

Benefits of Accepting Contactless Payments

You probably don't give much thought to your business's credit card terminals—but maybe you should. Millions of consumers are now equipped with contactless-enabled debit cards, credit cards and other contactless payment devices, and adoption is likely to grow rapidly with the emergence of mobile phone-based NFC (near-field communication) payments.

At retailers outfitted with contactless readers at the point of sale, customers simply wave or tap their card or other payment device to pay for their purchases. The benefits to both consumers and retailers are significant.

Consumers benefit in several ways from being able to use contactless payments:

→ Convenience and Ease of Use

Instead of swiping a card, customers simply wave their card in the proximity of the reader. It's no surprise that when surveyed, 85 percent of contactless payment users said they would recommend the technology to friends and family¹.

→ Safety and Security

Contactless payments are processed through the same networks as other transactions. The chip technology utilized by contactless payments provides protection through encryption and dynamic data technologies, and can actually be safer and more secure than other forms of payment. Additionally, there is less chance that the card will be lost or forgotten during the course of the transaction, since it never leaves the customer's hand. This also reduces the opportunity for a dishonest employee to steal the card's magnetic-stripe data through "skimming," the practice of fraudulently procuring card data with a hand-held electronic device.

→ Flexibility of Alternate Form Factors

Contactless payment technology doesn't have to be delivered on conventional plastic cards. Contactless technology is increasingly available to consumers in other forms, such as mini-cards, stickers, key fobs and even mobile wallets that turn contactless-enabled phones into payment devices—reducing the need to carry a physical wallet at all.

Retailers benefit, too:

→ Operational Efficiency

Industry research has shown that contactless transactions are faster than both cash and conventional card transactions—averaging 12.5 seconds, compared to 26.7 seconds for conventional card transactions and 33.7 seconds for cash transactions². This reduced transaction time can result in shorter queues, increased revenue and better customer satisfaction. Because of the increased throughput at each point-of-sale, fewer personnel may be needed during peak times.

→ Competitive Differentiation

Studies have also revealed that consumers with contactless payment devices use them often and exhibit greater loyalty to retailers that accept them. According to MasterCard, contactless cardholders make purchases with 26 percent greater frequency than regular cardholders. Further, the overall usage for contactless account holders increases by 24 percent³. Retailers that accept contactless payments are especially well-positioned to benefit from the emergence of mobile phone-based payments, which are predicted to be an especially popular payment choice among young and affluent consumers.

→ Technology Integration Opportunities

The ability to accept mobile phone-based contactless payments opens up a multitude of marketing opportunities by improving integration with existing loyalty programmes, as well as enhancing the opportunity to utilise personalised mobile couponing and location-based marketing to target consumers inside or nearby a retail location.

To find out how to begin accepting contactless payments, contact your sales representative or visit firstdata.com.

¹Hernandez, W. (2011). "U.K. Consumers Like Contactless Payments, But Seek Merchant Acceptance." Retrieved from http://www.americanbanker.com/issues/176_172/survey-contactless-payments-united-kingdom-1041876-1.html ²Dennison, P. (2011). "Contactless Payments Merchant Accounts." Retrieved from <http://www.articletrader.com/computers/software/contactless-payments-merchant-accounts.html> ³Nichols, D. (2011). "Why NFC may be the second-best contactless payment solution." Retrieved from <http://www.hidglobal.com/main/blog/2011/01/why-nfc-may-be-the-second-best-contactless-payment-solution.html>



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