

MERCHANTS

Multi-PSP strategy: when a second payment provider is worth the work

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Running more than one payment provider protects against outages and account closures and can raise approval rates, at a cost in integration and oversight. How to decide, and how to do it honestly.

Most businesses start with one payment provider and stay there until something goes wrong. An outage on a busy day, a reserve imposed without warning or an account review that freezes settlement for a week is usually what starts the search for a second. It is better to decide before that day whether a second provider is worth having.

What a second provider gives you

- **Continuity.** If one provider is down, or suspends the account, sales continue through the other.
- **Better approval rates.** Issuers treat acquirers differently. A card declined through one route is sometimes approved through another, and local acquiring in a customer's own country usually approves more than cross-border.
- **Coverage.** No provider offers every currency, country and payment method. Two can cover what one cannot.
- **Negotiating position.** Terms improve when the provider knows the volume could move.
- **Room to grow.** Monthly caps on a single account stop being the ceiling on the business.

What it costs

- **Integration.** Two sets of technical work, or an orchestration layer that sits between the checkout and the providers and has its own fee.
- **Reconciliation.** Two settlement files, two sets of fees, two dispute processes.
- **Compliance.** Each provider has its own onboarding, its own reviews and its own questions when something changes.

- **Diluted volume.** Pricing tiers and the record that earns better terms are both built on volume, and splitting it slows both.
- **Attention.** Chargeback ratios have to be watched on each account separately.

When it is worth it

A second provider earns its cost when at least one of these is true:

1. A day without card payments would do serious harm.
2. A meaningful share of customers are in countries where the current provider is foreign.
3. The business is in a category where account reviews and closures are a normal hazard.
4. Volume has outgrown the caps or the appetite of one provider.
5. Approval rates are noticeably below what others in the industry report.

For a small business selling in one country in a low-risk category, one good provider and a tested fallback plan is usually enough.

Doing it properly

- **Tell each provider about the other.** Underwriters ask how much of the business they are seeing. A truthful answer is unremarkable. A concealed second account discovered later is not.
- **Route for a reason.** By country, currency, card type or cost. Rules that can be explained are rules a provider is comfortable with.
- **Keep both accounts live.** A backup that has processed nothing for months may be closed for inactivity, or may fail on the day it is needed.
- **Keep customer card details portable.** If cards are stored by one provider in a form only it can use, moving volume means asking every customer to re-enter them.
- **Give each account its own descriptor and its own monitoring.** Disputes are counted per account.

The line not to cross

There is a practice that looks like a multi-provider strategy and is not one: spreading volume across accounts so that the chargeback ratio on each stays under the card schemes' thresholds. The schemes call this load balancing, treat it as evasion, and act against the merchant and the acquirers when they find it.

The test is simple. A routing rule that sends French cards to a French acquirer is strategy. A rule that moves volume away from an account because its disputes are rising is concealment. Fix the disputes instead.

Before you add a provider

An orchestration platform can route a payment anywhere, but only to providers that have already accepted the business. The slow part of a multi-provider setup is not the technology. It is finding a second and third provider whose criteria the business meets and getting through their underwriting.

So start there. Work out which providers accept your industry, countries and volumes before you plan the routing, and apply to those. The integration can wait for an approval. The reverse order produces a routing engine with nowhere to send the traffic.

Read online: <https://payments-marketplace.com/insights/multi-psp-strategy/>

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