7 considerations

for creating safer, no-touch payment experiences

The way customers interact with your business probably looks very different today than it did just a few short months ago. Today's consumers are worried about hygiene and safety, creating new operational expectations and challenges for the businesses they support.

One of the biggest changes you've likely noticed is the increased demand for payment methods that minimize touchpoints. According to a recent Mastercard global survey, 79% of consumers are using contactless card payments, and 82% view them as a cleaner way to pay. The trend seems here to stay, as nearly three-quarters state they will continue to use contactless payments post-pandemic.[1]

A touch-free payment ensures the cardholder remains in control of their payment method throughout the transaction, eliminating the need to touch a screen or device that isn't their own. There are many methods for your business to enable payments that reduce or eliminate touchpoints, including contactless tap-and-go cards, mobile wallets, in-app payments, mobile orders, and online payments for curbside pickup or delivery.

From a customer experience perspective, the in-person transaction process is quite simple. They can wave either their smartphone or card in front of a payment terminal, allowing for a quick and easy checkout. The speedy transaction gets customers on their way faster, which also helps businesses adhere to physical distancing guidelines and capacity restrictions.

58% of consumers reporting purchasing items online that they would normally buy in-store.[2]

Meanwhile, eCommerce transactions, including online and mobile orders, allow a customer to make a purchase on their own device from the comfort of home or while out and about. With the familiarity of this process, these digital payment methods are quickly replacing many in-store visits. Recent months have seen a surge in online shopping, with 58% of consumers reporting purchasing items online that they would normally buy in-store.[2] The number of individuals buying via mobile payments is only expected to rise, reaching 74.7 million in the United States by 2024.[3]

These shifting consumer behaviors mean reducing touchpoints at the point of sale is critical for creating trust with your customer base and continuing to generate revenue now, and in the future. Touchless payments offer additional benefits beyond enhanced cleanliness, but there are important considerations to factor for before implementing.
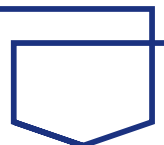
Benefits of touchless payments

While the health and safety benefits of touchless payments are driving current demand, there are plenty of other reasons for both businesses and customers to embrace these payment methods.

Touchless payments are fast, easy and secure, presenting businesses that embrace them as forward-thinking. In addition to reducing slow-moving lines and creating a frictionless checkout process, they provide valuable consumer insights that businesses can use to develop more personalized experiences that drive sales and increase loyalty.

As data leaks remain a top concern for shoppers and an expense for businesses, contactless cards and mobile wallets have the added benefit of being more secure, since they offer protection against fraud through tokenization technology. In fact, contactless cards have the lowest fraud rate of any type of payment.[4] This can help businesses mitigate the risk of potential data breaches and the reputational and financial losses that may result.

Even before the pandemic, cash has long been declining, representing only 26% of consumer transactions in 2019.[5] With contactless card transactions projected to reach $6 billion globally by 2024,[6] businesses that invest in reduced-touch payment acceptance are prepared for long-term growth and success.

Even before the pandemic, cash has long been declining, representing only 26% of consumer transactions in 2019.[5]
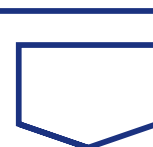
Key considerations for businesses

There are obvious benefits to adopting a reduced-touch payment experience, but there are also some practical considerations to keep in mind. From technical requirements to educating customers and staff, here's what you need to know in order to enable and optimize touchless payments.

1. EMV devices.

The first step is ensuring you have the right tools and technology. Mobile wallets and contactless cards operate via NFC (near field communication), which is simply a wireless method of transferring data. To be able to accept NFC payments in-store or on the go, having an EMV device is critical. There are both tethered and mobile options, giving you the flexibility to complete transactions at the counter, in aisles, at the table or outdoors.

Remember that the device must be updated with the latest hardware and software and should adhere to the latest card brand and regulatory requirements. Many businesses will simply need to turn on contactless acceptance on the device if they have not yet done so.

Mobile wallets and contactless cards operate via **NFC** (near field communication), which is simply a wireless method of transferring data.

![usbank]
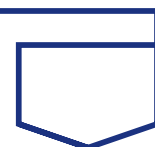
2. Payment limits.

Contactless cards and mobile wallets both have maximum transaction limits placed on them by the card brands. This means that customers can only pay for purchases by tapping their card or mobile wallet up to a certain amount. If their total is higher, the payment terminal triggers the cardholder to enter a PIN or sign for the transaction.

Businesses whose customers stay within the payment limits get the benefit of the liability shifting to the card issuing bank. If a transaction goes outside the limit, then the business assumes the liability.

To help reduce the spread of disease, many card brands have increased these payment limits. In the United States, the limits are:

$50	$100	$200
Visa	Mastercard	American Express

Above these amounts, the cardholder will be prompted for their PIN or signature. Businesses can set their own contactless payment limit, but in doing so assume the risk for the transaction since it's outside the card brand's designated limit.

3. Disable signature capture.

Removing the requirement for collecting a signature when a customer uses a credit card allows for a touch-free transaction. Fortunately, chip cards, contactless cards and digital wallets can all authenticate transactions, which makes signature requirements obsolete.

This is why all card brands removed signature requirements in 2018 for businesses who implemented EMV. Card brands also removed "retrieval request" as a chargeback reason, since the signature is not required. At the time, businesses were able to choose to keep signature requirements if they wished. However, if you have not removed this function it's important to do so now to support cleaner, safer transactions.

From a security perspective, removing the signature capture requirement doesn't pose any major risk for your business, but may result in losing chargeback disputes. The businesses that are most at risk are those that rely on multiple-part transactions, such as at hotel front desks or premier dining establishments. If you're in the hospitality or restaurant industry, where transactions often have a primary authorization (such as to confirm a booking) and a final settlement (with additional charges like room service or gratuities), your business may still benefit from signature requirements.

us bank.

4. Bypass PIN prompt.

Removing the requirement for a cardholder to enter their PIN when they use a chip card is another way to minimize touchpoints during a transaction. But unlike disabling signature capture, this option may carry more considerations for a business.

Bypassing the PIN prompt requirement for contactless card payments decreases the ability to validate the authenticity of the transaction. In addition, it increases the cost of debit card transacations if they are routed on a credit card rail through Visa or Mastercard. On the flip side, bypassing the PIN prompt decreases false declines.

If a business opts to bypass the prompt, they may receive a decline from an issuer that requires a PIN. In that case, the terminal will still prompt for a PIN, and there is nothing else a business can do. In this instance, the business would have to stop accepting debit cards issued by that financial institution. Another option would be to route these debit card transactions as credit card transactions.

Other related ways you can reduce instances of customers touching the payment terminal include removing the "amount ok?" and "debit or credit?" prompts. These changes to the transaction process carry less risk for merchants.

5. Terminal stands:

Securing your payment terminal on a stand is a simple, low-tech but highly effective way to reduce touchpoints for both customers and employees. A stand allows the cardholder to complete a transaction without needing to contact the terminal. It also prevents customers and employees from touching the terminal when tapping or inserting a payment card.

To make sure your terminal stand succeeds at reducing touching, be mindful about where it's placed. Your stand should be in a convenient, easily accessible location for your customers so they aren't tempted to touch or adjust the terminal. Many of today's stands are flexible and ergonomic, with plenty of options for modern retail, drive-thru and mobile business environments.

6. Mobile and prepaid transactions:

We've outlined considerations for enabling touchless payments for in-person transactions, but with eight in 10 Americans owning smartphones[7] and 72% using mobile devices to shop in stores,[8] it's critical to factor in special considerations for these types of transactions.

Recently, prepaid transactions – which can include delivery, curbside pickup and invoicing – are also exploding in popularity. Likely due to hygiene concerns, buy online, pick up in-store orders surged 208% in April from the year before, according to Adobe Analytics.[9] These behaviors are expected to remain, as 59% of consumers are more likely to continue using curbside pickup after the pandemic subsides, and 75% will continue to subscribe to delivery services.[10]

Although mobile and prepaid transactions are quick, easy, convenient and a growing trend among consumers, they may increase card fraud. However,

an advantage unique to curbside pickup is that it can reduce package theft—a growing consumer concern with delivery.

There are also potential production costs to consider if your business decides to create a custom mobile application or implement programming changes to your website to accommodate prepaid ordering.

Another point to consider is that these purchasing methods eliminate the "discovery" element of in-store shopping, which can lead to impulse buys and higher transaction volumes. However, advanced analytics and customization tools are making it easier than ever to compensate for this potential loss of sales by targeting digital shoppers with personal suggestions and promotions that drive revenue.
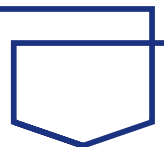
7. Customer adoption.

As your business works towards minimizing touchpoints, keep in mind the human element is essential. While the adoption of contactless payments is increasing, there are still people who aren't comfortable with it. Many Americans continue to prefer more traditional transactions, highlighting the importance of accepting multiple payment methods.

Certain populations may not be willing to learn or use the technology to enable a mobile wallet transaction. On the other hand, not all those who want to get on board have received a contactless card from their bank—although issuers are moving quickly to get contactless cards distributed.

Once customers have a contactless card or mobile wallet set up, it may require a bit of education to get them comfortable with it. Staff may also need to be trained on how to help a customer make a contactless payment, and may need to educate customers on the benefits.

You can facilitate the seamless adoption of touchless payments in your business by providing your staff with a quick training session on the advantages, and information on how reduced-touch transactions help keep them and your customers safe.

Many Americans continue to prefer more traditional transactions, highlighting the importance of accepting multiple payment methods
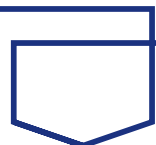
Conclusion

While it's impossible to predict the future, current data suggest that consumer demand for touchless payments will only grow. Businesses that choose to adapt and meet customer expectations stand to reap many advantages, including faster, safer and more secure and convenient transactions. They can also gain valuable customer insights and future-proof their operations for long-term payment acceptance.

If your business is ready to embrace reduced-touch payments, there are many factors to consider for both in-person and digital transactions. Some of the suggestions discussed in this paper may not be suitable to businesses that have implemented payment optimization to lower processing costs. However, in many cases, the benefits to your customer and your business could be of greater overall value.

While shifting consumer behaviors and present-day health concerns are driving a preference for contactless, it is important to remember that despite your best efforts, not all transactions can be touchless. In this event, you will need to be prepared with sanitization options for your payment terminals, such as UV lights and disinfectant wipes. As another alternative, your business could invest in antimicrobial devices.

U.S. Bank can help your business meet cardholder demand and give your customers the choice to pay in safer ways. Cardholders are rapidly adopting digital payments so make sure your business is ready to support the payment options they prefer. Contact your U.S. Bank representative to get started. For more information you can also visit our touchless payments page.

---

[1] https://mastercardcontentexchange.com/newsroom/press-releases/2020/april/mastercard-study-shows-consumers-globally-make-the-move-to-contactless-payments-for-everyday-purchases-seeking-touch-free-payment-experiences/
[2] https://chainstoreage.com/survey-bored-customers-help-drive-e-commerce-during-covid-19
[3] https://www.statista.com/outlook/331/109/mobile-pos-payments/united-states
[4] https://usa.visa.com/visa-everywhere/security/how-visa-secures-contactless-payments.html
[5] The Strawhecker Group and the Electronic Transactions Association
[6] https://www.juniperresearch.com/press/press-releases/contactless-oem-pay-transaction-values-to-reach-$1?ch=contactless%20payments
[7] https://www.pewresearch.org/internet/fact-sheet/mobile/
[8] https://www.forbes.com/sites/louiscolumbus/2020/04/28/how-covid-19-is-transforming-e-commerce/#625398253544
[9] https://www.retaildive.com/news/after-covid-19-is-curbside-delivery-here-to-stay/577937/
[10] https://www.retaildive.com/news/after-covid-19-is-curbside-delivery-here-to-stay/577937/