

Always On Orchestration: The New Digital Payments Standard for Indian eCommerce

For Founders, Heads of Technology
Heads of Finance, Product Managers

Whitepaper



Executive Summary

According to India Brand Equity Foundation (IBEF), eCommerce is one of the fastest growing industries with a CAGR of 27%. This has resulted in online transaction volume growth to the tune of 84% in 2025 from 34% in 2019.

We have seen significant developments in how merchants set up different payment modes and offer flexibility to ensure customers have a smooth journey across the purchase lifecycle. Yet, with surging volumes in transactions, there has also been a proportionate surge in payment failures. Despite several modes and methods, there is still a significant percentage of transaction failures, at which point trust breaks and that is a sure shot way of losing the customer to a competitor.

The issue is no longer the strength of the payment rails. It lies in the fragmented architecture built above them. Most merchants still rely on a collection of standalone PSP integrations, each operating independently and optimized in isolation. On the surface, the

system appears to work. In reality, it quietly erodes conversion, drives up payment costs, and fails to create meaningful incentives for customers to return. Disconnected systems compound leakage.

This paper contends that the next major competitive advantage in Indian eCommerce will not come from simply making checkout faster, but from making it orchestrated.

Merchants that implement a unified payment orchestration layer - one that intelligently routes transactions, minimizes failures, and turns the payment moment into a retention and growth engine - thereby compounding gains. Merchants that do not adapt will continue to address the same inefficiencies quarter after quarter.

The transition is already underway. This paper is intended for merchants who want to lead rather than lag behind with effective orchestration.

1. The New Growth Surface

India's payments infrastructure scaled faster than almost any major economy in the world. **80% of India's retail digital payments are now UPI.** What began as an alternative payment mechanism has effectively become the operating layer for Indian commerce. UPI fundamentally altered the economics and accessibility of digital payments.

Merchant strategy did not evolve at the same pace.

Consumers who once depended on cards or cash now transact instantly across mobile ecosystems. Payment behaviour has become habitual, invisible, and expected. On the other hand, merchants responded to this change reactively and incrementally through integrations with multiple gateways, PSPs, BNPL providers, wallets, and banking relationships to maximise acceptance and reduce transaction failures.

However, there is a caveat here. Despite consumers having the flexibility to pay in multiple ways, it has not translated into proportional returns. The reason being a sharp increase in failure rates.

The average checkout-to-confirmation drop-off rate across mid-to-large Indian eCommerce platforms sits between 15 and 25 percent. Not because customers changed their minds. Because the payment didn't go through, or went through after enough friction that the customer quietly left. As a merchant processing ₹500 crore in annual GMV, a 20% drop-off rate translates to ₹100 crore in demand that existed, reached checkout, and then disappeared, not from competition, but from infrastructure.

₹100 crore lost. Not to a competitor. To a failed transaction.

Why do payments fail when the setup intends the opposite? What causes the disconnect between intention and outcome?

The Catch

However, this is not devoid of a set of new challenges. Every additional routing partner improved redundancy. Every loyalty initiative attempted to increase repeat behaviour. But together, these additions contributed to operational sprawl.

The result is a paradox where despite surging rates of payment adoption, revenue leakage is still a problem that persists. It just does not persist but grows with scale making it one that needs immediate attention.

The transaction success rate depend on PSP performance which is largely outside the merchant's scope of control. Static routing logic, poor retry mechanisms etc. are reasons why payment failures tend to happen at this stage. There is a pressing need for an underlying intelligence layer to orchestrate these to ensure payment failures do not happen.

Shrinking Repeat Purchases

The cost of acquisition (CAC) is something that is heard a painful number of times. Painful because of its ever-increasing nature. Amidst rising competition and battle for mindshare, it is hard enough to get customers ready to buy a product and bring them to the final step on the purchase journey.

The real objective, however, extends beyond the first purchase. The goal is to create an experience compelling enough that customers return on their own, increasing repeat purchase rates and maximizing lifetime value. That is the fundamental purpose of a loyalty program: to turn one-time buyers into repeat customers.

Yet many loyalty programs undermine this objective. When rewards are delivered as discounts, refunds, or benefits that take value outside the merchant's ecosystem, they fail to reinforce the next purchase. Instead of deepening engagement, they dilute the very retention loop they are meant to strengthen.

To approach loyalty as an extension to customer acquisition and treat it as a silo is a cardinal mistake that merchants need to avoid.

2. The Hidden Costs of Payment Failures

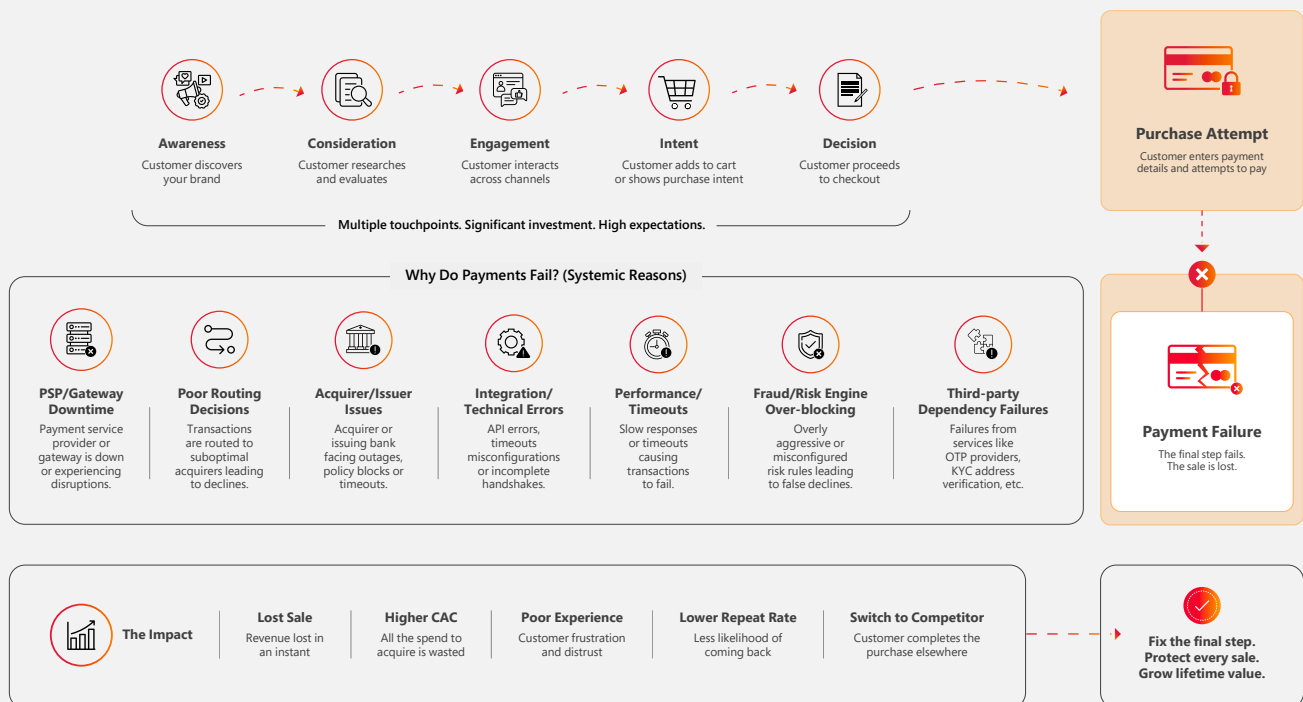
62% of customers may not return after a payment failure
(Source: Finance Magnate)

A customer reaches payment with clear purchase intent. The product decision is already made going through the entire journey that was designed for this moment. Both the acquisition and the journey has a cost which has been incurred. At this stage, when transactions still fail because the payment ecosystem beneath the checkout experience remains unstable, it is not just a lost opportunity but the costs aforementioned are hard to justify.

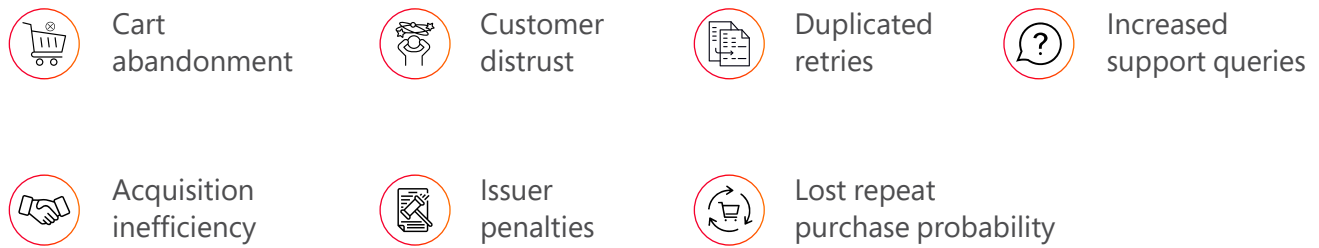
The underlying causes could be PSP underperforming during specific instances or an intermittent downtime or routing that fails to dynamically adapt or a retry logic that was not configured well enough. Whatever the case may be, the merchant sees it first as a technical glitch but for the business, it is a lost customer plus lost acquisition costs plus infrastructure cost that did not serve them as designed.

The Journey to Purchase: Many Touchpoints, **One Point of Failure**

Customers interact with your brand across multiple touchpoints. A payment failure at the final step can break the journey and result in a lost sale.



The industry often frames orchestration narrowly through payment success rates. That framing heavily understates the problem. Failed transactions create additional operational costs:



Every failed transaction damages more than a checkout session. It interrupts future revenue potential.

The Real Cost of Payment Failure

What you see is just the tip of the iceberg.



To fully realise value and ensure the journey is complete



Conversion systems and retention need to operate in tandem



Payment infrastructure should extend to loyalty building



Transaction success rates need to be higher to boost customer lifetime value

Most merchants have built collections of payment capabilities. Very few have built coordinated payment intelligence. That distinction is becoming commercially significant.

3. Orchestration as Architecture, Not Feature

Payment orchestration is often misunderstood as gateway aggregation.

That definition is already outdated.

A true orchestration layer is not another payment integration sitting inside the stack. It is the intelligence layer governing how the stack behaves in real time. Its role is not simply enabling and facilitating transactions. It can have far reaching outcomes such as boosting conversion rates, improving reliability and driving repeat purchases. This changes orchestration from a technical feature into growth infrastructure.

At checkout, orchestration functions as an intelligent decision engine. Instead of routing transactions statically through predetermined PSP relationships, the orchestration layer evaluates multiple variables dynamically:



Issuer performance



PSP uptime



Fallback logic



Geography



Transaction cost



Payment method success probability



Retry sequencing



Historical routing outcomes

The system continuously determines the most effective path for transaction completion.

This matters because payment performance is no longer stable across the ecosystem. It is exposed to several dynamic changes that can greatly vary by transaction type and time window.

Static integrations cannot respond intelligently to this volatility. An orchestration layer can.

If one PSP underperforms for a particular bank during peak periods, transactions reroute automatically. If a payment path introduces higher processing costs without improving success probability, routing logic adapts. If a transaction fails initially, recovery workflows

activate without forcing customers to restart the payment journey. These are rule-based workflows that need to continuously learn and evolve dynamically.

By employing an intelligent orchestration layer, the business can not just reduce payment failures but also improve the overall purchase experience and build loyalty.

Most merchants underestimate how much operational inefficiency exists inside fragmented payment ecosystems. An orchestration layer can help identify overlapping costs arising due to different PSPs, broken reconciliation mechanisms and actionable insights from analytics. Orchestration consolidates operations while payment intelligence influences decision-making.

Instead of managing payments provider-by-provider, merchants begin operating through a unified intelligence layer capable of:



This creates compounding business effects over time.

Higher conversion rates increase GMV efficiency. Reduced transaction failures improve acquisition economics. Smarter routing lowers processing costs. Better recovery logic reduces lost revenue. Operational visibility improves forecasting and optimisation decisions.

Importantly, orchestration also changes organisational behaviour.

Payments teams stop functioning reactively around transaction failures and vendor management. Instead, payment infrastructure becomes measurable growth infrastructure tied directly to revenue performance. This is the architectural transition many merchants are now entering.

The market conversation still frames orchestration as optimisation technology. Increasingly, it behaves more like operating infrastructure for digital commerce itself. That distinction matters because merchants that adopt orchestration early gain more than reliability advantages. They gain compounding intelligence advantages across the entire transaction lifecycle.

4. The Wallet: Embed & Benefit

While orchestration solves conversion, one needs to embed retention into it, to complete the system and derive maximum value out of it.

Traditionally, digital wallets were built around the idea of convenience. They were designed to enable faster payments, store balances and reduce friction at checkout. While it achieves these outcomes, it does not create durable loyalty. Keeping them functionally disconnected from the broader architecture makes them a one-time initiative while it has the potential to create enduring value.

Driving customers to use them is a whole different game altogether. Building stickiness is another problem. Wallets end up as occasionally used payment instruments rather than ecosystem infrastructure. This is where orchestration fundamentally changes the role of wallets.

When connected directly into an orchestration layer, a wallet becomes part of a closed-loop growth system. The payment event no longer ends at transaction completion. It becomes the trigger point for retention itself.

Every successful transaction can immediately activate downstream engagement:



Instant cashback



Refund retention



Wallet-linked rewards



Milestone incentives



Loyalty accrual



Personalised offers



The difference is timing and coordination to set up repeat purchase triggers. Traditional loyalty systems operate after the customer journey. Orchestrated wallet systems operate inside the journey itself. That distinction changes customer behaviour.

With refund delays reportedly stretching up to 50 days, RBI introduced mandatory reversal timelines of T+5 days.

[Source: RBI]



A refund processed back into a branded wallet keeps value circulating within the merchant ecosystem rather than exiting through external payment rails. Real-time rewards create immediate behavioural reinforcement rather than delayed engagement. Wallet-linked incentives shorten the path to repeat purchase. Customers would prefer instant refunds instead of waiting 4-7 business days through other channels where there is a dependency on banks and other financial institutions.

This is the closed-loop advantage.

Orchestration improves the probability that transactions succeed. Wallet infrastructure increases the probability that customers return. Together, they create a system where every conversion event compounds future revenue potential.

The strategic implication is significant.

As acquisition costs rise across Indian eCommerce, merchants increasingly need

infrastructure that improves customer lifetime value rather than simply increasing transaction volume. Wallets alone cannot achieve this. Orchestration alone cannot either.

But when connected together through a unified architecture, conversion and retention stop operating as separate business functions.

They become one continuous growth engine.

Platforms such as mobiquity® One - Orchestration Layer and mobiquity® One - Closed Loop Wallet reflect this shift toward unified commerce infrastructure, where payment intelligence, loyalty systems, and wallet engagement operate through a connected layer rather than isolated tools.

The market is gradually moving in this direction because fragmented growth models are becoming operationally expensive to sustain.

5. The Bottom-Line Architecture

The industry still evaluates payment infrastructure primarily through success rates.

While it is an important metric, it is not sufficient in today's time and age where the ecosystem is undergoing massive changes.

Improved payment success rates while the overall growth is stalling, make it a vanity metric..
Orchestration truly adds real value when payments are viewed not as isolated transaction streams but as part of the broader revenue system.

This expands the business case significantly.

At the transaction layer, orchestration improves conversion through intelligent routing, failover logic, and payment recovery. But beneath those improvements sits a second layer of financial impact:



Lower routing costs



PSP fee optimisation



Reduced operational failures



Fewer abandoned carts



Lower support overhead



Improved reconciliation visibility



Reduced payment downtime exposure

Over time, these efficiencies compound.

Improving retention by 5% can increase profits by 25% to 95%.
(Source: Bain & Company)

Here is how it operationally shifts the economics. A merchant processing high transaction volumes may lose substantial revenue annually through avoidable payment failures, inefficient routing paths, or fragmented PSP relationships. Even modest improvements in routing intelligence can translate into significant GMV recovery without increasing acquisition spend.

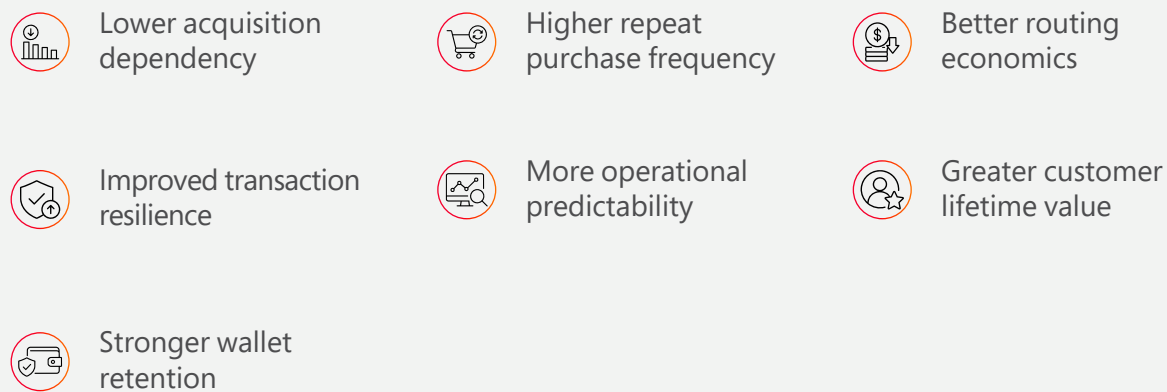
This is where orchestration increasingly belongs in strategic growth conversations rather than technical procurement discussions.

The downstream effects become even larger once retention enters the equation.

When wallets, rewards, and gamified engagement operate downstream of orchestration, transaction success begins influencing lifetime value directly. Refunds remain inside the ecosystem. Repeat purchases increase. Loyalty engagement becomes continuous instead of episodic.

The merchant stops optimising for single transactions and starts compounding customer value across time. This is the key strategic shift.

That reconnection changes how growth compounds over 12–24 months:



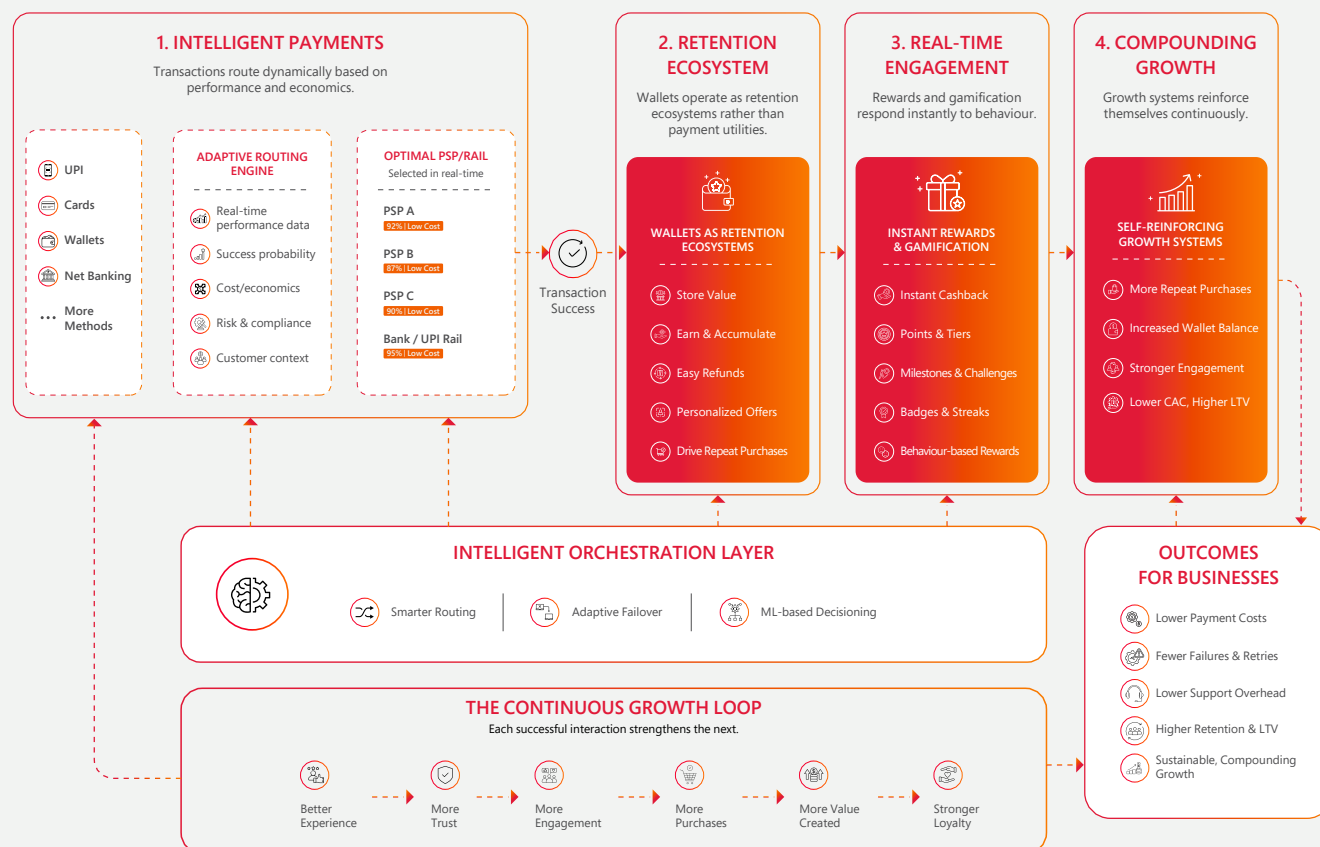
Success rates are simply the visible surface of a much larger economic effect.

For CEOs, the implication is strategic differentiation. For CFOs, it is margin efficiency. For CTOs, it is infrastructure simplification. For payments leaders, it is operational intelligence instead of reactive optimisation.

The merchants that recognise orchestration as business architecture rather than payment tooling will likely build structurally stronger commerce systems over the next decade.

The Future State: From Integrations to an Adaptive Growth Engine

An intelligent, connected ecosystem where payments power retention, engagement and compounding growth.



The lines between payment infrastructure and instruments of growth will blur and that is the larger transition towards which we are heading.

Faster payments and higher success rates are no longer competitive benchmarks. The winners will be the ones orchestrating the entire purchase lifecycle intelligently and extract maximum value out of every customer. From routing to retention, one single, connected architecture will be the biggest competitive differentiator.

Businesses that would treat conversion and retention and start orchestrating them as one continuous engine are set to be the big winners.

Next Steps: Ready to Optimize Your Payments?

Schedule a demo or strategy session - Speak to a mobiquity® One payment specialist.

Talk to us

