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CASE STUDY

Strategic Payment & Banking Optimisation
Delivering €2 Million Annual Savings for a Medium-Sized EU Retailer

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BACKGROUND

A mid-sized European e-commerce business, operating in consumer goods, generated €10 million in net monthly sales. With an average EU VAT rate of ~20%, the total gross transaction volume processed through the primary Payment Service Provider (PSP) reached €12 million monthly.

The company had a significant presence in Eastern European markets, exposing it to currencies such as the Hungarian Forint (HUF), Polish Zloty (PLN), Czech Koruna (CZK), Romanian Leu (RON), and Bulgarian Lev (BGN), necessitating frequent FX conversions to the company's reporting currency in EUR. Management initially viewed the PSP’s headline fee of 1.8%,equating to €216,000 monthly, as the full cost of payments, based on the invoice’s top-line figure.

Using the Soltesz Payment Framework, a comprehensive internal audit conducted in 2025 revealed additional costs, inefficiencies, and risks, pushing the true recurring burden to €260,650–280,650 monthly.

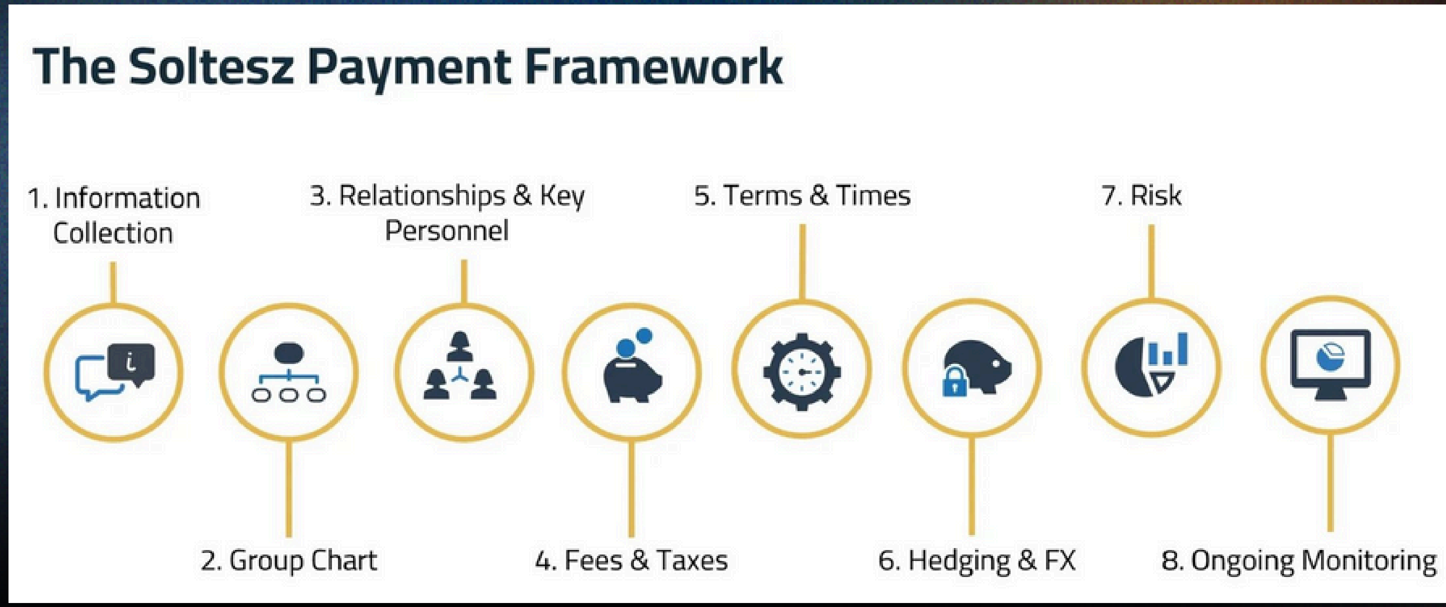
While the 1.8% base rate was competitive within the 1.5–2.9% European e-commerce norm (often 2.0–2.5% with bundled compliance for Eastern markets), hidden fees and missed opportunities, particularly in payment friction, cross-border FX, and intermediary commissions, highlighted significant optimization potential without implying a fundamentally flawed setup.

SYNTHESIS

Direct PSP (Payment Service Provider) Fee

The €12 million gross volume incurred a contracted 1.8% PSP fee, resulting in €12,000,000 × 1.8% = €216,000 monthly. This was the only cost explicitly tracked by finance, creating a false sense of completeness and control. At 1.8%, the rate aligned with the lower end of typical European e-commerce fees (1.5–2.9%, often 2.0–2.5% with bundled compliance for Eastern markets), reflecting a strong starting point for a cross-border operation but underscoring the need to look beyond headline costs.

The Soltesz Payment Framework



The internal audit, applying the Soltesz Payment Framework, revealed several areas where the company could improve. Payment and banking directly influenced customer experience, risk management, marketing, cash flow, and overall operational efficiency. We guided the group to establish a structured payment and banking strategy as a standalone function, treated as an essential part of the business strategy rather than a narrow finance task. This approach uncovered and eliminated hidden fees and inefficiencies, generating savings of up to €2 million annually.

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SYNTHESIS

Checkout Churn

A 7% transaction drop-off occurred at the payment stage, separate from earlier cart abandonment, caused by missing local payment methods (such as the absence of Przelewy24 in PLN markets), easily preventable declines, and overly complicated processes. Additional friction came from technical glitches between the CRM and the PSP, misalignment between the checkout design and the overall site style, multiple clicks required in apps, the obligation to log in before buying instead of allowing an anonymous checkout, carts being lost entirely when cookies were not accepted, and the absence of a seamless one-click payment flow.

This translated into €840,000 in lost payment attempts every month, matching benchmarks that show payment friction alone accounts for 6–8% of total e-commerce cart abandonment.

With targeted optimizations like adding local methods, stronger trust signals, and streamlined retries, realistic recovery stood at 5–10% of this lost volume. At a 7.5% midpoint, this meant €63,000 in recaptured sales each month, equal to €9,450 in profit based on a 15% margin (ranging €7,560–€11,340 at 12–18% margins). Left unaddressed, this invisible gap drains over €110,000 in profit every year, a loss most merchants never even track in their financial reporting.

SYNTHESIS

FX Spread

Cross-currency transactions accounted for 47% of volume, or €5,640,000 monthly, driven by Eastern European sales in non-EUR currencies like HUF, PLN, CZK, RON, and BGN. The PSP embedded a 0.5% markup above interbank rates, adding €5,640,000 × 0.5% = €28,200 monthly, which was not separately invoiced.

This rate was competitive compared to typical 1–3% FX markups (often 2–3%), but its lack of transparency masked its impact in a regionally diverse operation. The audit uncovered an opportunity to switch to a specialized FX provider offering superior over-the-counter (OTC) rates for large-bulk exchanges. By consolidating FX volumes into daily bulk trades (e.g., €5.64 million aggregated across currencies), the new provider delivered a reduced effective spread of 0.35–0.45%,accounting for 0.05–0.1% hedging buffers for less liquid Eastern currencies, saving €5,000–€8,000 monthly (€5,640,000 × 0.1–0.15% differential). This shift lowered costs and provided real-time hedging tools tailored to Eastern European markets, enhancing cash flow predictability without disrupting PSP operations.

SYNTHESIS

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Bank Transfer and Settlement Fees

Instead of offering modern fee-free settlements, the PSP levied per-settlement charges, classified as bank transfer and settlement fees, ranging from €5 for low-value batches to €20 for high-volume or cross-border payouts, applied across 1,600–2,000 monthly settlements driven by daily liquidity needs. Aggregating these, for example €5 average fee × 1,800 settlements = €9,000, revealed a consolidated monthly burden of €8,000–€10,000, previously invisible due to scattered invoicing and fragmented accounting entries.

This reflected an older, inefficient PSP contract, and renegotiations highlighted that using updated SEPA Instant provides free transfers at the infrastructure level, but PSPs frequently add their own settlement charges on top, which is why the company ended up negotiating a flat €7 cap instead of achieving true zero-cost payouts.
Such settlement fees are standard in legacy PSP ecosystems with frequent settlements, per internal Soltesz framework analysis as the PSP had no incentive to eliminate these fees until challenged.

The core driver was internal tracking issues, where payouts were split unnecessarily across currencies (for example, separate HUF/PLN batches adding 500+ fees monthly). Post-audit, batching adjustments, consolidating same-day EUR-equivalent payouts into single files and negotiating a €7 flat fee cap for volumes over €50,000, reduced the settlement count by 20% and fees by 10–20% (midpoint €1,200, range €800–€2,000 saved monthly).

For instance, merging 500 HUF/PLN daily batches into 100 larger EUR files cut 400 transactions, saving €2,800 at €7 each. Left untouched, these outdated settlement fees would have continued draining up to €10,000 every month in avoidable losses.

SYNTHESIS

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Chargebacks and Refunds

Management viewed the averaged 0.65% chargeback rate as normal and unproblematic, since it fell under the 1% threshold often cited as the European e-commerce industry average for card-not-present transactions, providing a false comfort that fraud controls were adequate. However, for consumer goods in the EU, the 2025 median is 0.3–0.4%, indicating this merchant ran riskier than peers (e.g., higher Eastern fraud exposure, potentially from electronics or apparel segments).

On €12,000,000 gross volume, this equated to €78,000 monthly in disputed value, or ~975 disputes. The true pain point was not the disputed value but the PSP's €20 flat fee per dispute (€19,500 total for 975 cases, reflecting negotiated high-volume rates), plus €8,000 in refund processing, for a combined €27,500 monthly burden.

Interventions focused on proactive prevention: displaying a clearer refund policy on the site (e.g., "30-day no-questions-asked returns with free labels"), implementing real-time delivery tracking to resolve shipping complaints instantly, and empowering customer service to approve refunds under €20 immediately upon complaint, bypassing escalation to formal chargebacks.

These steps reduced the rate to 0.55% (a 15% improvement, within typical 10–20% gains), cutting disputes to ~830 monthly, disputed value to €66,000, and fees to €16,600 (€830 × €20), saving €3,000–€5,000 monthly after factoring a 45% win rate (net fees ~€11–€15 per case). This shifted focus from defending disputes to pre-empting the €20 hit, slashing administrative overhead.

SYNTHESIS

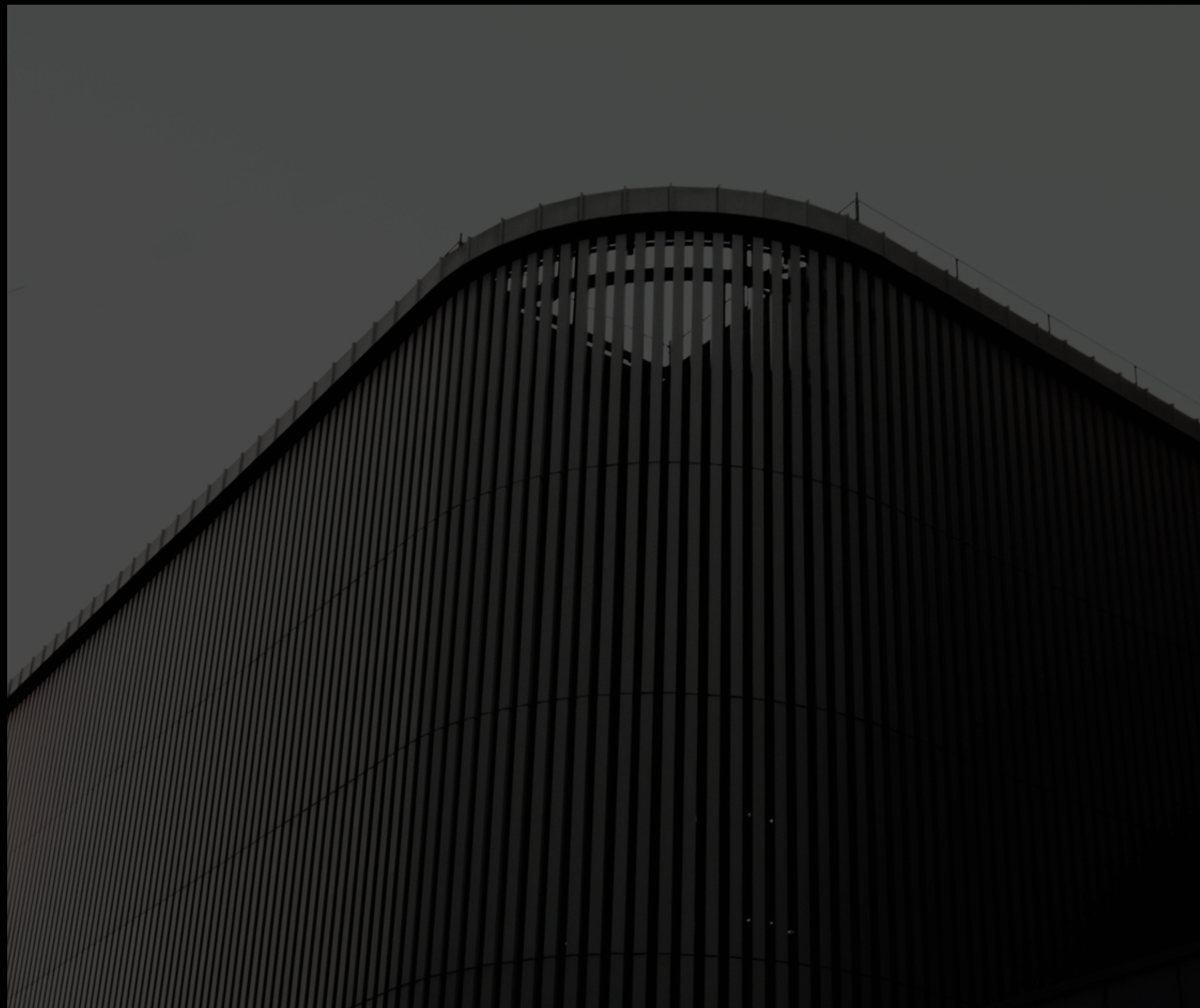
Liquidity Concentration Risk

At any time, well over €7 million of company funds was concentrated in a single PSP account, despite efforts to diversify across three major bank accounts, with 80% of the €12 million monthly volume routed through the main provider. This exposed the business to potential freezes from regulatory or operational issues, requiring emergency liquidity to cover operating expenses.

Pricing this at 2025 EU borrowing rates of 5% over 3 months gives: €7,000,000 × 5% × (3/12) = €87,500 in contingent exposure (classified as a one-off risk, not recurring).
Compounding this was a separate hidden risk: a false sense of security from a multi-provider facade. Traffic was funnelled through a financial licensed gateway (handling all administration under its own branding) and directly to the acquirer, but both paths led to the same major EU acquirer, one of the largest in the region, at the backend.

The gateway aggregated the company's traffic with other clients', obscuring the lack of true diversification. This single point of failure for 100% of volume amplified exposure to acquirer-wide compliance holds or technical outages, common in setups where over 50% of EU merchants use "multi-PSP" but single-backend models.

Diversifying to independent PSPs and acquirers eliminated both vulnerabilities, with a combined contingent exposure of €100,000–€125,000 reflecting blended frontend/backend risks (added as a separate one-off saving potential).



SYNTHESIS

Lost Marketing Intelligence

Payment data logs, rich with transaction timestamps, geo-locations (e.g., city-level from IP), inferred demographics (age/gender via payment method proxies, like Apple Pay for younger users), and method preferences (e.g., cards vs. local wallets), went unanalysed, leaving marketing reliant on guesswork. Eastern campaigns were generic, wasting ad spend on low-conversion segments without insights into HUF users (female, 25–34) or PLN traffic (older males).

Post-audit, we structured this data into dashboards, enabling precision targeting: geo-fencing ads to high-approval regions (e.g., Budapest for HUF), tailoring creatives for 18–24 Apple Pay users, and prioritizing methods in A/B tests. Analysing 100,000+ monthly transactions revealed patterns like 40% higher uptake from female 25–34s in CZK corridors, boosting conversion by 0.7% (€12,000,000 × 0.7% = €84,000 sales, €12,600 profit at 15% margin).

This cut cost-per-acquisition (CAC) by 15–20% (adding €12,000–€16,000 monthly savings, based on €80,000 baseline ad spend at 15–20% reduction) and eliminated €30,000–€40,000 annually on external market research (equivalent to €2,500–€3,333 monthly), yielding a total impact of €27,100–€31,933 monthly. This leveraged reliable owned data over guesswork, significantly enhancing marketing efficiency.

Commission Leakage

Layered intermediaries embedded €30,000 monthly commissions, hidden in the PSP fee and adding no sustained value. The introducer for the main acquirer (80% traffic, €9.6 million) took a lifetime 0.25% fee (€24,000), and the gateway (20% traffic, €2.4 million) charged a 0.25% “finder’s fee” (€6,000), despite appearing “free.” Common in intermediary-driven markets, these could be eliminated via direct acquirer negotiation, preserving the 1.8% rate. Post-audit, direct contracts saved the full €30,000 monthly.

CONSOLIDATED VIEW

Cost Category	Monthly Impact (€)	Notes
Direct PSP Fee	216,000	1.8%; competitive within 1.5–2.9% norm.
Checkout Churn (profit leakage)	9,450 (range: 7,560–11,340)	7% churn; 5–10% recovery, 12–18% margin.
FX Spread	28,200 (savings: 5,000–8,000)	47% volume; OTC at 0.35–0.45% with buffers.
Bank Transfer & Settlement Fees	8,000–10,000 (savings: 800–2,000)	€5 average per 1,600–2,000; 10–20% cut (legacy contract).
Chargebacks & Refunds	27,500 (savings: 3,000–5,000)	0.65% rate (above 0.3–0.4% median); €20 net fee, 15% reduction.
Liquidity Concentration (risk)	100,000–125,000	€87,500 (5% on €7m) + backend blend (contingent, one-off).
Lost Marketing Intelligence (profit leakage)	27,100–31,933	0.7% uplift + 15–20% CAC cut + €30–40k research savings annually.
Commission Leakage	30,000	0.25% introducer (80%) + 0.25% gateway; eliminated.

Excluding risk, recurring costs totalled €260,650–280,650 monthly, a 21–30% premium over €216,000. With liquidity exposure, the burden reached €360,650–405,650. These figures, validated by the Soltesz Payment Framework, align with 2025 industry standards.

FINAL ASSESSMENT

Management initially saw payment costs as €216,000 monthly, underestimating the true recurring burden of €260,650–280,650, plus a €100,000–125,000 contingent quarterly risk exposure from liquidity concentration and hidden backend risks.

Annualized, inefficiencies cost €3.1–3.4 million, substantial but grounded given the competitive 1.8% base rate and elevated chargeback performance in cross-border e-commerce.

Optimizations, localizing checkout (7% churn), shifting FX to an OTC specialist (0.35–0.45% rate), batching settlements, pre-empting €20 dispute fees, unlocking €27,100–€31,933 from payment data, eliminating €30,000 in commissions, and diversifying PSPs/acquirers, unlocked €120,000–160,000 in monthly savings (€1.4–1.9 million annually, 18–25% upside), with an additional €100,000–125,000 one-off from risk mitigation. Liquidity risks were fully addressed.

This case underscores that even well-negotiated payment systems can yield 18–25% cost reductions through visibility and iteration, offering a scalable blueprint for e-commerce businesses with regional diversity.

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