

PAYMENTS PRICING GOVERNANCE PLAYBOOK

How payments organizations detect pricing leakage
and build governance that protects margin.

“Pricing leakage is rarely a single bad decision. It is the accumulation of hundreds of small decisions made without a governance system.”

What this playbook covers

A practitioner framework for finding where pricing margin is leaking, building the operating structure that stops it, and measuring whether it is working. Written by someone who has implemented these frameworks across multiple global banks over the past twenty years.

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EXECUTIVE SUMMARY

The Governance Gap

Pricing leakage is rarely a single bad decision. It is the accumulation of hundreds of small decisions made without a governance system. Volume grows, revenue follows, and leadership assumes the franchise is healthy. It usually is not.

The problem is structural. Pricing decisions are made at the product level while economics are realized at the corridor and client level. Discounts get approved, exceptions get granted, corridors get mispriced, and Cost-to-Serve goes untracked. By the time the P&L; reflects the damage, the habits that caused it are already embedded in the operating model.

This playbook is a practitioner framework for finding that leakage, building the operating structure that stops it, and measuring whether it is working. Every component described here has been built and operated inside commercial payments franchises.

What This Playbook Delivers	
<p>Leakage Diagnosis A structured method for identifying the four sources of pricing leakage in any payments portfolio.</p>	<p>Governance Framework A five-component operating system with clear ownership, processes, and accountability.</p>
<p>90-Day Implementation Plan A phased approach with defined outputs at each stage.</p>	<p>KPI Model Five metrics that tell you the governance is working and where to look when it is not.</p>

A note on scope and targets. The recovery ranges cited throughout — typically 8 to 15 percent margin improvement over 12 months — are directional, based on practitioner experience across multiple institutions, not empirical benchmarks. The actual recovery depends on the depth of existing leakage and is established during the Phase 1 diagnostic.

SECTION 1

THE PROBLEM MOST PAYMENTS ORGANIZATIONS UNDERESTIMATE

Every payments executive knows that volume growth is good. The problem is that volume growth can mask something quietly corrosive happening underneath it.

As volume grows, so does pricing complexity. More clients mean more pricing arrangements. More corridors mean more cost structures. Each individual decision looks reasonable in isolation. Taken together over three to five years, they add up to a portfolio where nobody can tell you what the real margin per transaction is.

This is not a failure of intelligence. It is a failure of governance. The pricing decisions were made, but the system for tracking, reviewing, and holding them accountable was never built.

The core diagnostic question. If you cannot answer "what is our net revenue per transaction by corridor, by client, and by product" — you have a governance gap. That is the starting point for everything that follows.

THE PRICING LEAKAGE LOOP



Volume growth creates pricing pressure. Pricing pressure creates discounts. Discounts accumulate into margin erosion. Margin erosion creates volume dependency. Without governance, the cycle compounds.

What This Looks Like in Practice

Across pricing reviews conducted at multiple global banks over twenty years, a consistent pattern emerged: the majority of top-tier clients were on legacy exception pricing with no expiry date and no documented business case. In most cases, the original approval was two to four years old and the commercial rationale had long since expired. Restoring standard pricing on even a fraction of those relationships, through structured annual reviews, consistently produced double-digit improvements in net margin per transaction within the first year.

The exceptions were not the problem. The absence of any system to review them was.

1.1 How Market Structure Shapes Payments Pricing

Pricing governance is not purely an internal problem. It operates within a market structure that constrains what is possible and creates legitimate reasons to price below full margin. Understanding those constraints is as important as building the governance framework itself.

Network Economics and Corridor Competition

Cross-border payment corridors are not isolated markets. They are contested by SWIFT alternatives, local clearing rails, fintech-native providers, and scheme incentive programs. A corridor that looks underpriced from an internal margin perspective may be correctly priced relative to the competitive alternatives available to your clients. Governance needs to distinguish between corridors that are underpriced due to leakage and corridors that are priced at market for structural reasons.

Client Segment Economics

Not all clients price the same way, nor should they. Corporate treasury clients bring operating balance value that offsets lower transaction fees. Fintech clients and PSPs bring volume that justifies unit economics unavailable at smaller scale. Pricing governance should reflect segment economics explicitly. A framework that applies the same standards to a Fortune 500 corporate and a mid-market fintech is not governance — it is a blunt instrument.

Strategic Pricing Decisions

Some pricing leakage is intentional. New market penetration requires entry pricing that would not survive a standard margin review. A brand-name anchor client may be worth below-margin pricing for the halo effect it brings. A highly competitive corridor may require matching market pricing while a strategic response is developed. Senior executive relationships sometimes generate pricing commitments that reflect commercial realities outside the standard model.

The Governance Principle That Holds Across All Three

None of these situations represent governance failures in themselves. The failure occurs when strategic pricing decisions are made without visibility, without a time limit, and without a plan to restore margin. Governance does not eliminate strategic pricing. It makes strategic pricing explicit, time-bounded, and accountable.

The practical test. For every below-margin pricing arrangement in your portfolio, ask three questions: Is there a documented business case? Is there an expiry date or a margin ramp milestone? Does the P&L owner know about it? If the answer to any of these is no, it is not a strategic decision. It is an unmanaged exception.

SECTION 2

THE FOUR SOURCES OF PRICING LEAKAGE

Pricing leakage has four distinct sources. Each one has a specific cause, a specific diagnostic signal, and a specific fix. The 2x2 grid below classifies them by when they occur and whether they are commercial or operational in nature.

DIAGNOSTIC FRAMEWORK

	COMMERCIAL	OPERATIONAL
AT DEAL STAGE	<p>01 Override Frequency Deals approved outside the standard pricing model without documented rationale or expiry.</p>	<p>03 Corridor Mispricing Cross-border fees set at product level without corridor-specific cost visibility.</p>
POST DEAL	<p>02 Exception Discounting Legacy pricing arrangements that were approved once and never reviewed again.</p>	<p>04 Untracked Cost-to-Serve Exception handling costs not attributed to specific clients or corridors.</p>

2.1 Override Frequency

COMMERCIAL · DEAL STAGE

An override is any deal approved outside the standard pricing model. Overrides are not inherently bad — a well-run portfolio will have some. The problem is when overrides become the path of least resistance. When the approval process for an override is easier than defending standard pricing, override frequency compounds silently.

DIAGNOSTIC SIGNAL	Override rate as a percentage of total deals approved in a rolling 12-month period.
WHAT GOOD LOOKS LIKE	Override rate below 10%. Every override documented with a business case, an expiry date, and a named approver.
COMMON CAUSE	No tiered approval structure. All overrides treated equally regardless of margin impact.

2.2 Exception-Driven Discounting

COMMERCIAL · POST DEAL

Exception-driven discounting is different from override frequency. An override is a decision made at deal origination. An exception is a pricing arrangement approved once and never reviewed again. Most commercial payments portfolios have clients on special pricing from three years ago for a competitive reason that no longer exists. Multiplied across hundreds of clients, this is a significant and entirely recoverable source of leakage.

DIAGNOSTIC SIGNAL	Number of clients on non-standard pricing versus total client base. How long each exception has been active.
WHAT GOOD LOOKS LIKE	Every exception reviewed in the annual pricing cycle. Each renewed with a current business case or restored to standard pricing.
COMMON CAUSE	No annual pricing review process. Relationship managers protect legacy pricing to avoid difficult client conversations.

2.3 Corridor Mispricing

OPERATIONAL · DEAL STAGE

Corridor mispricing occurs when cross-border payment pricing is set at the product level without accounting for the full economics of each specific corridor. Pricing decisions are made at the product level while economics are realized at the corridor level. A US–Mexico payment and a US–Nigeria payment may carry the same headline fee, but the underlying cost structure is completely different.

DIAGNOSTIC SIGNAL	Net revenue per transaction by corridor compared against the blended portfolio average.
WHAT GOOD LOOKS LIKE	Corridor P&L; reviewed quarterly. Each corridor classified: Grow, Defend, Optimize, or Exit.
COMMON CAUSE	Corridor economics not visible in the standard management reporting pack.

2.4 Untracked Cost-to-Serve

OPERATIONAL · POST DEAL

The fourth source is the least visible and often the largest in absolute terms. Exception handling costs, payment repair costs, and operational overhead not attributed to specific clients or corridors sit in overhead — invisible to the people making pricing decisions. A client generating significant exception volume is consuming more operational resource than their pricing reflects.

DIAGNOSTIC SIGNAL	Exception rate as a percentage of total transaction volume. Exception handling cost as a percentage of gross revenue per client.
WHAT GOOD LOOKS LIKE	Exception cost fully allocated to specific clients and corridors. Repricing triggered when exception cost exceeds a defined threshold.
COMMON CAUSE	Operations and finance not sharing data. Exception costs treated as fixed overhead rather than variable cost drivers.

LEAKAGE SOURCE SUMMARY

Source	Primary Signal	Recovery Timeline
Override Frequency	Override rate % of deals	30 to 60 days
Exception Discounting	Clients on non-standard pricing	60 to 90 days
Corridor Mispricing	Net rev/txn vs portfolio average	60 to 120 days
Untracked Cost-to-Serve	Exception cost % of revenue	90 to 180 days

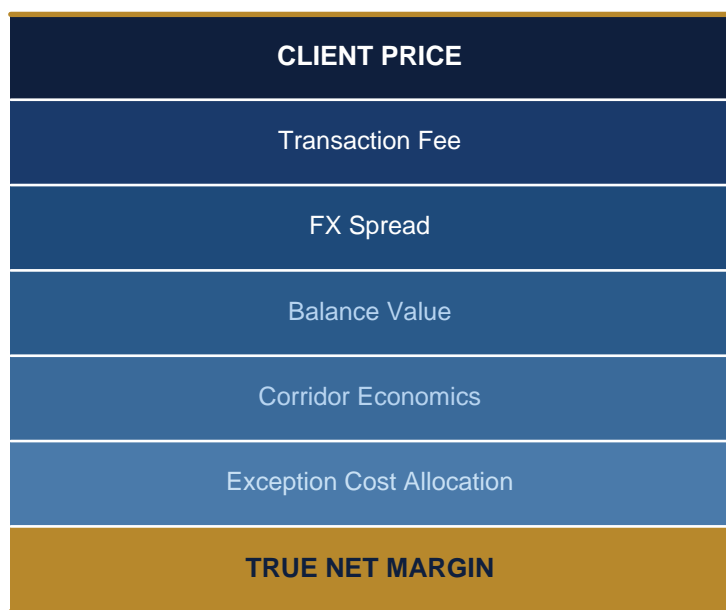
SECTION 3

THE GOVERNANCE FRAMEWORK

Identifying leakage is the diagnostic step. The governance framework is the operating system that prevents it from recurring. It has five components. Each one is a specific mechanism with a specific owner and a specific output. Principles without mechanisms do not hold.

3.1 Pricing Architecture Foundation

Before governance can function, the pricing model must be structured correctly. Governance applied to an incomplete pricing model produces false confidence. A payments pricing architecture should include five components:



The pricing architecture must include all five components. Organizations that price at the transaction fee level only are governing an incomplete picture. FX spread and balance value are often larger revenue contributors than the visible fee. Corridor economics and exception cost allocation are the cost side that most pricing models miss entirely.

One additional requirement: the pricing architecture must reflect client segment economics. Corporate treasury clients, fintech platforms, PSPs, and high-volume processors each have different Cost-to-Serve profiles and different balance contributions. Build the segmentation model before applying the governance framework to it.

3.2 Pricing Authority Matrix

The pricing authority matrix defines who can approve what, at what discount level, with what documentation required. Without it, every pricing decision escalates to the same level regardless of materiality — or worse, decisions are made without escalation or visibility.

Tier	Discount Range	Approval Authority	Documentation Required
Standard	Within published tariff	Relationship Manager	Standard deal record
Modified	Up to 15% below tariff	Product Manager	Business case with margin calculation
Exception	Greater than 15% below tariff	P&L; Owner approval	Full client P&L; strategic rationale, expiry date

3.3 Annual Pricing Review Process

The annual pricing review is the single highest-leverage mechanism in the governance framework. It forces a structured conversation about every client relationship once a year against current Cost-to-Serve and market benchmarks. Without it, pricing decisions made three years ago stay in place indefinitely.

On strategic exceptions. The annual review is not designed to eliminate all below-margin arrangements. Some will be renewed with a current business case. The governance requirement is that those decisions are made explicitly, with a named owner and a defined review horizon. The exception that cannot be explained is the problem. The exception that is understood and time-bounded is a management decision.

For each client in the review, the output is one of four actions:

Hold	Pricing is appropriate. No change. Document the rationale.
Adjust	Pricing can be improved. Plan the repricing conversation.
Renegotiate	The relationship economics have changed. A structured renegotiation is warranted.
Exit	The relationship is not commercially viable. Begin a managed exit process.

3.4 Deal Approval Process

New deals are where pricing governance either holds or breaks down. Every new commercial arrangement should go through a margin calculation before approval. The design principle: the process must be fast enough that it does not create pressure to bypass it. A process that takes two weeks will be circumvented. One that produces a margin calculation in 24 hours will be used.

3.5 Exception Tracking Register

The exception register is a live record of every pricing exception currently in the portfolio. Each record must include: the client, the standard pricing and exception pricing, the annualized margin impact, the business case, the approver, and an expiry date. Exceptions without expiry dates do not expire.

The single most important design requirement of the exception register is that every entry has a mandatory review date. When that date passes, the exception is automatically flagged for renewal or removal.

3.6 Monthly KPI Cadence

The governance framework does not run itself. Someone has to look at the numbers every month and ask the right questions. The monthly KPI review is owned by the P&L; owner and attended by product, finance, and sales leadership.

3.7 Governance Ownership Model

Role	Accountability	Primary Mechanism
Head of Payments / P&L; Owner	Pricing outcomes and overall margin performance	Monthly KPI review, exception approval
Product Management	Pricing model design and corridor classification	Pricing authority matrix, deal approval
Finance	Margin measurement and Cost-to-Serve allocation	Annual review data, KPI reporting
Sales Leadership	Override discipline and exception accountability	Exception register, override rate reporting
Operations	Cost-to-Serve measurement and exception data	Exception cost allocation, repair cost reporting

3.8 Managing Organizational Resistance

Every pricing governance initiative encounters resistance, almost always from the sales organization, and almost always framed the same way: governance creates friction, friction loses deals. The most effective counter is to make the cost of the current state visible. Show the override rate. Show the exception count. Show the margin per transaction by client. When the data is visible, the conversation changes.

Frame it correctly from the start: governance is margin protection, not sales restriction. Exceptions remain possible. They become visible and accountable. That framing shift matters more than the mechanics of any specific process.

GOVERNANCE OPERATING MODEL



■ Annual Review feeds back into the Pricing Model — closing the loop and preventing exceptions from accumulating permanently.

SECTION 4

90-DAY IMPLEMENTATION PLAN

Governance frameworks fail most often not because they are wrong but because they are implemented all at once. The plan below is sequenced deliberately. Each phase builds on the previous one and produces a concrete deliverable before the next phase begins.

4.1 Data Prerequisites

The most common constraint in Phase 1 is data availability. If these capabilities do not exist, treat data infrastructure as a parallel workstream rather than a blocker.

Data Required	Used For	If Not Available
Transaction revenue by client and corridor	Net margin per transaction	Estimate from product-level averages. Flag as approximate.
Deal approval records with discount levels	Override rate measurement	Manual audit of last 90 days of deals.
Corridor cost data: FX, nostro, correspondent fees	Corridor P&L; diagnosis	Use treasury data. Corridor P&L; will be directional.
Exception handling cost by client	Cost-to-Serve calculation	Use blended exception cost rate as a proxy.
Non-standard pricing arrangements list	Exception register population	Manual pull from CRM and deal records.

On timeline realism. Phase 1 often extends to 45 or 60 days when corridor cost data or client-level margin data needs to be constructed from scratch. The sequencing matters more than the timeline. Do not begin building the governance framework before the diagnostic is complete.

4.2 The Three Phases

DAYS 1–30	DAYS 31–60	DAYS 61–90
Diagnostic	Framework Build	Deployment
<ul style="list-style-type: none"> • Quantify pricing leakage • Build corridor P&L; • Measure override rate • Map exception inventory 	<ul style="list-style-type: none"> • Design authority matrix • Build exception register • Draft annual review process • Secure leadership alignment 	<ul style="list-style-type: none"> • Run first pricing review • Set KPI baseline • Brief sales teams • Activate exception register
Output: Leakage Report	Output: Governance Document	Output: Governance Live

Phase 1	Days 1 to 30 — Diagnostic and Leakage Quantification
	<ul style="list-style-type: none"> • Map the current pricing architecture across all five components.
	<ul style="list-style-type: none"> • Run the four leakage diagnostics: override rate, exception count, corridor P&L;, exception cost as a percentage of revenue.
	<ul style="list-style-type: none"> • Identify the two or three highest-impact fixes based on the diagnostic output.
	<ul style="list-style-type: none"> • Interview product, finance, sales, and operations to understand ownership gaps.
DELIVERABLE	Pricing Leakage Report with quantified revenue recovery opportunity and prioritized fix list.

Phase 2	Days 31 to 60 — Framework Design
	<ul style="list-style-type: none"> • Design the pricing authority matrix calibrated to the organization's deal volume and client mix.
	<ul style="list-style-type: none"> • Build the exception tracking register with mandatory expiry date fields.
	<ul style="list-style-type: none"> • Draft the annual pricing review process and secure leadership alignment.
	<ul style="list-style-type: none"> • Define the governance ownership model and confirm accountabilities.
DELIVERABLE	Governance Framework Document: authority matrix, exception register template, annual review process, and ownership RACI.

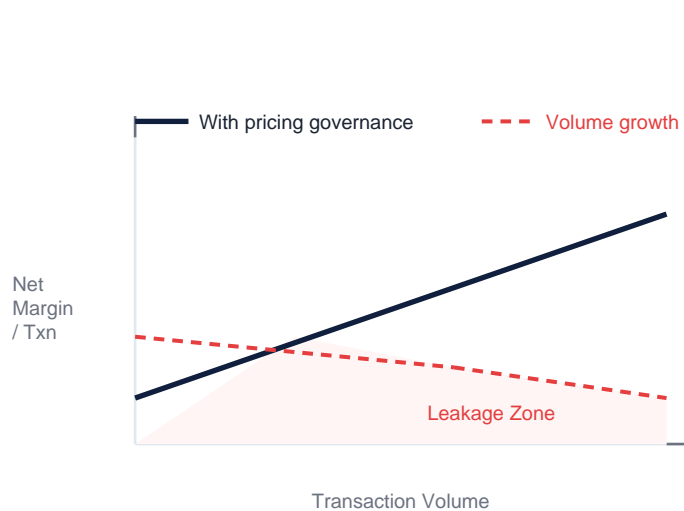
Phase 3	Days 61 to 90 — Deployment and Baseline
<ul style="list-style-type: none"> • Run the first annual pricing review on the top 20 clients by revenue. 	
<ul style="list-style-type: none"> • Set the KPI baseline across all five metrics. 	
<ul style="list-style-type: none"> • Brief relationship management and sales teams on the new governance process. 	
<ul style="list-style-type: none"> • Activate the exception register for all existing non-standard pricing arrangements. 	
DELIVERABLE	First governance cycle complete. KPI dashboard live. Exception register populated. Leadership briefed.

SECTION 5

MEASURING SUCCESS

Five KPIs tell you whether the governance framework is working. They are reviewed monthly by the P&L owner. Each one measures a different dimension of pricing health.

5.1 The Core Thesis — Visualized



Volume growth can mask margin erosion.

The navy line shows what happens when pricing governance is in place: as volume grows, margin per transaction improves because pricing discipline compounds over time.

The dashed line shows the leakage pattern: volume grows but margin per transaction flattens and declines. The P&L looks healthy because total revenue is up. The margin signal is invisible until the governance framework makes it visible.

5.2 The Five KPIs

01**Net Margin Per Transaction***Are we capturing more value per payment?*

HOW TO MEASURE Total net revenue divided by total transaction volume. Calculate at portfolio level, by corridor, and by client segment.

TARGET Improvement of 8 to 15 percent over 12 months from governance baseline.

WARNING SIGNAL Flat or declining despite volume growth. The primary signal that governance is not holding.

02**Override Rate***Is pricing discipline holding?*

HOW TO MEASURE Number of deals approved outside standard pricing as a percentage of total deals approved in the period.

TARGET Below 10 percent with documented justification for each.

WARNING SIGNAL Override rate rising month over month. Sales teams have found a workaround.

03**Exception Count***Are exceptions being resolved or accumulating?*

HOW TO MEASURE Total active exceptions in the register. Track both count and total annualized margin impact.

TARGET Declining trend after the first annual review cycle. No exceptions without an expiry date.

WARNING SIGNAL Exception count growing. New exceptions being added faster than old ones are resolved.

04

Pricing Cycle Time

How long does it take to reprice a client?

HOW TO MEASURE Average days from pricing review recommendation to new pricing implementation.

TARGET Under 30 days for standard adjustments. Under 60 days for complex renegotiations.

WARNING SIGNAL Cycle time exceeding 60 days. Implementation bottlenecks are creating a backlog.

05

Cost-to-Serve as Percentage of Revenue

Is operational efficiency improving?

HOW TO MEASURE Total Cost-to-Serve including exception handling costs as a percentage of gross revenue, by client and corridor.

TARGET Declining trend as exception root causes are addressed and governance reduces rework.

WARNING SIGNAL Cost-to-Serve rising. Exception volume is not coming down despite governance improvements.

5.3 What 12-Month Success Looks Like

Metric	Baseline (Month 0)	Target (Month 12)	Signal
Net margin / txn	Establish at diagnostic	+8% to +15%	Governance is capturing value
Override rate	Establish at diagnostic	Cut by 50%+	Pricing discipline is holding
Exception count	Full register populated	Declining trend	Annual review is working
Pricing cycle time	Establish at diagnostic	Under 30 days	Process is efficient
Cost-to-Serve %	Establish at diagnostic	Declining trend	Operational efficiency improving

CLOSING

Starting the Process

Pricing governance is not a project with an end date. It is an operating discipline that has to be built into how the franchise runs. The frameworks described here are starting points, not finished prescriptions. The leakage sources are consistent across organizations. The calibration depends on your specific client base, product mix, and operating model.

The most common implementation failure is trying to build all five governance components simultaneously. Start with the annual pricing review and the exception register. Those two mechanisms alone will surface more margin opportunity than any pricing strategy document. Add the authority matrix and deal approval process once you have a baseline. Build the KPI cadence last, because it only means something when you have something to measure against.

Organizations starting this process often benefit from assessing where their current portfolio sits before designing the framework. The Payments Portfolio Diagnostic at carlosurena.com scores pricing governance as one of six structural pillars and identifies where to focus first.

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