

NEXT GEN SERVICE: KNOWING ME, KNOWING YOU...

BY ROELANT PRINS

Online gaming operators are increasingly mindful of the sharpening payments environment, so it is essential for providers to be fully aware of what is happening around the world whilst keeping abreast of local market developments. In essence, being up to speed with gaming industry trends, regulatory and compliancy issues, while ensuring the efficiency, flexibility and integrity of the payment process, is central to meeting the many and varied requirements of gaming operators going forward.



Back in 2006 we saw an opportunity for a truly next generation Internet payment service. In a market dominated by 'first generation' players typically servicing the needs ecommerce merchants had about a decade ago, an opportunity existed for a fresh market entrant.

The way we saw it, it was no longer enough to just support a large number of payment methods. No matter how secure or stable. The ecommerce merchants of today are looking at ways to optimise all their payment processes, whilst also doing as much as they can to push their payment conversion rates to their limits. They are striving for total efficiency and complete control over every aspect of their online operations.

By focusing on offering higher conversion rates, cost savings as a result of lower pricing and operational efficiency, and truly global coverage, we believed we could answer this call to arms. Our platform contains a payment process stripped down to a single page to lower abandonment; a system that enables single-click payments on hosted payment pages for ease of use for returning customers; and advanced skinning technology that allows for customisation. Ultimately, the platform was built to deliver one clear goal – to maximise online conversion.

In the beginning, competing wasn't easy. We have an experienced team at Adyen (many of whom had previously been involved in the founding and funding of Bibit in 1997), but were in a position where we had to prove ourselves in multiple market sectors and multiple geographies. In addition to the likes of North America and Europe, the platform was designed to appeal to the rapidly emerging markets of East Asia and Latin America, where strong fiscal policies and growing middle classes with money in their pockets had

injected large sums of money into the local economies.

The platform's inherent flexibility also suited it to a variety of ecommerce sectors: Travel, dating, retail and – most importantly in this instance – online gaming. Each market came with its own idiosyncrasies and its own challenges.

THE THREE C'S

Our first forays into online gaming quickly taught us the importance of the three C's: convenience, control and choice.

For online gaming operators, similar to many ecommerce merchants, it is vital to ensure that the customer feels totally secure, and the extent to which this is felt is largely attributable to how an operator presents their site, what technology they are using to power it, and the way payment pages are presented. Everything must function effectively and efficiently.

The Internet has become increasingly social with blogs and forums now commonplace. Online gaming is no different. Any bad experiences on a gaming site are likely to be shared among the gaming community almost instantly. The highest possible levels of service are crucial to the attraction and retention of customers, and payment processes are absolutely fundamental to this. After all, accepting and processing payments is what fills the coffers. If the merchant isn't converting web traffic into profitable revenue then they are going to find it hard to survive in a

highly competitive market.

Our platform has had to adapt to these demands. It was clear that there were a number of different considerations taken by gaming operators before deploying a new payment system and that, aside from competitive pricing, they look for long term strategic payment partners that can provide expertise in a number of different ways:

DEFINING LOCAL MARKETS

In most cases, gaming websites are available internationally. This means that although business strategy is focused on generating and localising content for certain core markets, there needs to be a consideration for a quantity of traffic that will be received from other parts of the world. This requires translation of payment pages and the availability of trusted payment methods. The failure to meet these demands will almost certainly lead to lost custom.

Merchants look to payment service providers to offer a wide range of payment options, with the capability to add new ones when required without the hassle of negotiating every time the platform has to be adjusted or extended.

The lure of a payment provider that can provide this functionality and flexibility with one contract and one, easy technical integration has proved to be a very attractive solution to this problem.

AVOIDING FRAUDULENT TRAFFIC

Being an online gaming merchant has many benefits (mainly



financial) but it does come with a significant down side - its attraction to fraudsters. Credit card company figures have shown that a vast majority of consumers are reimbursed when their cards have been defrauded, while a majority of ecommerce merchants have to handle the cost of fraud themselves. It's no surprise then that one of the gaming operator's most demanded services have been fraud detection and protection technology.

Fraud affects gaming merchants in lots of nasty ways, but most significantly in the form of chargebacks. This is a double hit, as it not only results in the loss of a product or service but also heavy fines and account closures. An inability to accurately gauge a transaction's legitimacy can often lead to merchants being too tight on the fraud controls, and rejecting transactions that were not actually fraudulent.

Gaming operators look to payment providers not just to recognize that fraud is taking place, but also stop future instances occurring. It is the operator who is ultimately liable for ensuring that all transactions are legitimate, so they are the ones who need to be taking proper precautions to prevent it.

To understand what Internet fraud is, who the perpetrators are and how they operate is not easy, but it has to be mastered. Once a website, no matter what sector, opens up to local markets, it's inevitable that it will also open up a range of security threats that have the potential to hit profit margins. Whether it's a lost or stolen card, bonus abuse or CNP fraud, merchants need to have anti-fraud measures in place.

A strategic payment partner is one that takes all the necessary steps to ensure that these merchants are protected, and to this end, our platform has had to be tweaked. These can be simple features such as rules engines and behavioral purchasing pattern mapping to identify emerging fraud patterns, or more sophisticated measures that track customer behavior on websites.

COMPLIANCY

In addition to the exhaustive range of fraud tools now available to the merchants, steps have been taken by the credit card companies to ensure that there are now stricter rules and regulations to protect the merchants and their clients from fraud, theft and hacking. In order to have secure card storage, merchants have to be compliant with the Payment Card Industry Security Standard or PCI DSS for short. These are standards that govern all merchants and organisations that store, process or transmit card holder data.

For the merchant, achieving and maintaining compliancy is time-consuming and costly. A better option has been to use a payment provider's data storage, which offers protection to gaming merchants by storing the database of customer card information with a PCI-certified payment provider who will also have high levels of security. This not only relieves the merchant from the considerable burden storing classified information, but also protects the core of their business.

OPTIMISING AND MAXIMISING CONVERSION

Although gaming operators may have ticked the boxes for offering a global payment network with complete fraud protection, they are still preoccupied with actually convincing the customer to "leave the money on the table".

Payment pages require constant optimisation to ensure

maximum conversion, and the operators look to the payment providers to offer expertise and support to make sure this can be achieved. This can be as simple as making a customer enter the first line of their address manually, or passing the information on to the system via the merchant's backend. Simple, but it can be the difference between a sale and a drop-out.

Operators look to payment providers to give advice on new innovations. For example, customers may want to take advantage of ewallets that allow customers to simply enter a username and password to make an instant payment. Making the payment process as swift as possible ensures that a good relationship is built with the customer and also guarantees that retention rates remain high.

One of the key lessons we have learned when dealing with gaming operators is the importance of listening to our customers, keeping an eye out for new trends and responding to their needs. Never the other way around.

FUTURE CHALLENGES

Online gaming operators have faced a lot of challenges, and one of the biggest has been the tightening payments landscape. This isn't going to change. It is absolutely crucial that we, the payment service providers – just like the operators – remain fully aware of what is happening around the world whilst also keeping abreast of what is happening at the local market level. Keeping up-to-date with local gaming regulatory issues, ensuring that we remain compliant and able to communicate a secure payment service will determine the extent to which we are a successful strategic payment partner.

It is also going to be important to continue closely monitoring the customer transaction process. Where are they coming from? What card or payment method are they using? How can we improve our intelligent routing technology to ensure that we are giving our customers the best possible chance of converting a payment?

As the bigger payment service providers have become increasingly inflexible, it is crucial for the independent providers to continue offering unique solutions that can meet the very unique requirements of the operators. Inevitably there will be more payment methods and different ways to deposit funds and innovations within the online gaming community. Keeping on top of these will be the key to staying ahead of the game. **CGI**

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