How to be a recurring revenue maximizer in 2025

The CFO and payments professional guide to recovering terminally failed payment transactions

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Will 2025 be your year of growth and maximum revenues?

As we embark on 2025, it's time to reflect on what you could have done better in your payments ecosystem to improve your 2025 results – especially when it comes to failed payment transactions.

Failed credit and debit card payments are a fact of life in the world of subscriptions. Payment transactions are declined for any number of reasons: expired cards, temporary lack of funds, a simple error when entering payment details, just to name a few.

A failed payment disrupts the connection and trust between your company and the consumer, giving them an opening to explore other options that are available in the market. Subscribers want frictionless digital experiences. They don't want to think about payments, especially failed ones that cause disconnection and headaches.

If they encounter payment hassles, they just might take their money and leave your service for good. So what can you do? It's time to become a revenue maximizer in 2025.

Ensuring maximum revenue flow in 2025

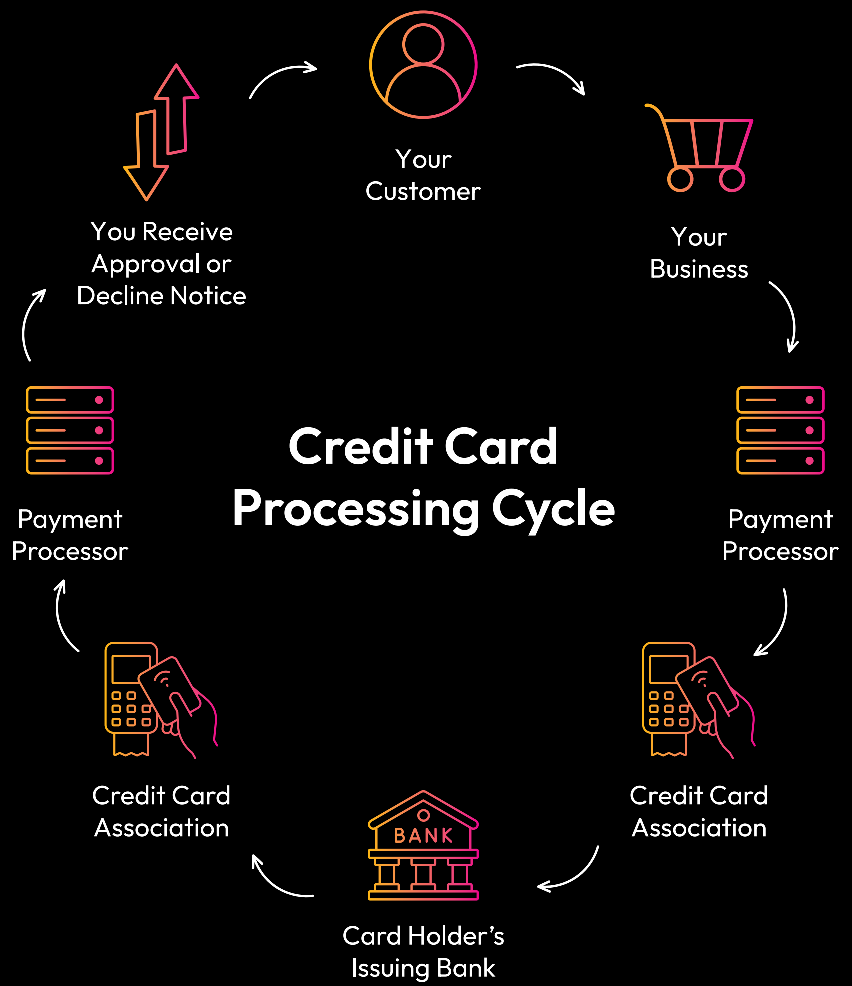
Inflation, high interest rates, and geopolitical uncertainty have taken their toll on consumer confidence. There's no getting around it, consumers today are tightening their monthly budgets and spending less – especially when it comes to their numerous subscriptions.

That's why it's so important not to lose revenue and subscribers due to declined payment transactions. Failed transactions are more than just a one-time obstacle. When a recurring payment is declined and you are unable to recover the payment, your business loses not only the failed transaction, but more importantly, you sacrifice the recurring revenue in the months to come. The missed opportunity costs can be enormous and may lower your company's market value.

As a CFO or payments professional, how can you respond to these challenges? In 2025, it's time to prevent failed transactions and recover the revenue your business demands. In the following pages, we will review the credit card approval process, examine the top reasons why transactions fail, provide tips and best practices to recover failed transactions, and help your recurring-payments business become a revenue maximizer in 2025.

When a recurring payment transaction fails, you lose not only the failed payment, but you risk sacrificing the recurring revenue in the months to come.

Mapping out the credit card approval process



Let's start by understanding how the credit card approval or decline process works:

1. Your customer places an order on your website or app. Depending on the exact setup, payment information (credit card number, card expiration date, etc.) will usually be entered directly on your site.
2. The payment gateway captures the payment data and sends it to the payment processor via a secure, encrypted transfer.
3. The payment processor finishes processing the transaction and transfers the collected card and payment information to the credit card association network.
4. The credit card association (Mastercard, Visa, etc.) submits the transaction to the customer's issuing bank to either approve or decline the transaction.
5. Once the transaction is confirmed or denied, the issuing bank relays that information through the credit card association back to the payment processor.
6. The payment processor delivers an approval or denial code to your business.
7. If the transaction is approved, funds from the issuing bank are transferred to the payment processor, which then transfers those funds to the acquiring bank.
8. The acquiring bank deposits those funds into your account.

Top 5 reasons why card transactions fail

Now let's examine why credit card transactions fail. Below are the top five causes, although these reasons are just the tip of the iceberg.

1. **Outdated credit card**
Occasionally, banks update credit card numbers, sending a new card in the mail. This may be a routine action by the bank, or through a request from the customer. However, customers may sometimes forget to update the card on all their subscription services – until they suddenly notice with frustration that a service has been cut off right when they need it the most. That means the recurring revenue you were depending on has suddenly disappeared.

2. **Insufficient funds**
When your service attempts to charge a credit or debit card and you are met with an insufficient funds message, it may prevent you from keeping the customer's subscription up and running. Insufficient funds can be due to a customer not having enough money in their account, having their direct deposit routed to another account, or switching banks. It's not necessarily a sign that they are no longer able to afford your subscription service.

3. **Improper credit card information**
This is often a problem when it comes to free trials. Customers may sign up for the trial but make a mistake entering a digit in their card number or entering their billing address. A mere zip code error can have lasting impact. This translates to them getting the free trial and using it, but your business is then unable to charge their card at the end of the trial.

4. **Card canceled or not activated**
Due to reasons such as theft, fraud, delinquency, missed payments, or inactivity, your customer's card may have been canceled. Another reason may be a non-activated card. When a new credit card is issued, it will bear a sticker telling the user to activate by calling or visiting a website. If they skip this step, the transaction may be declined.

5. **The purchase appears suspicious**
Card issuers are always on the lookout for fraudulent activity. Not only do they want to mitigate fraud as a customer service, but issuers are often the ones liable for fraudulent charges. Several types of activity can trigger fraud monitoring, including purchases made outside of the normal geographic area, numerous transactions in a short period of time, abnormally expensive purchases, or large purchases made soon after small ones, since thieves often use this tactic to test a stolen card.

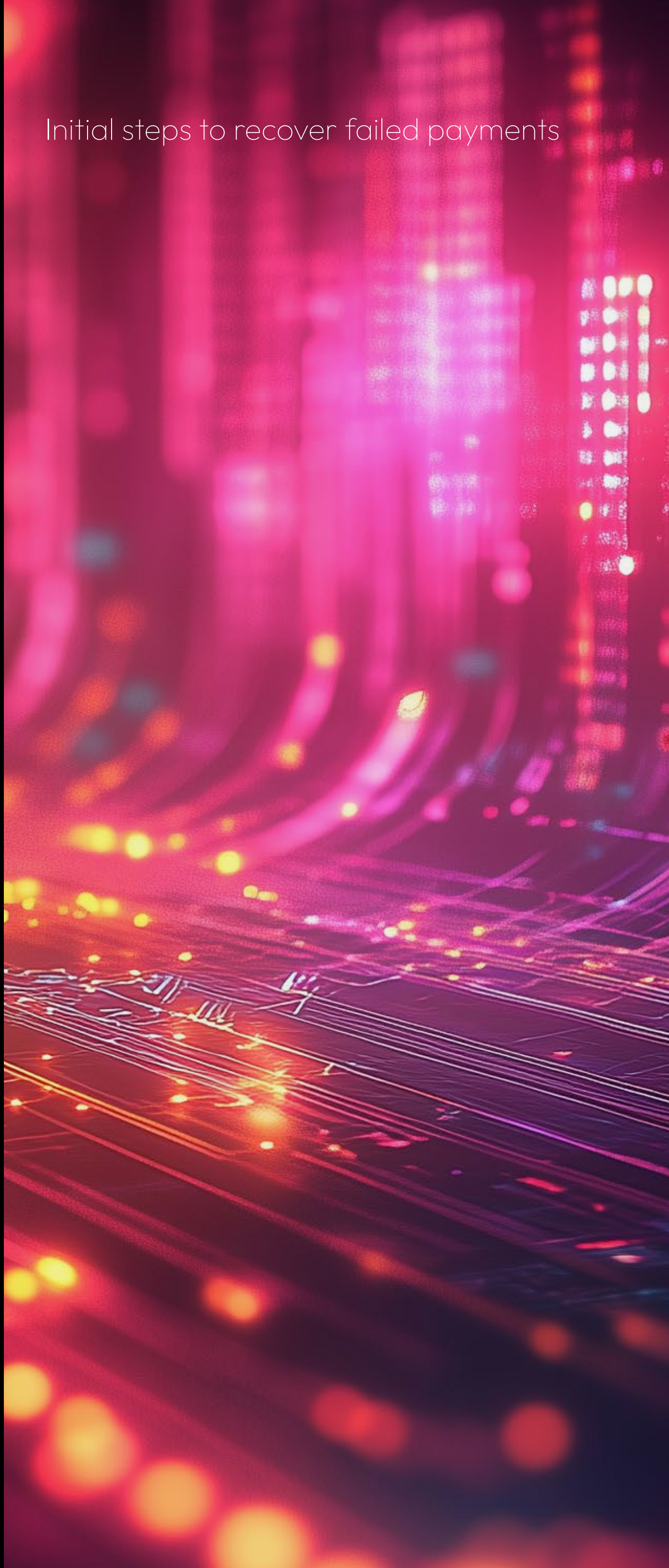
Initial steps to recover failed payments

If the payment transaction is declined, your business may take a few steps in-house in an attempt to resolve the issue:

Basic retry logic: When a transaction fails, you can simply resubmit the transaction some number of days later. Most billing platforms employ some sort of retry logic for failed transactions, but there's rarely much insight informing the logic. One platform might retry every day until the end of the month, even though card issuer guidelines call for limited retry attempts. Another platform might retry at weekly intervals. Typically, the retry strategy is "blind" to the cause of the failure, the timing, and the players involved in the transactions. The smarter approach is to optimize retry logic through data-based intelligence and expertise to get the best results.

Account updating: Account updater services provide information that can be applied to a transaction to increase its chance of success, such as data on expired cards. Many businesses don't know when and how often to query the services for updates. For example, updates can take more than a week to arrive. Your company may fail to take this into account and will end up canceling the customer's service too soon and losing long-term subscribers unnecessarily.

Building a "saves" team: Some companies set up a dedicated saves team to reach out to customers in the hope of manually resolving payment issues. However, this may only be cost-effective for high-ticket subscriptions, as costs can be prohibitive. What's more, informing your subscriber of a credit card issue is unpleasant, and not conducive to building a long-term customer relationship.



Best practices: How to improve your retry process

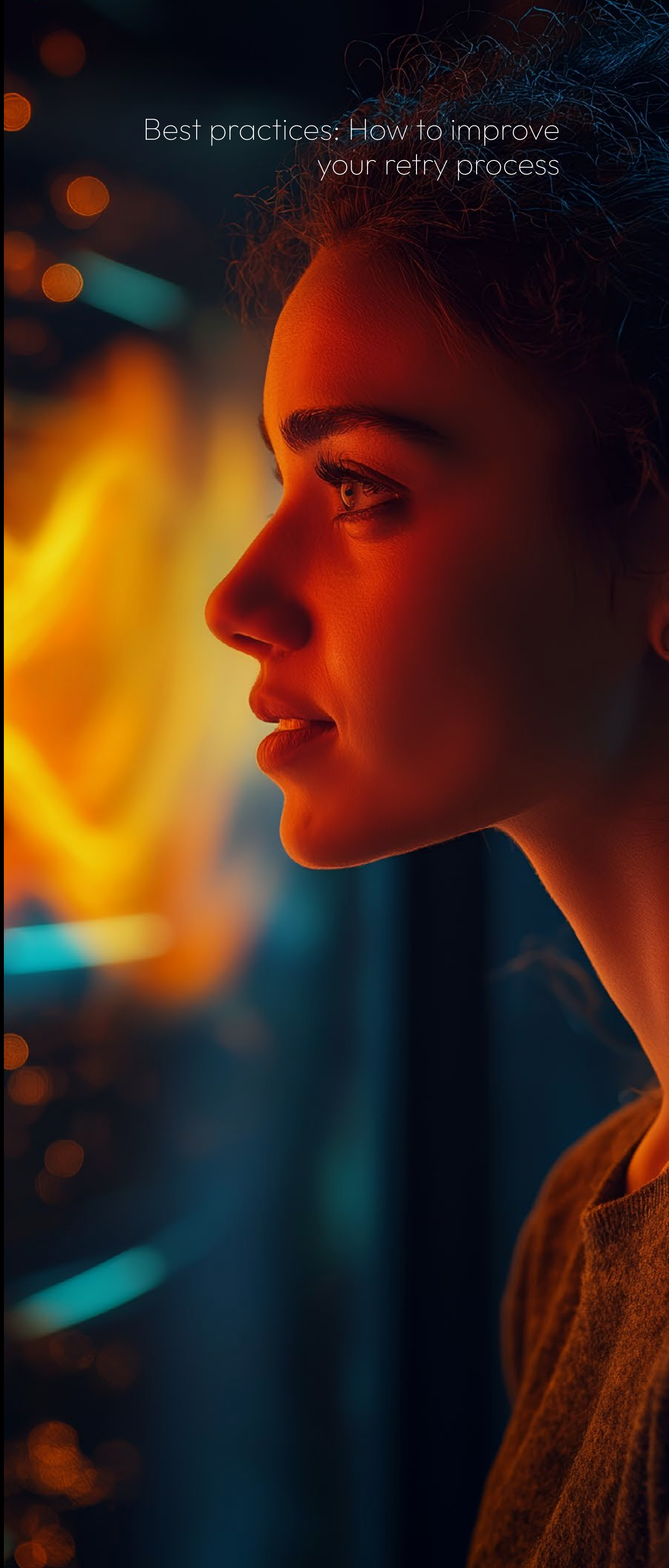
Knowing how to successfully recover a failed payment by resubmitting the transaction is a science and requires a learning process, experimentation, and expertise. Here are some best practices:

Study retry patterns: Instead of relying on robotic retry logic, study your retry successes and failures. What works and what doesn't work? Analyze the credit card issuer error response codes. Experiment. Look for patterns. Repeat the analysis every month to isolate uncharacteristic and exceptional results. This activity will help you get the most from the limited retries that credit card issuers prefer you do not exceed.

Experiment with retry patterns: Look for the best days of the week and the best date in the month to retry cards. Hint: it's not Thursdays in countries where payday is usually Friday or the 31st of the month when payday is usually the 1st. Instead, explore over time to find a pattern that delivers better results for your customer base. Remember, as every business is different, what works best for others may not necessarily work best for you.

Know when to try harder: Some businesses routinely retry cards more times than card issuers recommend, which may raise issues with payment processors. But it can be smart to retry more times for some cards, as long as you keep your eyes on the cost and the success rates. As you learn more about response codes, you may gain the insight needed to know when it makes sense to retry a transaction more than the recommended times.

Bring in the experts: Once you have exhausted all of your best efforts, you are left with a "terminally failed transaction." Now what do you do? We suggest that it's time to call in the experts. Read on to learn more.



The Amdocs Vindicia Retain solution to recover terminally failed transactions

As the #1 failed payment recovery solution, Amdocs Vindicia Retain works with your existing billing system to automatically resolve up to **50%** of terminally failed card transactions. It's the time-tested "last-mile tool" that supplements your existing workflow.

Amdocs Vindicia Retain leverages 20 years of proven AI MLpowered payment recovery and smart retry success. Simply submit your failed transactions using our API – or drag and drop to our hub – and watch the magic happen. View transaction details and 24/7 live payment recovery data on our intelligent dashboards.

Amdocs Vindicia Retain is the smart, easy, frictionless SaaS solution that increases revenues and customer lifetime value. Every day Amdocs Vindicia Retain works hard to instantly turn terminally failed transactions into optimized, ongoing revenue streams.

Amdocs Vindicia Retain Benefits

Revenue-focused: Resolves up to 50% of terminally failed card transactions.

Effortless: Go live in days with a SaaS solution that simply works with any billing system.

Data-driven: Provides clear, actionable insights via data intelligence dashboards.

Secure: PCI-DSS Level 1 Version 4 compliant solution conforms to business rules and best practices.

Proven: Trusted by the world's leading subscription brands.

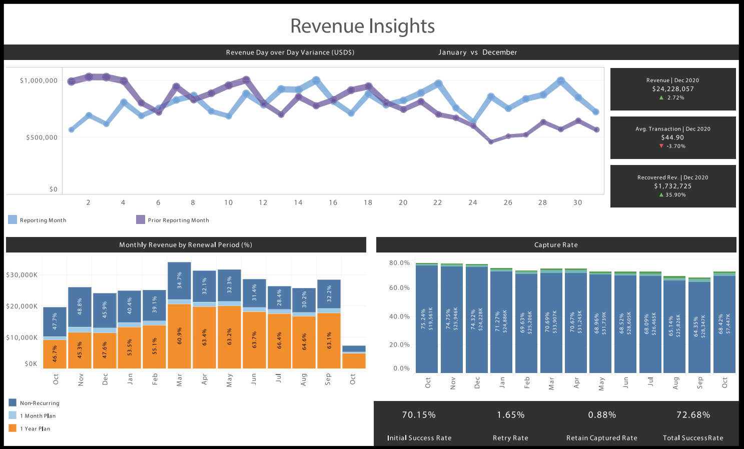
Smart: Fueled by years of payments recovery data and expertise.

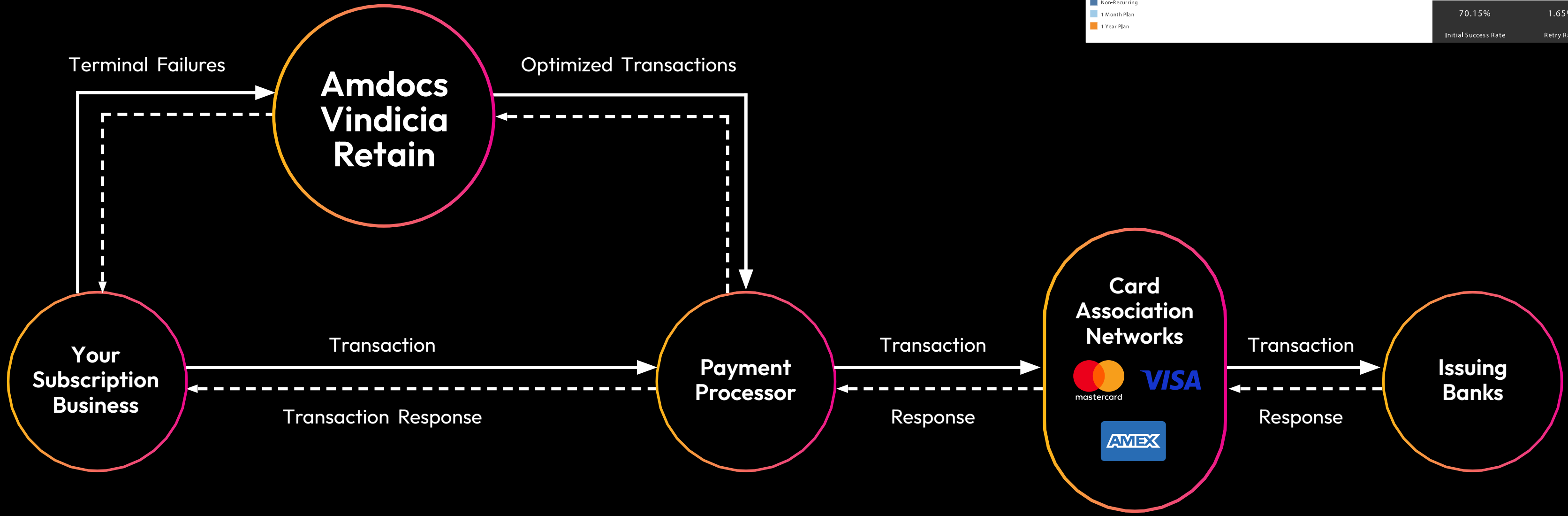
How Amdocs Vindicia Retain works

By combining big data analytics and machine learning with unmatched expertise in the banking and payment card industry, Amdocs has developed powerful payment resolution algorithms that automatically recover terminally failed payment transactions (that is, transactions that our clients have not been able to recover after exhausting their in-house recovery processes).

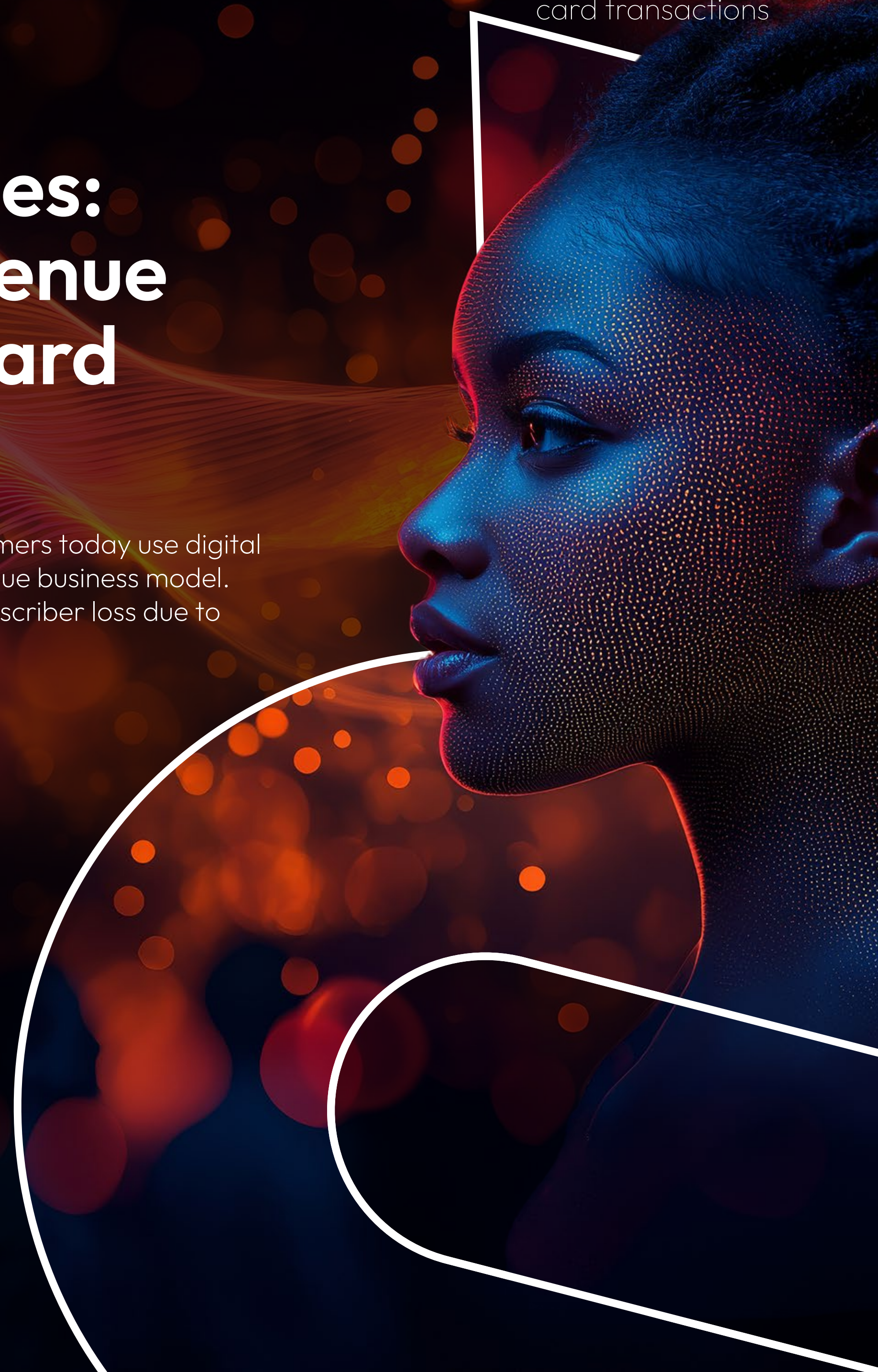
Our advanced technology applies the techniques explored in this eBook plus a whole lot more in a sophisticated, ML-enabled manner. Amdocs Vindicia Retain analyzes why each individual payment transaction failed, and then resolves the issue that led to the failure in the first place. When failed transactions are recovered by Amdocs Vindicia Retain, your customer won't even know that there was a problem. There is no disruption in service, and no need for an intrusive email or phone call.

What's more, Amdocs Vindicia Retain provides intelligence dashboards that give your business clear, actionable revenue insights.





GlobalData:
Turning failures into successes: Maximizing subscription revenue by recovering failed credit card transactions



A new paper by leading intelligence provider GlobalData finds that 70% of all consumers today use digital subscription services, exemplifying the widespread popularity of the recurring-revenue business model. However, subscription businesses are vulnerable to unintended interruptions and subscriber loss due to failed card payments. Read this paper from GlobalData and:

- Uncover the negative business impacts beyond customer churn
- Explore the 8 dimensions of a recurring failed payment
- Discover the benefits of an automated failed payment recovery solution

About Amdocs

At Amdocs, we offer the industry's #1 payment recovery solution for terminally failed transactions. We take the work out of subscriptions, so you can delight your customers, build and retain long-lasting relationships, and maximize recurring revenue and lifetime value. Our payment recovery solution goes far beyond standard authentication tools to automatically resolve up to 50% of terminally failed transactions. Fueled by two decades of data intelligence and deep payment expertise, we help you launch, scale, engage, delight, and retain your customers. We understand that acquisition is not the end game, and customers are not just rows on your balance sheet. Your customers expect seamless, fresh, and delightful experiences. That's why we help remove friction and empower you to build and retain long-term customer relationships. To learn more visit **www.amdocs.com**

Amdocs helps those who build the future to make it amazing. With our market-leading portfolio of software products and services, we unlock our customers' innovative potential, empowering them to provide next-generation communication and media experiences for both the individual end user and large enterprise customers. Our employees around the globe are here to accelerate service providers' migration to the cloud, enable them to differentiate in the 5G era, and digitalize and automate their operations. Listed on the NASDAQ Global Select Market, Amdocs had revenue of $5.00 billion in fiscal 2024.

For more information, visit Amdocs at **www.amdocs.com**.

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