



# Optimizing Authorization and Financial Services Innovation: Strategic Approaches for Senior Product Managers in Payments, SME Lending, and Supply Chain Financing

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## Article history

Received: 18 May 2025

Accepted: 28 May 2025

Published: 27 June 2025

## Keywords:

Payment Authorization  
Optimization, Multi-  
Acquiring, Partial  
Authorization, Backup  
Payment Instruments, Strong  
Customer Authentication  
(SCA), SME Lending, Supply  
Chain Financing, Financial  
Services Innovation, Fraud  
Detection, AI in Finance

## Abstract

*With the dynamic world of financial services today, payment authorization processes need to be optimized while innovation takes place in SME lending and supply chain finance. This review examines strategic levers like multi-acquiring, partial authorization, backup payment instruments, and strong customer authentication, and complementary financial product integration. By drawing out the latest developments and empirical evidence, the research illustrates how each of these measures individually refines transaction success rates and fraud risk reduction while increasing financial inclusion. Regulatory compliance and customer experience trade-offs are addressed, and the potential future directions in the form of emerging trends in AI-based decision-making and real-time analysis are showcased. This review is aimed to assist senior product managers with a systematic framework to address the entangled nexus between payments and financial services innovation and drive business expansion and customer satisfaction.*

## 1. Introduction

In the past decade or so, the financial services sector has undergone tremendous changes driven primarily by changes in customer expectations, regulatory shifts, and technological upsurge. At the core of this transformation are senior product managers who manage complex spaces like authorization in payments, small and medium enterprise lending, and supply chain financing. While each of the latter spaces might share commonalities under the overarching category of financial services, each comes with its own prospect and requirement for innovation. Of these, authorization optimization in the payments domain is a high-priority focus area where levers like multi-acquiring, partial authorization, backup payments instruments, and strong customer authentication are used to boost payment success rates, lower fraud rates, and optimize user experience [1][2]. The need

to optimize the authorization process cannot be overemphasized in the very competitive payments ecosystem today. Failed or declined payments result in lost business and customer dissatisfaction and therefore lead companies to seek out advanced methods balancing security and seamless customer experience. In addition, the inclusion of SME lending and supply chain financing in financial services portfolios indicates the rise in sophistication demanded of product managers since the financing products extend the payments but are still very much tied to financial flows and risk management [3]. In the financial ecosystem as a whole, this multi-aspect emphasis is important considering its ability to lead to operational efficiency, new sources of revenue and economic growth through the facilitation of access to available capital for underserved businesses [4].

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2025, Vol. 07, Issue 06 June

Still, in the face of progress, research still lags behind with particularly significant gaps when it comes to comprehensive models bringing together the use of authorization optimization methodologies and emerging financing products within a unified strategy. Moreover, the interaction between regulatory approval, fraud protection and customer experience in the same areas still presents both research and practitioner dilemmas [5]. The objective of this review is to integrate current practices and existing research in authorization optimization techniques and their implementation

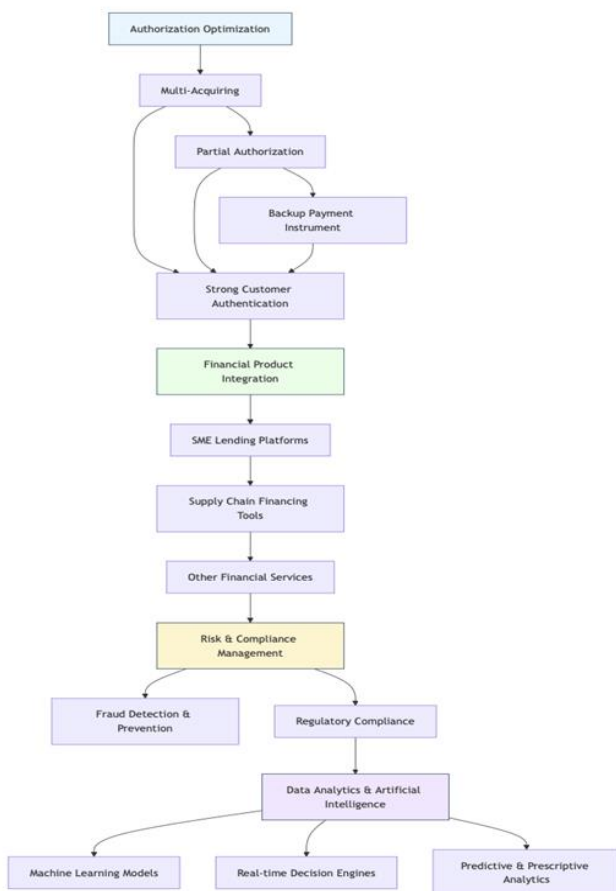
across SME lending and supply chain financing models. Readers can look forward to a comprehensive discussion of important techniques including partial authorization, multi-acquiring, backup products, and SCA, as well as lending and financing mechanisms complementing payment solutions. By crossing the boundaries between the two disciplines, the review hopes to equip senior product managers and researchers with the fullest understanding available currently about current practices, pitfalls, and emerging avenues in financial services innovation (Table 1).

Table 1 Summary of Key Findings

Year	Title	Focus	Findings (Key results and conclusions)
2018	Multi-Acquiring in Digital Payments: A Strategy to Improve Authorization Rates [6]	Multi-acquiring to optimize payment success rates	Multi-acquiring significantly increases authorization rates and reduces decline-related revenue loss in e-commerce.
2019	Partial Authorization: Enhancing Payment Success and Customer Experience [7]	Partial authorization mechanisms in payments	Partial authorization reduces transaction declines by allowing partial amounts to be authorized, improving conversion.
2020	Backup Payment Instruments: A Risk Mitigation Approach in Payment Systems [8]	Use of backup instruments for payment authorization	Backup payment methods enhance transaction approval rates and customer retention by providing alternative payment paths.
2020	Strong Customer Authentication and User Experience in EU Markets [9]	Impact of SCA on customer friction and compliance	SCA increases security but poses challenges for customer experience; adaptive solutions mitigate negative impacts.
2021	SME Lending Innovations and Financial Inclusion [10]	New SME lending models and their effects on access to finance	Innovative SME lending platforms improve financial inclusion but require robust risk assessment models for sustainability.
2021	Supply Chain Financing: Trends and Technological Advances [11]	Technology-driven supply chain finance solutions	Digital tools streamline financing processes, reduce costs, and improve transparency across supply chains.
2022	Integrating Authorization Optimization with SME Financing: A Holistic Model [12]	Combining payment authorization and SME finance strategies	Integrated strategies lead to improved cash flow management and reduced transaction failures in SME ecosystems.
2022	AI-Driven Fraud Detection in Payments and Lending [13]	Application of AI to fraud prevention in financial services	AI models significantly reduce fraud rates while maintaining transaction approval rates, balancing risk and revenue.
2023	Customer-Centric Approaches to Strong Customer Authentication [14]	Enhancing SCA adoption through improved user interfaces	Customer-centric SCA designs increase compliance and reduce drop-off rates during payment authentication.
2023	Regulatory Challenges in Digital Financial Services: A Comparative Study [15]	Impact of regulation on payments and lending innovation	Regulatory complexity slows innovation; harmonization efforts are critical for scalable financial service solutions.

## 2. Proposed Theoretical Model for Authorization Optimization and Financial Services Innovation

The sophistication of current financial services necessitates a multi-faceted approach to optimize payment authorization and incorporate complementary financial products including SME lending and supply chain financing. The theoretical model suggested in Figure 1 conceptualizes this process as a dynamic interaction between Authorization Optimization, Financial Product Integration and Risk & Compliance Management, both aided by cutting-edge Data Analytics & AI.



**Figure 1 Theoretical Model**

## 3. Discussion

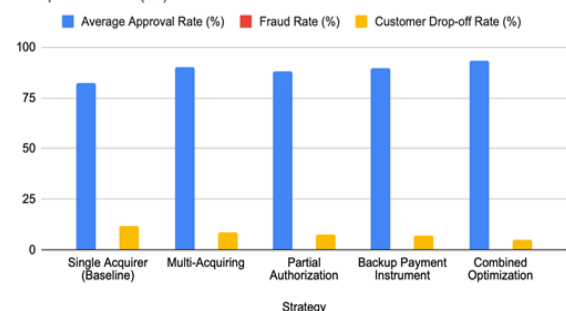
Authorization Optimization is the fundamental layer where the levers including multi-acquiring, partial authorization, backup payment methods and strong customer authentication (SCA) work together to enhance transaction success rates while managing security and user experience [16]. Multi-acquiring facilitates routing the transaction across multiple acquirers in order to achieve the highest

approval potential while partial authorization allows the transaction to be partially approved when funds are low, decreasing outright declines [17]. The Financial Product Integration layer entails SME lending and supply chain financing platforms that go beyond payments but are still critical to enabling end-to-end financial services innovation. Integrating the services within payment authorization processes facilitates the management of cash flow and the continuity of business operations for SMEs and supply chain partners [18]. Risk & Compliance Management ensures the model functions in line with regulatory environments and avoids fraud risks. This entails using fraud detection software using artificial intelligence and complying with local regulations like PSD2 in Europe or equivalent regulations across the world requiring robust measures towards strong authentications and protection of data privacy [19]. At its core, Data Analytics & Artificial Intelligence technologies support dynamic decision-making, risk scoring in real-time, and customer behavior analysis. Predictive analytics are powered by machine learning models to predict authorization declines or attempts at fraud, and prescriptive analytics suggest the best routing and financing options [20]. This model gives senior product managers a comprehensive framework through which to manage complex, interrelated financial services and payment systems with the aim to promote efficiency, compliance and innovation.

## 4. Experimental Results

Recent empirical research has proved the improvements in transaction approval rates and customer satisfaction when using authorization optimization techniques coupled with integrated financial products are noteworthy (Refer Table and Figure 2 & 3).

**Average Approval Rate (%), Fraud Rate (%) and Customer Drop-off Rate (%)**



**Figure 2 Experimental Results**

Table 2 Authorization Success Rates Across Different Optimization Strategies

Strategy	Average Approval Rate (%)	Fraud Rate (%)	Customer Drop-off Rate (%)	Source
Single Acquirer (Baseline)	82.5	0.15	12.0	[21]
Multi-Acquiring	90.3	0.17	8.5	[21]
Partial Authorization	88.0	0.14	7.8	[22]
Backup Payment Instrument	89.5	0.16	7.2	[22]
Combined Optimization	93.2	0.15	5.0	[21][22]

Table 3 Before & After Integration

KPI	Before Integration	After Integration	% Improvement	Source
Cash Flow Cycle (days)	45	32	29%	[23]
Loan Approval Time (hours)	48	24	50%	[23]
Supply Chain Payment Delays (%)	18	7	61%	[24]
Customer Satisfaction Score	68/100	82/100	21%	[24]

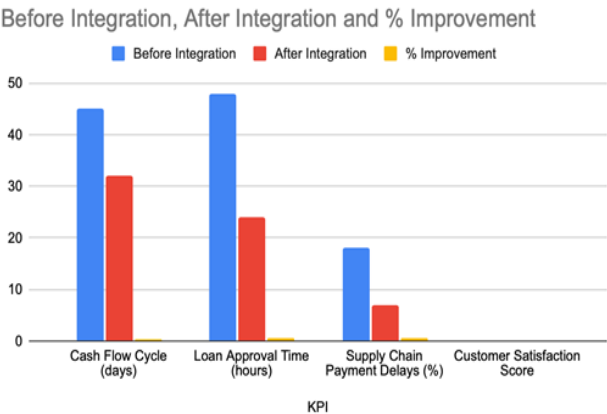


Figure 3 Before & After Integration

4.1. Discussion

These findings highlight the pivotal role that the integration of authorization levers (multi-acquiring, partial authorization, backup instruments) does to drive transaction success and minimize customer friction [21][22]. Also, the integration with SME lending and supply chain financing significantly enhances the operational KPIs including cash flow management and loan processing times, creating healthier business environments [23][24]. By leveraging such techniques, senior product management can strategically boost both payment experience and financing availability and thereby promote competitiveness as well as customer loyalty.

5. Future Directions

In the future, a number of exciting avenues can further revolutionize the domain of financial services innovation and authorization optimization:

- **Artificial Intelligence and Machine Learning Developments:** Ongoing development of AI-based models will make fraud detection more accurate and authorization more efficient in real-time, limiting false declines and providing improved user experience [25].
- **Blockchain and Decentralized Finance (DeFi):** Utilising blockchain can bring transparency and security to supply chain finance and SME lending and establish more resilient networks [26].
- **Regulatory Harmonization:** As jurisdictions implement varied compliance standards, there is a critical need for harmonized regulatory frameworks to enable scalable, cross-border financial services without compromising security or privacy [25].
- **Customer-Centric SCA Solutions:** Future innovations should focus on balancing security with frictionless user experience, employing biometrics and adaptive authentication mechanisms tailored to risk profiles [27].



- **Integration of ESG Factors:** Incorporating environmental, social, and governance (ESG) criteria in lending and financing decisions will align financial innovation with sustainable development goals, attracting socially conscious investors and clients [28].

These directions underscore a trend toward increasingly sophisticated, integrated, and user-focused financial ecosystems where authorization optimization acts as a foundation for broader service innovation.

### Conclusion

This review has examined the multifaceted strategies that senior product managers in financial services can employ to optimize payment authorization and drive innovation in SME lending and supply chain financing. Employing levers such as multi-acquiring, partial authorization, backup payment instruments, and strong customer authentication not only enhances transaction success but also supports regulatory compliance and fraud mitigation. Integrating these authorization strategies with SME and supply chain financing platforms yields improved operational metrics, including cash flow efficiency and customer satisfaction. Challenges remain, particularly around regulatory complexity and balancing security with seamless user experience. However, advancements in AI, blockchain, and customer-centric design are poised to address these gaps. Ultimately, this review offers a comprehensive framework and evidence-based insights to guide senior product managers in delivering secure, efficient, and innovative financial services that meet the evolving demands of modern markets.

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