



Future Payment Trends. Discussing contactless payment features

Contactless payments have been available in a number of countries for quite some time now. The introduction of contactless payment through smartphones has only increased the public awareness and potential of this new form of payment. We discuss this growing trend with Jordan McKee, Senior Analyst for payments at 451 Research.

With contactless payment technology welcoming the arrival of smartphones – with Samsung, Apple and Google all heavily involved – the new trend looks to become truly global. 451 Research anticipates that contactless transactions conducted via smartphones will near \$1 trillion globally by the year 2020.

“A coalescence of forces—including mass-market mobile wallets such as Apple Pay, rising penetration rates in consumer devices, and the EMV liability shift in the US market—are helping to catalyse interest in and implementation of contactless PoS terminals,” says expert Jordan McKee.

Many researchers agree that the success of contactless payment will come down to the availability coming from retailers, as proved by all the countries leading the way. Around 75% of all Canadian retailers accept contactless payments, in Australia most of the retail points include NFC acceptance, and roughly 320,000 of the UK’s 1.7 million merchant terminals are all contactless, reports Pymnts.com.

“Contactless payments face challenges in terms of cost, ubiquity and awareness. Upgrading existing point of sale infrastructure to contactless results in costs for merchants, and many have yet to see the business case to do so. The result of limited penetration in merchant storefronts translates to low awareness on the consumer front,” explains McKee.

A number of retailers are also waiting to see how the surge of app-based remote payments affects the market. Fuel operators such as Shell in the UK or ExxonMobil in the United States have turned to remote payment instead of NFC-based systems. However, McKee believes that the two payment systems can complement each other.

“Contactless and remote app-based payments both show a strong growth trajectory and will likely be implemented alongside each other. For example, it would make sense for a gas station to implement both options, where a loyal customer may prefer to use the fuel-provider’s cloud-based app, which ties in loyalty and rewards, while an occasional customer may prefer to simply tap their device on the

terminal at the pump to quickly complete the transaction”, concludes McKeen.