

# Cross-Border Sales and the Challenge of Failed Payments

February 2024 Report

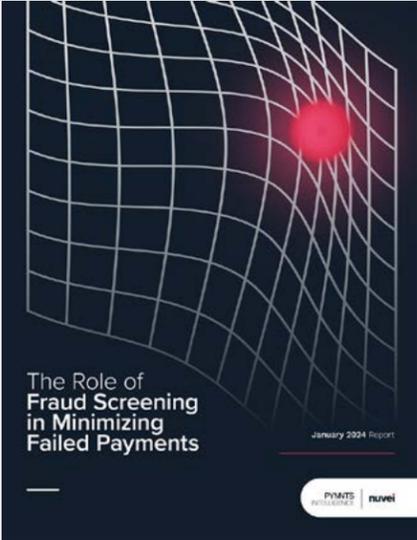
---

PYMNTS  
INTELLIGENCE

nuvei

# Cross-Border Sales and the Challenge of Failed Payments

READ MORE \_\_\_\_\_



■ January 2024  
**The Role of Fraud Screening in Minimizing Failed Payments**



Cross-Border Sales and the Challenge of Failed Payments was produced in collaboration with Nuvei, and Pymnts Intelligence is grateful for the company’s support and insight. **Pymnts Intelligence** retains full editorial control over the following findings, methodology and data analysis.

## TABLE OF CONTENTS

What’s at Stake . . . . . 04

Key Findings . . . . . 06

Pymnts in Depth . . . . . 10

Actionable Insights . . . . . 26

Methodology . . . . . 29

# WHAT'S AT STAKE

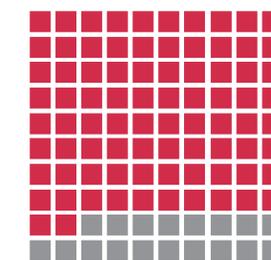
---

**M**any eCommerce merchants in the United States focus heavily on international markets to drive revenue and growth. This puts a spotlight on cross-border payments, which experience much greater friction than domestic transactions, leading to a severe impact on international sales. PYMNTS Intelligence estimates that failed cross-border payments cost U.S. merchants at least \$3.8 billion in lost sales in 2023 alone.

# 72%

of merchants reported **higher failed payment rates in cross-border transactions** than in domestic ones.

# 82%



of merchants **struggle to identify the root causes** of failed payments.

This study finds that more than 7 in 10 merchants cite elevated failed payment rates in cross-border transactions — and the challenges do not end there. Most merchants struggle to identify the root causes of these failed payments, while knock-on effects impact customer retention and increase staff workloads, compounding losses. These and other pain points underscore the need for merchants to work closely with their payment services providers (PSPs) to apply smooth and cost-effective cross-border payments solutions.

These are just some of the findings detailed in Cross-Border Sales and Challenges of Failed Payments, a PYMNTS Intelligence and Nuvei collaboration. This edition examines the state of play for cross-border payments in U.S. eCommerce firms and draws on insights from a survey of 300 heads of payment or fraud departments from international companies that operate in eCommerce conducted from Aug. 10, 2023, to Aug. 31, 2023.

**This is what we learned.**

# KEY FINDINGS

## 01

### GLOBAL EXPANSION

Just over one-third of merchants surveyed derive more than half of their sales from international customers.



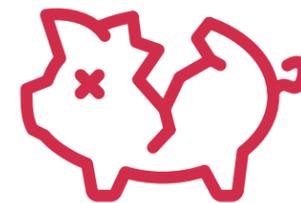
# 34%

Share of merchants with a high cross-border focus

## 02

### PAYMENT CHALLENGES

Cross-border merchants face high failed payment rates and corresponding operational difficulties, highlighting the need for improved transaction reliability.



# 11%

Average payment failure rate high cross-border focus merchants experienced

03

## PAYMENTS RECOVERY

High cross-border focus merchants are increasingly adopting automated payment recovery tools to address the complexities of international transactions.



# 55%

Share of high cross-border focus merchants that used automatic retry solutions

04

## ANTI-FRAUD TOOLKIT

Interest in fraud management tools is high across all merchants with international sales, regardless of their level of cross-border focus.



# 69%

Share of merchants that express strong interest in innovative fraud management tools

# PYMNTS IN DEPTH

**Merchants that sell to international markets face significant cross-border payment challenges, including high failed transaction rates.**

## High failure rates for cross-border payments put a brake on international sales.

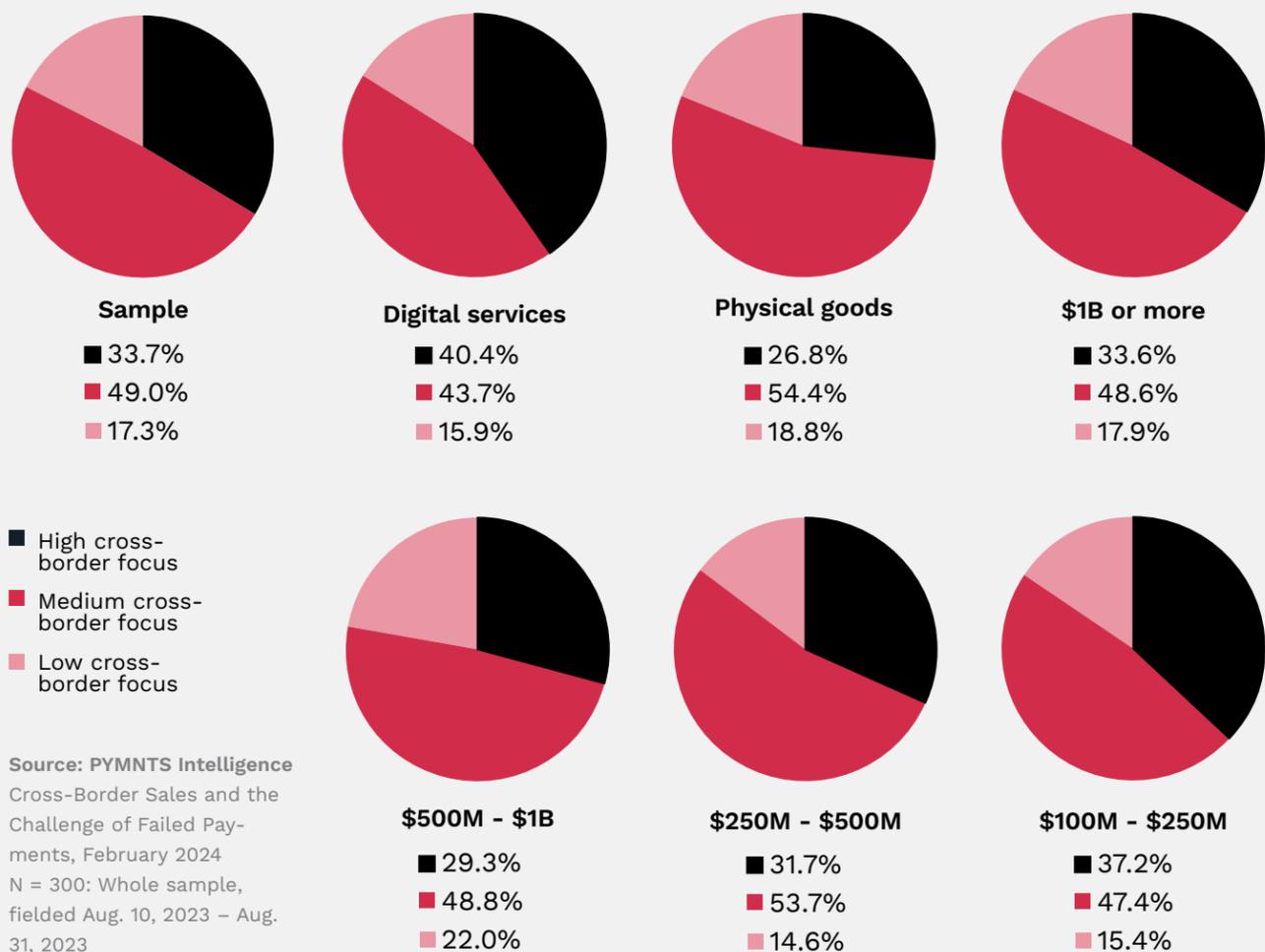
International markets have a strong appeal. PYMNTS Intelligence surveyed U.S. eCommerce firms that make at least some cross-border sales and found 34% have a high cross-border focus, meaning they derive more than half their sales from international customers. Forty-nine percent have a medium cross-border focus, with between 25% and 50% of their sales made to international customers, and the remaining 17% have a low cross-border focus, with international sales below 25%.

Smaller firms are the most likely to have a high cross-border focus: 37% of companies generating between \$100 million and \$250 million in annual revenue fall into this category, versus between 29% and 34% for larger firms. Digital services merchants, meanwhile, are more likely than those selling physical goods to have a high cross-border focus, at 40% and 27%, respectively. This likely reflects the complexities of shipping, delivery and other logistical issues in the cross-border context.

**FIGURE 1:**

**Firms' cross-border focus**

Share of firms in each cross-border sales persona, by demographic



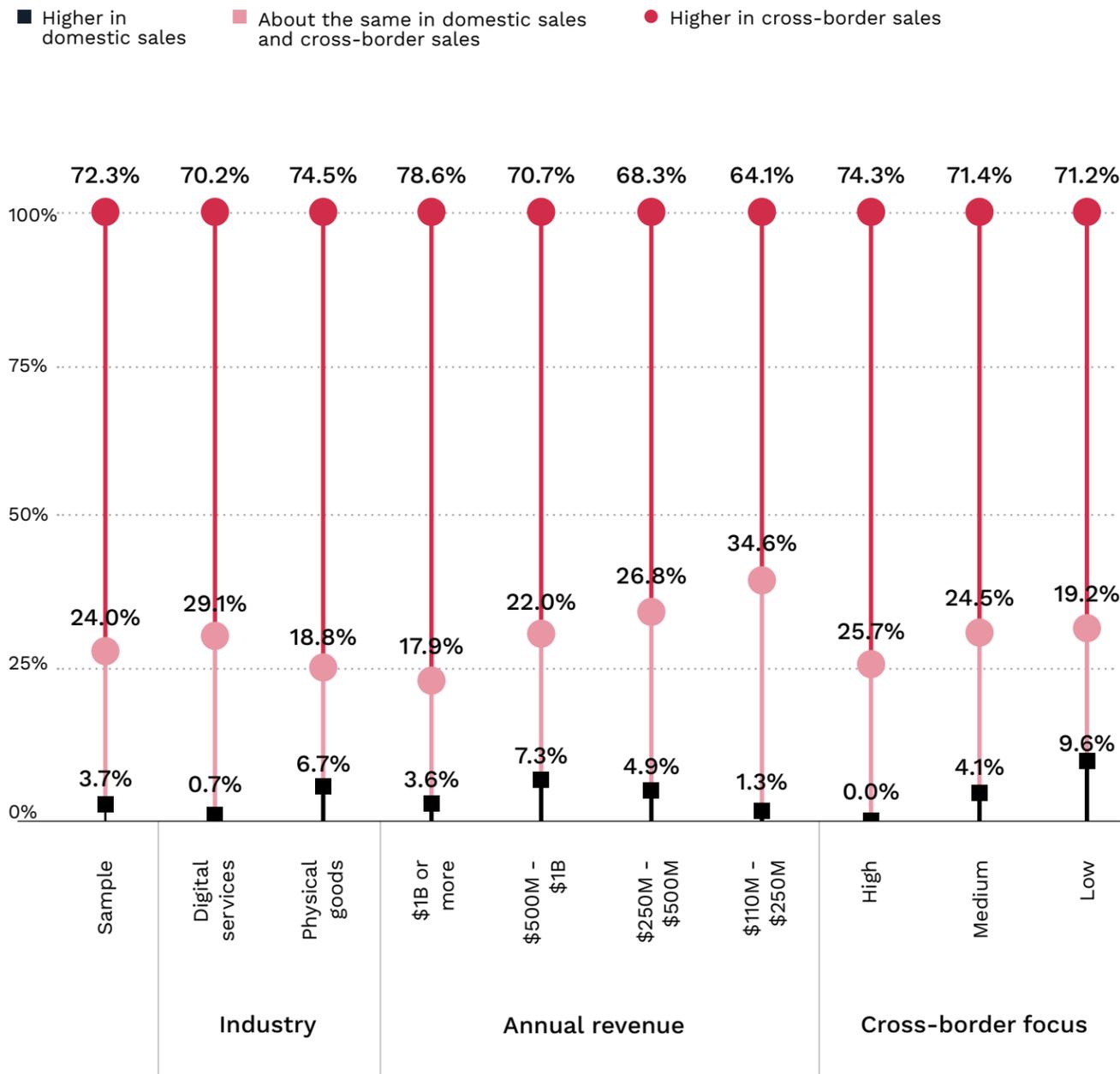
Source: PYMNTS Intelligence  
Cross-Border Sales and the Challenge of Failed Payments, February 2024  
N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

Cross-border market expansion, however, brings additional challenges. Seventy-two percent of the merchants surveyed confront higher rates of failed payments with cross-border transactions than with domestic ones, with even higher rates among digital services providers and merchants with higher levels of revenue. The ubiquity of elevated failure rates for cross-border transactions underscores the importance of collaboration with PSPs to apply effective solutions.

**FIGURE 2:**

**Rates of failed payments**

Share of merchants citing the relative rate of failed payments, by demographic and payment type



Source: PYMNTS Intelligence  
Cross-Border Sales and the Challenge of Failed Payments, February 2024  
N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

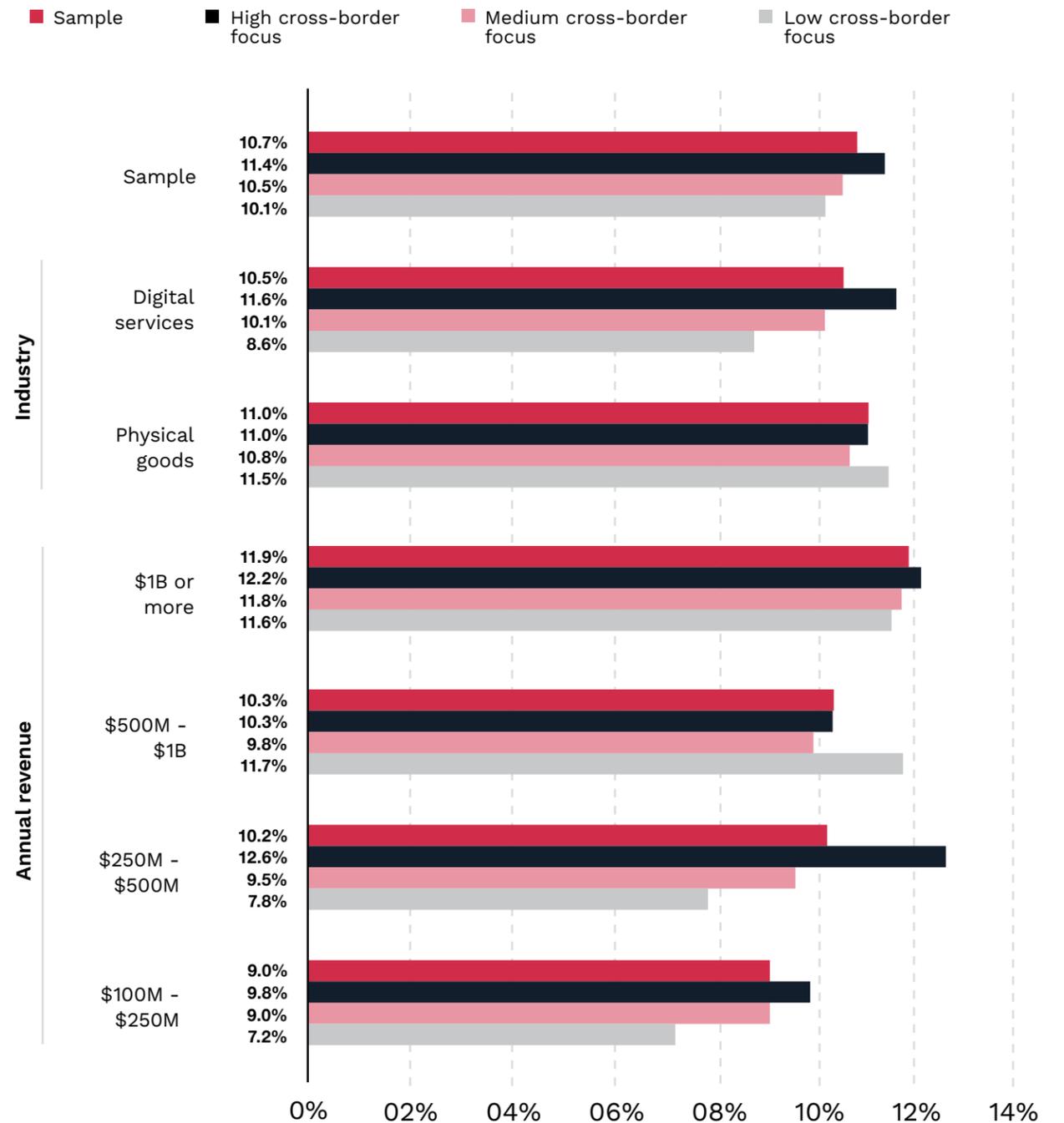
# U.S. merchants suffered at least \$3.8 billion in lost revenue from failed cross-border payments in the last year.

Failed cross-border payments take a serious toll on international companies: PYMNTS Intelligence estimates that this cost U.S. merchants at least \$3.8 billion in sales in 2023 alone. Merchants with a high cross-border focus experienced a higher average failure rate of 11.4%, compared to 10.1% for those with a low cross-border focus. The data suggests that failed payments are a somewhat more common problem for mid-sized and larger firms, with those in the \$250 million to \$500 million revenue bracket citing a 12.6% failure rate, for example. However, larger firms are also more likely to have the resources and experience to understand their own failed payments rates, while smaller firms may be underestimating theirs.

**FIGURE 3:**

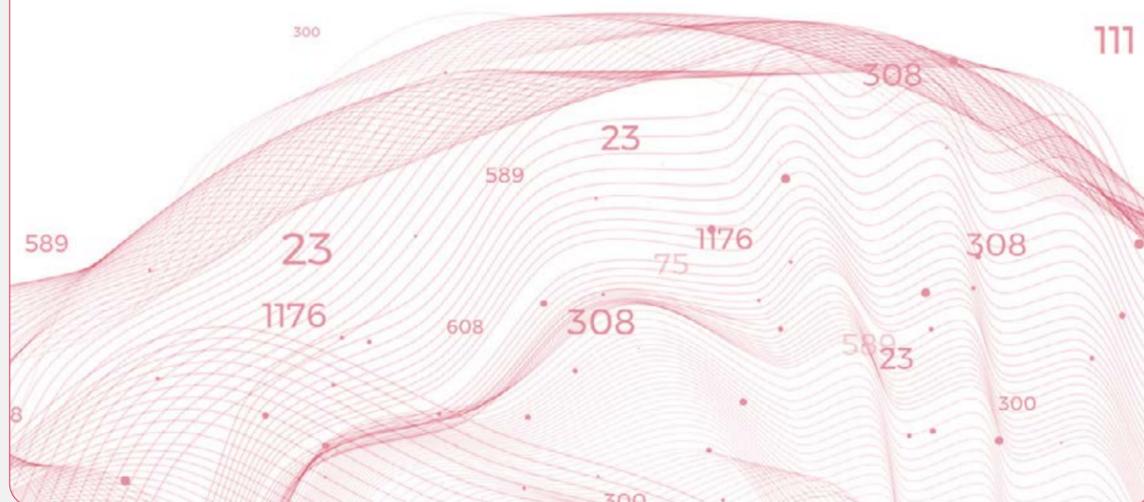
### Rates of failed online payments

Average share of online transactions resulting in failed payments over the last 12 months, by cross-border sales persona and demographic



Source: PYMNTS Intelligence  
 Cross-Border Sales and the Challenge of Failed Payments, February 2024  
 N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

Beyond lost sales, failed payments cause other serious pain points. For example, 82% of the merchants included in our survey struggled to identify the causes of failed payments, with medium cross-border focus firms slightly more impacted. Other top reported headaches include customer recovery post-failed payments, cited by 67% of merchants; reputational damage, cited by 62%; and greater staff workloads, cited by 59%. These challenges disproportionately impact merchants with high and medium cross-border focus. For instance, the latter are 18 percentage points more likely to face customer recovery issues, at 74%, than their low cross-border focus counterparts, at 56%.



**FIGURE 4:**

**Operational challenges failed payments cause**

Share of firms citing select failed payment-related challenges experienced in the last 12 months, by cross-border sales persona

	Sample	High cross-border focus	Medium cross-border focus	Low cross-border focus
• Difficult to know what causes failed payments	81.7%	81.2%	83.7%	76.9%
• Difficult to recover customers who experienced failed payments	67.3%	64.4%	73.5%	55.8%
• Failed payments compromise firm reputation	61.7%	65.3%	63.3%	50.0%
• Failed payments increase staff workload	59.3%	58.4%	63.3%	50.0%
• Failed payments are expensive to track and resolve	56.0%	52.5%	59.9%	51.9%
• Solutions to failed payments do not recover all the customers lost	54.3%	51.5%	61.2%	40.4%
• Failed payments reduce profits or revenue	39.7%	45.5%	32.7%	48.1%
• The company uses insufficient metrics	20.7%	26.7%	19.0%	13.5%
• Failed payments impact customer lifetime value	19.3%	22.8%	17.7%	17.3%

Source: PYMNTS Intelligence

Cross-Border Sales and the Challenge of Failed Payments, February 2024

N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

# Merchants increasingly adopt automated payment recovery solutions to tackle payment processing complexities in cross-border sales.

Merchants almost universally resort to email when payments fail, with 99% doing so, but they use other payments recovery methods less consistently. Only 70% of the businesses surveyed contact their customers through their own apps or account portals, reflecting a missed opportunity among the remaining 30%. Twenty percent reach out by phone, an approach more common among those with a low cross-border focus, at 27%. Notably, 13% of firms simply cancel some orders — a costly practice that is much more common among high and medium cross-border focus firms, at 17% and 13%, than low cross-border ones, at just 5.8%.

**FIGURE 5:**

### How merchants respond when payments fail

Share of firms citing select actions they take if a customer’s payment is declined, by cross-border sales persona

	Sample	High cross-border focus	Medium cross-border focus	Low cross-border focus
CONTACT THE CUSTOMER BY EMAIL 	98.7%	97.0%	100.0%	98.1%
CONTACT THE CUSTOMER BY APP/ACCOUNT PORTAL 	70.3%	75.2%	66.7%	71.2%
EMPLOY PAYMENT RECOVERY METHOD 	22.0%	19.8%	21.1%	28.8%
CONTACT THE CUSTOMER BY PHONE 	20.0%	12.9%	22.4%	26.9%
CANCEL THE ORDER 	13.0%	16.8%	12.9%	5.8%

Source: PYMNTS Intelligence  
 Cross-Border Sales and the Challenge of Failed Payments, February 2024  
 N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

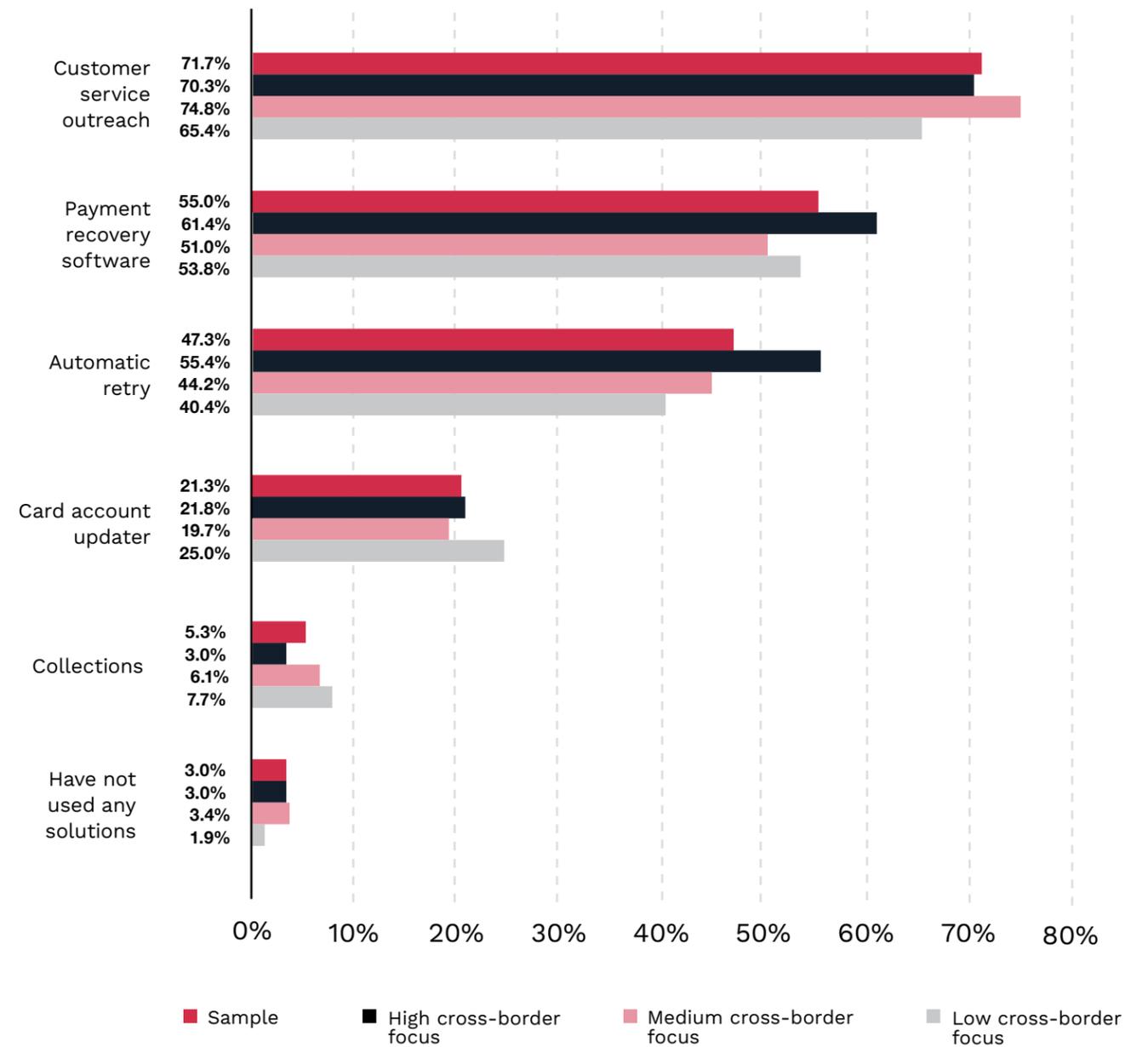
The research finds that high cross-border focus merchants are significantly more likely to use solutions such as payment recovery software and automatic retry systems. Indeed, 55% of high cross-border focus firms utilized automatic retry solutions, far ahead of their low cross-border focus counterparts, at 40%. Similarly, 61% of high cross-border focus merchants employed payment recovery software, versus 54% for low cross-border focus firms. These rates are relatively low and may reflect a lack of PSP collaboration and application of failed payments recovery solutions — even among firms with high cross-border focus, where failed payments are especially impactful.



**FIGURE 6:**

**Failed payment recovery solutions**

Share of firms citing select solutions the company used to recover failed payments in online sales transactions in the last 12 months, by cross-border sales persona



Source: PYMNTS Intelligence

Cross-Border Sales and the Challenge of Failed Payments, February 2024  
N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

# Most merchants are highly interested in innovative fraud management tools.



Merchants are eager to implement new tools and strategies to combat fraud. The survey shows that 69% of firms have strong interest in innovating solutions for friendly fraud — fraud conducted by customers — and chargeback fraud, while only 5% express little or no interest. Notably, businesses selling physical goods have a substantially greater appetite for this than those in the digital services space, at 75% and 64%, respectively. The data also reveals that merchants with medium or high cross-border focus demonstrate greater interest than their low cross-border focus peers.

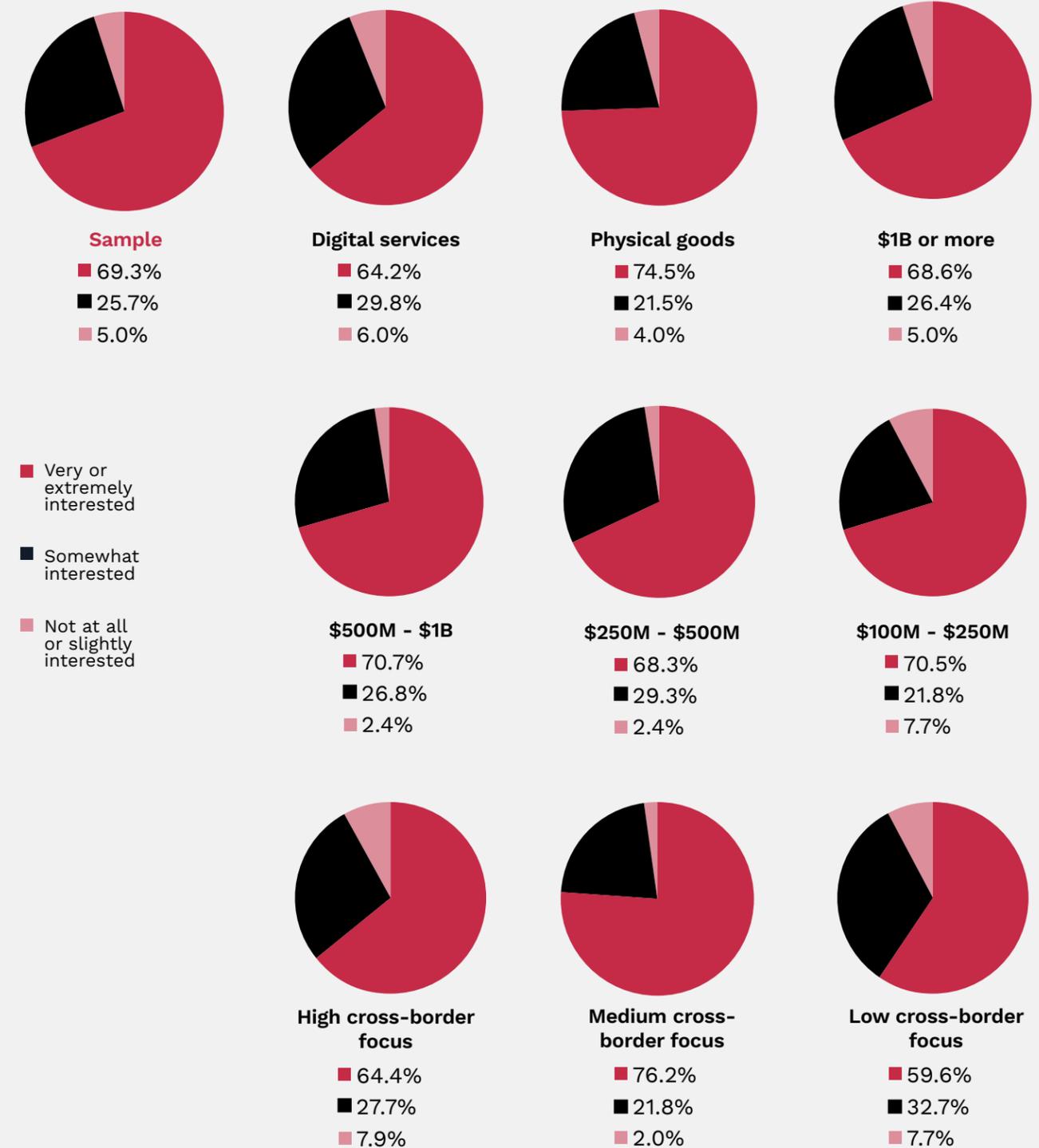
Source: PYMNTS Intelligence

Cross-Border Sales and the Challenge of Failed Payments, February 2024  
 N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

FIGURE 7:

## Interest in innovating chargeback and friendly fraud solutions

Share of firms citing their interest in innovating solutions to combat chargeback or friendly fraud in the next 12 months, by demographic



When asked to pinpoint the potential benefits of these innovative solutions, merchants primarily cited enhanced customer satisfaction and more effective cybersecurity. Specifically, 82% of high cross-border focus and 83% of medium-focus merchants cited enhanced customer satisfaction more than any other reason, with 21% naming it the top advantage. Cybersecurity followed closely, at 74% for high cross-border focus firms and 80% for their medium cross-border counterparts.



Source: PYMNTS Intelligence

Cross-Border Sales and the Challenge of Failed Payments, February 2024  
 N = 300: Whole sample, fielded Aug. 10, 2023 – Aug. 31, 2023

FIGURE 8:

**Anti-fraud innovation benefits**

Share of firms citing select benefits that the company would obtain by innovating tools or technologies to combat fraud, by cross-border sales persona

	Low cross-border focus	Medium cross-border focus	High cross-border focus
• Increase customer satisfaction	76.9%	83.0%	82.2%
• Prevent cyber and data breaches	63.5%	80.3%	74.3%
• Eliminate customer concerns about data privacy	59.6%	78.9%	57.4%
• Prevent loss of customers due to fraud	48.1%	57.8%	50.5%
• Prevent revenue loss due to fraud	38.5%	32.7%	41.6%
• Increase ability to identify fraudulent transactions	28.8%	36.7%	39.6%
• Combat chargeback or friendly fraud more effectively	25.0%	34.7%	35.6%
• Better compliance with local or international regulatory requirements	19.2%	23.1%	34.7%
• Make the system better able to integrate with new solutions to combat fraud	26.9%	21.8%	31.7%
• Ability to cope with sophisticated fraud schemes	13.5%	22.4%	22.8%
• Increase profitability	11.5%	17.0%	17.8%
• Accelerating revenues	11.5%	6.8%	7.9%

# ACTIONABLE INSIGHTS



## 01

To mitigate higher failed-payment rates in cross-border sales, merchants, especially smaller firms and digital services companies, should strengthen their collaboration with their PSPs. These partnerships can provide access to advanced tools and expertise that facilitate efficient and reliable cross-border transactions.



## 02

Cross-border merchants confronting significant financial losses from failed payments should leverage PSP partnerships for transaction analytics to help identify root causes of cross-border payment failures. Strategic use of this data can lead to more reliable transaction experiences and targeted customer communication strategies when payments do fail.



## 03

Merchants with high cross-border focus should increasingly adopt automated payment recovery strategies, collaborating with PSPs to ensure these solutions are integrated effectively. Focusing on innovative technologies such as artificial intelligence-driven payment processing and real-time transaction analysis can help ensure the complexities of cross-border sales are handled rapidly and consistently.



## 04

It is important for merchants with an international focus to work closely with their PSPs to adopt and innovate fraud management tools that balance enhanced customer experiences with improved cybersecurity measures. These partnerships can also offer tailored solutions that help navigate compliance with varying cross-border regulatory standards.

# Cross-Border Sales and the Challenge of Failed Payments

February 2024 Report

PYMNTS  
INTELLIGENCE | nuvei

## METHODOLOGY

**C**ross-Border Sales and the Challenge of Failed Payments, a PYMNTS Intelligence and Nuvei collaboration, is based on survey of 300 executives from eCommerce firms selling both inside and outside the U.S. that generate annual revenues of more than \$100 million and who have deep knowledge of their companies' payments systems. The survey was conducted from Aug. 10, 2023, to Aug. 31, 2023. This edition examines the state of play for cross-border payments among United States eCommerce firms.

### The PYMNTS Intelligence Team That Produced This Report:

**Scott Murray**  
SVP and Head of Analytics

**Jimena Ferraro, PhD**  
Senior Analyst

**Daniel Gallucci**  
Senior Writer

# ABOUT

---

DISCLAIMER ■

**PYMNTS**  
INTELLIGENCE

**PYMNTS Intelligence** is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts, and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

**nuvei**

**Nuvei** (Nasdaq: NVEI) (TSX: NVEI) is the Canadian FinTech company accelerating the business of clients around the world. Nuvei's modular, flexible and scalable technology allows leading companies to accept next-gen payments, offer all payout options and benefit from card issuing, banking, risk and fraud management services.

Connecting businesses to their customers in more than 200 markets, with local acquiring in 45+ markets, 150 currencies and 634 alternative payment methods, Nuvei provides the technology and insights for customers and partners to succeed locally and globally with one integration.

For more information, visit [www.nuvei.com](http://www.nuvei.com)

Cross-Border Sales and the Challenge of Failed Payments may be updated periodically. While reasonable efforts are made to keep the content accurate and up to date, PYMNTS MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THE CORRECTNESS, ACCURACY, COMPLETENESS, ADEQUACY, OR RELIABILITY OF OR THE USE OF OR RESULTS THAT MAY BE GENERATED FROM THE USE OF THE INFORMATION OR THAT THE CONTENT WILL SATISFY YOUR REQUIREMENTS OR EXPECTATIONS. THE CONTENT IS PROVIDED "AS IS" AND ON AN "AS AVAILABLE" BASIS. YOU EXPRESSLY AGREE THAT YOUR USE OF THE CONTENT IS AT YOUR SOLE RISK. PYMNTS SHALL HAVE NO LIABILITY FOR ANY INTERRUPTIONS IN THE CONTENT THAT IS PROVIDED AND DISCLAIMS ALL WARRANTIES WITH REGARD TO THE CONTENT, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT AND TITLE. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, AND, IN SUCH CASES, THE STATED EXCLUSIONS DO NOT APPLY. PYMNTS RESERVES THE RIGHT AND SHOULD NOT BE LIABLE SHOULD IT EXERCISE ITS RIGHT TO MODIFY, INTERRUPT, OR DISCONTINUE THE AVAILABILITY OF THE CONTENT OR ANY COMPONENT OF IT WITH OR WITHOUT NOTICE.

PYMNTS SHALL NOT BE LIABLE FOR ANY DAMAGES WHATSOEVER, AND, IN PARTICULAR, SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES, OR DAMAGES FOR LOST PROFITS, LOSS OF REVENUE, OR LOSS OF USE, ARISING OUT OF OR RELATED TO THE CONTENT, WHETHER SUCH DAMAGES ARISE IN CONTRACT, NEGLIGENCE, TORT, UNDER STATUTE, IN EQUITY, AT LAW, OR OTHERWISE, EVEN IF PYMNTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND IN SUCH CASES SOME OF THE ABOVE LIMITATIONS DO NOT APPLY. THE ABOVE DISCLAIMERS AND LIMITATIONS ARE PROVIDED BY PYMNTS AND ITS PARENTS, AFFILIATED AND RELATED COMPANIES, CONTRACTORS, AND SPONSORS, AND EACH OF ITS RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONTENT COMPONENT PROVIDERS, LICENSORS, AND ADVISERS.

Components of the content original to and the compilation produced by PYMNTS is the property of PYMNTS and cannot be reproduced without its prior written permission.

---

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at [feedback@pymnts.com](mailto:feedback@pymnts.com).