in Adyen's case, acquiring is built into our platform, and we pass the information from the issuing bank directly to our customers. So you can see which card payments were unsuccessful and why.

Here's an example:

An Italian issuer was declining recurring transactions outright because no CVV was submitted. Once we knew this, we submitted the payment with the CVV field included (even though it was left blank). After that, the issuer started to approve transactions.

“Our overall authorisation improved by 20% since we started working with Adyen.”



Get the best from your card processing with Adyen

You don't have to be a payment whiz to turn declined card payments into approvals. And you don't have to spend time worrying about fluctuating interchange fees. We'll do it for you.

Our smart data tools will detect downtime and spot irregularities in banking systems. We then use this information to adjust payment requests in real-time, maximising the chance of approval. We'll keep you informed about any changes to interchange rates that will affect you, and our team monitors rates and regulations to ensure you get the best deal.

[Discover Adyen's optimisation tools ›](#)

A man with dark hair and a light beard, wearing a light blue button-down shirt and tan trousers, is sitting on a brown armchair. He is holding a black smartphone in his right hand and looking at the screen with a slight smile. The background is a warm, dimly lit interior with a window and some plants.

Chapter 6
**Manage your
recurring card
payments**

If you process recurring payments for your services, you don't want these to be unnecessarily disrupted, and neither does your customer. In this chapter, we'll look at the techniques you can apply to your recurring payments to ensure your cash-flow and your services are uninterrupted.

You'll learn:

- How to keep cards-on-file up-to-date
- Best practices for retrying failed transactions
- How to fine-tune your billing strategy

Keep your cards up-to-date

Each month, more than 6% of your cards-on-file will expire or be lost or stolen. This can trigger a decline in the next payment, often without you or your customer realising it.

A few years ago, card networks launched account update services to combat these disruptions. Initially, they were done in batches and would take days to receive. But today, things are much faster. Card networks now offer a real-time service, refreshing a customer's details at the time of the transaction.



Network tokenisation

Some card networks have even embraced the next generation of account updating technology: Network tokenisation. These tokens are a new type of secure card token designed specifically for ecommerce. They are trusted more by issuers, have real-time account updater built in, and aren't considered PCI-sensitive data. They're designed to be used in conjunction with other account updater services, and global issuer support is growing dramatically.

Automatic retries

Payments often fail because of an outage or downtime in the patchwork of legacy systems that make up the traditional payment flow. To limit the impact, it's worth retrying payments that fail because of technical reasons.

Here's an example:

HelloFresh was experiencing a high rate of refusal due to technical issues. Adyen identified when and why the transaction had failed, and retried it immediately again via a different acquiring route.

Note: If a transaction fails for non-technical reasons, such as insufficient funds, it may be better to wait and retry after pay-day.

Fine-tune your billing strategy

There's not much you can do if your customer has insufficient funds. But you might be able to increase the odds of a successful payment if you bill them at the right time of the month. In the UK, pay-day is usually at the end of the month so it makes sense to bill at the end of the month or the start of the next.

Process recurring payments with Adyen

Adyen has partnered with the card networks to be the first payment service provider offering network token technology. Network Token Optimisation, a feature of Adyen's optimisation suite RevenueAccelerate, relies on machine learning to ensure that network tokens are only used when they improve authorisation performance. The feature requires no integration effort and, with greater issuer trust and real-time updates, boosts authorisation rates by 2-6%.

Adyen also comes with an Account Updater built in to make sure cards are always updated. By using the card networks' database, Account Updater works in real-time or in batches, depending on your needs. This powerful tool has been shown to recover more than 10% of invalid card declines.

[Learn more about subscription and recurring payments >](#)

A man and a woman are sitting at a desk in an office, looking at a computer monitor. The man is on the left, wearing a blue blazer over a light blue shirt, and the woman is on the right, wearing a light blue shirt. The office has large windows in the background, and there are potted plants on the desk. The text "Chapter 7 Keep your organisation secure and compliant" is overlaid on the image in white font.

Chapter 7
Keep your
organisation secure
and compliant

In this chapter, we'll explore how to maintain the balance between blocking fraudsters and letting legitimate customers pay unhindered and how to stay up-to-date with the latest regulations.

You'll learn:

- How to prevent fraud using payment data
- How to keep pace with PSD2 and Secure Customer Authentication (SCA)

Fighting fraud

It's believed that fraud costs public services an estimated £21 billion every year. Which, on the flip side, represents a significant cost-saving opportunity if you're able to get a handle on it.

Risk management is both a science and an art and it's important to find the right balance between security and a frictionless experience. The temptation is to ramp up your risk settings to keep fraudsters out. But this comes at a cost since you're likely to block legitimate customers as well (known as a false positive). Research company Edgar Dunn & Company found that 24% of businesses reported that more than 10% of the transactions they rejected as fraudulent were legitimate customers.

So how do you get the balance right?

The best practice is to use data from multiple sources. The more data collected, analysed, and linked, the more likely you are to spot fraudsters.

Here's an example:

It's common for fraudsters to use stolen credentials across multiple businesses. They can test a credit card at a music streaming site in the US and then use it to purchase an airline ticket from Germany to Japan. The trick is to work with a risk management solution that spans multiple markets and industries. In that way, a single fraudster can be tracked across multiple accounts on one platform.

“To minimise false positives, you should remember the user’s last payment method. Also, inform users that 3D Secure is for their protection. Some users actually prefer 3D Secure for security purposes.”



Delivery Hero

New Strong Customer Authentication (SCA) mandates

Until recently, it was all about 3D Secure which was that step in the payment flow when you're redirected to “Verified by Visa” or “Mastercard Secure Code”. 3D Secure was developed by the major global card networks as an additional security layer. It offers a liability-shift from your organisation to the card issuers, protecting you from fraudulent chargebacks. For years it's been known as the ‘conversion killer’ since it consisted of a clunky redirect putting an abrupt end to many mobile transactions.

Today, things have changed a bit.

With the latest Payment Services Directive (PSD2) and the resulting mandates around Strong Customer Authentication (SCA), online payments security has tightened. In the UK, for example, card issuers will be required to decline all non-SCA-compliant transactions from 14th September 2021. The good news is that authentication flows have improved significantly and can now be completed with a one-off pin or fingerprint ID.

[Explore how our authentication engine makes compliance easy ›](#)

Things move faster all the time. New regulations emerge and, with the rise of biometrics and the growing use of mobile devices, authentication methods are evolving quickly. It's critical that you have a payments partner that's able to keep you on top of these changes as they happen. It should be up to them to ensure you're compliant and offering the latest user experiences.

[Learn more about PSD2 and SCA in our step-by-step guide ›](#)

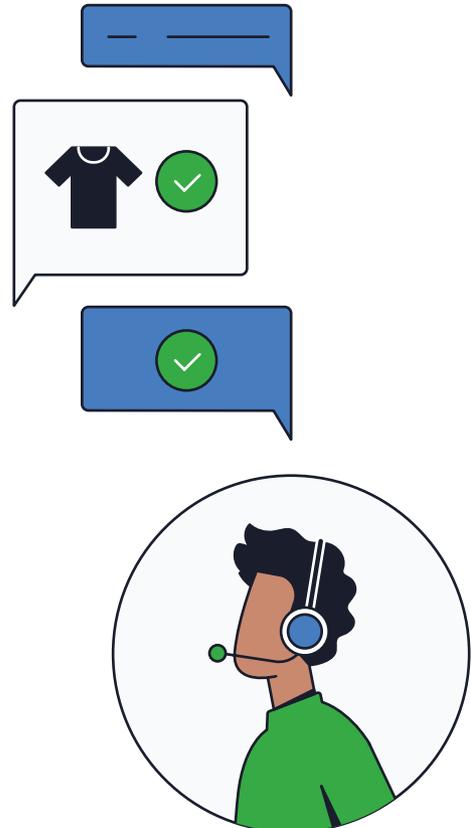
Stay secure and compliant with Adyen

Get smart fraud defense built directly into your payments solution with Adyen RevenueProtect.

RevenueProtect produces a global, real-time 'graph' that spans verticals and geographies, allowing us to see trends before any other provider. You can then easily build intelligent rules tailored to your organisation to identify fraudsters. And, to keep you up-to-date, our rule-based Risk Engine uses machine learning to learn and optimise risk checks in real-time.

We'll also make sure you're ready for any regulatory changes and always provide a checkout experience that's both secure and seamless.

[Discover Adyen RevenueProtect ›](#)





Chapter 8 Streamline point of sale payments

If you have a campus, or customer-facing offices, you're probably accepting payments at the point of sale. And it's much easier if these are managed by the same provider. You won't need extra contracts, and you'll be able to view and manage all payments in one place. So it won't matter to you if your customer or student pays online or in person. This chapter will walk you through the things you need to consider to ensure a great point of sale payment experience.

You'll learn:

- The importance of supporting mobile wallets
- How to make international students feel at home
- How payment data can help you deliver personalised services

Blurring lines with mobile wallets

E-wallet penetration in the UK is expected to grow by 18% year on year*. And the Adyen platform has certainly seen an increase in wallet adoption, especially at the point of sale.

E-wallets are easy to use and secure. Apple Pay and Google Pay™ have the added benefit of helping to blur the lines between online and point of sale transactions so a customer can move seamlessly between the two. Amazon Pay lets customers pay using information already stored in their Amazon account. In all cases, they remove the need for customers to go digging around in their wallets.

**The rise of the QR code payment**

Another growing trend is the use of QR codes, especially with social distancing measures still in place. QR codes can be used to facilitate contactless ordering in a bar or canteen as well as contactless payment in stores. The POS terminal generates a QR code which, when scanned, directs the shopper to an online payment page. From there, they can finish the payment as if it were a standard ecommerce transaction, complete with risk checks.

*Digital Payments Market - Growth, Trends, Forecasts (2020 - 2025)

Welcome international students with local cards

International students account for a high percentage of UK university places, and it's important to make them feel at home on campus. Nowadays, it's possible to support methods like Alipay, UnionPay, and WeChat Pay from your standard card terminal. So you shouldn't have to worry about buying additional hardware to cater to international students.

Streamline your point of sale payments with Adyen

Adyen makes unified commerce easy by connecting your online and point of sale payments in one platform. You'll not only streamline your business and cut costs, but you'll have a single view of your customer data. So you can optimise and future-proof your organisation.

[Discover Adyen's point of sale solution ›](#)



Chapter 9

Reduce back-office costs

Efficiencies and cost-savings are always top-of-mind in the public sector. In this chapter, we'll look at how payments can help streamline processes and free up teams to focus on other things.

You'll learn how payments will improve efficiency for:

- Support teams
- Finance departments
- Legal departments

Reduce strain on support teams

In the private sector, a failed payment is a lost sale. Whereas in the public sector, it usually means a query to your support teams or a follow-up to chase payment. That's why a frictionless payment flow that makes paying easy can help free up your support teams. The whole process runs smoothly, and there's no need for manual intervention along the way.

Create efficient finance processes

Life for your finance departments becomes a lot easier when settlement into your bank accounts follows the same process regardless of channel or payment method. You'll streamline your reconciliation, and be able to view everything in one report.

On top of that, you'll also benefit from economies of scale. Giving all your volume to one supplier gives you the leverage to negotiate better rates for processing, acquiring, and risk management.

Make life easier for Legal

Consolidating your payments with one partner also makes the process more straightforward for your legal teams since they'll only have one contract and one service level agreement to manage.

Streamline your compliance

Compliance is much easier if you can outsource the bulk of the workload to your payments provider. In many cases, your payments can be set-up so that payment data never touches your system. This keeps your PCI scope to a minimum and removes the need for QSA audits and an SAQ return.

Lean on your payments provider

There's plenty of things to worry about when running any organisation. So it often makes sense to outsource the workload to external experts. A strong payments provider should offer a dedicated account manager who works alongside you. They'll proactively find ways to optimise your processes and ensure your payments are contributing to your organisation's success.

Next steps

We hope you found this guide helpful and it leaves you with a greater understanding of how the right payments provider could become a strategic partner for your organisation.

We'd love to set up a call to discuss how we can help your organisation achieve its goals. To get started, call Adyen's public sector lead, David Chapman, on 07504 474705, or at david.chapman@adyen.com.

About David

David has over 20 year's experience working with public sector organisations from defense to local and central government. He's spent the past 10 years advising governments on strategies for reducing the amount of fraud they were facing. It was during this time David discovered Adyen. He was instantly impressed by the benefits this payments technology company could deliver to the public sector. He joined the team to focus on developing its offering to the public sector in 2020.

About Adyen

Adyen is the payments platform of choice for many of the world's leading companies, providing a modern end-to-end infrastructure connecting directly to Visa, Mastercard, and consumers' globally preferred payment methods. Adyen delivers frictionless payments across online, mobile, and in-store channels.