

Small business guide

# Contactless made easy: what you need to know



## Contactless payments have more than trebled (249%) between 2012 and 2013.<sup>1</sup>

If you want happier customers, more people in-store and to get as many sales as possible during peak times then you should choose contactless. This payment type is fast becoming the norm as customers demand more convenient ways to pay without compromising on security. Contactless can also save you money on Chip and PIN transaction fees and reduce the burden of managing cash on your business premises.

Worldpay has produced a quick and easy guide for small businesses keen to join the contactless revolution. It should help you to work out what questions to ask of your payments provider and how to successfully roll-out this new technology. Remember: fail to offer your customers the new ways to pay they're demanding and it could cost you valuable business.

Many firms mistakenly think that contactless isn't relevant to them, as right now it only covers transactions up to £20.

In reality, we expect the contactless limit will be raised in the next couple of years, broadening its appeal to all businesses. In fact, High Value Near Field Communication (NFC) has already launched, allowing customers to tap and pay with their smartphones for any value just by entering their PIN on their handset.

Another key question is security, but contactless merges convenience with security, with several key controls in place to protect you and your customers. These include: a transaction limit; a limit on the number of consecutive contactless transactions before a customer is asked for their PIN; and cover if the card is used fraudulently.

You won't be alone in your contactless journey.

<sup>1</sup> From 12.5 million UK payments processed by Worldpay in 2012 to 43.6 million UK payments in January - December 2013



Worldpay customers  
have taken more than  
61.2 million contactless  
payments with a total cash  
value of £433 million

There are currently 38.1 million contactless cards in circulation across the UK, making up 25% of all credit and debit cards<sup>2</sup>. In total, during January 2012-January 2014, Worldpay customers have made more than 61.2 million contactless payments with a total cash value of £433 million<sup>3</sup>.

Big high street names like Boots, McDonald's and M&S have also rolled out contactless, helping to broaden its appeal as shoppers get more and more familiar with the technology.

In short, contactless allows small businesses to provide their customers with a quick, secure and user-friendly way to pay: a win-win for your business and customers alike.

You should switch to contactless if you:

- Sell goods costing under £20.
- Serve a lot of customers at peak times e.g. café at lunchtime.
- Are worried long queues at the till may be costing your business in lost sales.
- Are upgrading or replacing your terminals.
- You want happier customers.

<sup>2</sup>The UK Cards Association statistics, December 2013.

<sup>3</sup>According to Worldpay transactional data from January 2012-January 2014.

For 21st century shoppers, speed and convenience are major factors in choosing how to pay

- 31% are irritated by how long it takes to pay in shops
- 47% have been were dissatisfied with the delay in paying by card in a bar, café or restaurant
- 65% said they would not visit again if forced to wait a long time
- 93% of contactless users believe it is quick and efficient
- 60% recognise the contactless symbol

### Percentage of shoppers who have used contactless<sup>4</sup>:



<sup>4</sup> Worldpay's Omni-channel consumer research was carried out independently on behalf of Worldpay by Davies Hickman Partners between April-June 2013. It included qualitative and quantitative research. Consumers completed 9 x 1.5 hour depth interviews in Cardiff, London and Manchester exploring attitudes to payments and trialling and testing new payment methods. This was followed by a 30 question survey of 2,159 consumers completed online in May 2013 using nationally representative quotas for the UK.

## Popular industries for contactless

If your one of the following small businesses then you could think about choosing contactless:

Cafes, Bars, Pubs, Fast Food restaurants, Coffee shops, Convenience stores, Sandwich shops, Florists, Newsagents, Gift stores, Supermarkets, Clothing shops

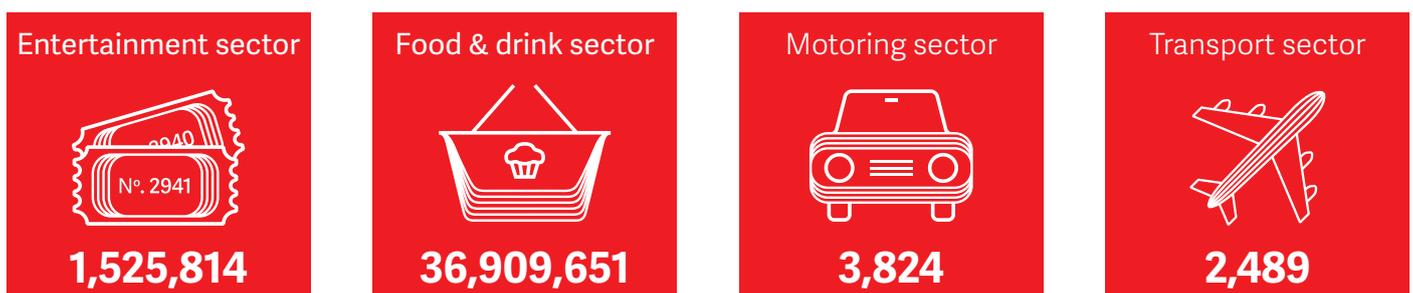
### Getting started

There is a bewildering array of terminal providers out there and finding the right one can be a thankless task for smaller businesses. That's why most end up consulting their payments provider.

Here are the most important questions to ask them:

- Does your contactless option have a long shelf life? It's important that your investment won't need to be replaced again in 2-3 years. Check that the card machines you're considering meet the latest specifications for supporting High Value NFC. This means they won't need to be replaced in the near future when high value contactless payments become mandatory. If you choose a Worldpay terminal we will manage this for you, maintaining your compliance with the industry standards for:
  - High Value NFC technical specifications, and
  - Keeping cardholder data secure, also known as PCI DSS.
- Do you want an integrated or single standalone system? A single card machine will be most appropriate for small businesses using only one or two terminals in-store.

## Contactless transactions in December 2013 by sector<sup>3</sup>



## Six point plan for contactless success

Worldpay has over 15 years' experience in the payment industry and lots of practical knowledge on how to help you start using new payment options in-store. To adopt contactless we recommend these six essential points:

1. First, sit down and **work out if contactless is for you**. If your business takes payments under £20 in value, and you're struggling to keep queues down during peak times, the answer is yes.
2. Think about how to make it as **simple to use** as possible, for you and the customer. Have as few steps to pay as possible, so your customer doesn't have to wait too long before they can tap their card to pay.
3. **Check if your terminal can already take contactless**. If it can, then all you need to do to get started is contact your payments provider and get enabled. But if your card machine is a bit older then it might not be capable of taking contactless payments, and you'll need to swap it for a newer one that can<sup>4</sup>.
4. Check your terminal supports the **latest technical specifications for High Value NFC**. A payments provider like Worldpay can manage all the compliance and specification needs for your business.
5. **Promote contactless at the till**. Card machine wraparound advertising has been effective for many UK retailers, but small businesses could consider other counter signage and in-store ads too. The UK Cards Association has some great advice on how to promote contactless.
6. **Train your employees**. They need to understand the basics of contactless; the maximum value that can be used, security features and so on. Your staff will play a vital role in telling your card-carrying customers they can also pay with contactless so they need to be positive about this option.

Don't underestimate the benefit of **working with an experienced payments provider**. They'll be able to guide you through the whole process.

<sup>4</sup> There may be charge for swapping your machine so talk to your payment provider.

<sup>5</sup> Worldpay's Omni-channel consumer research was carried out independently on behalf of Worldpay by Davies Hickman Partners between April-June 2013. It included qualitative and quantitative research. Consumers completed 9 x 1.5 hour depth interviews in Cardiff, London and Manchester exploring attitudes to payments and trialling and testing new payment methods. This was followed by a 30 question survey of 2,159 consumers completed online in May 2013 using nationally representative quotas for the UK.

## Contactless transactions in December 2013 by sector<sup>3</sup>



79%

of shoppers said the sales assistant didn't give them the option of using contactless



61%

had to actively ask to use contactless



43%

felt that the sales assistant didn't want them to use contactless.

<sup>4</sup> There may be charge for swapping your machine so talk to your payment provider.

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## Your contactless questions answered:

### What is the advantage of contactless?

For your customers, contactless is quicker and more convenient- they simply tap their contactless card against the reader and no PIN or signature is needed. Contactless can also save your business money, as contactless debit card transaction fees can cost you less than with Chip and PIN.

### What are the security issues to consider?

Speed is valued by customers, but so is security. Contactless is a robust technology: there are several controls in place to protect your business and customers. These include a transaction limit, a limit on the number of consecutive transactions to be made before a customer is asked for their PIN and cover if the card is used fraudulently. The transaction limit of a contactless payment also means contactless is less attractive for fraudsters.

### What are the fees on contactless payments?

It depends on how your rates are set up with your payments provider, but accepting contactless is usually cheaper than Chip and PIN for debit transactions under £10 and tends to cost the same for credit and all sales above £10.

### Will the £20 contactless limit increase?

The contactless limit has increased over recent years from £10 at launch, to £15, and now to the current limit of £20. We'd expect that to rise again over the next few years. Some countries around the world, such as Australia already have a much higher limit than the UK.

### Is contactless more relevant for men or women?

Worldpay research has found that men are slightly more likely to use contactless cards (53%) compared to women (47%)<sup>6</sup>.

### What does a small business need to get started?

You need a card machine that is capable of taking contactless payments. If your card machine can do this then all you need to do to get started is contact your payments provider to get enabled. But if your card machine is a bit older then it might not be capable of taking contactless payments, and you'll need to swap it for a newer one that can. There may be charge for swapping your card machine so talk to your payment provider.

### Are businesses at risk if they don't take contactless?

We've seen strong increase in adoption rates, which means contactless is being adopted by more and more shoppers as their preferred payment method. By giving your customers what they want, you're making it easier for them to buy from you. Shoppers like it because it is quick and simple and they don't have to carry around lots of change (and risk losing it).

For businesses, contactless means you can serve customers quicker and reduce the risk of losing customers who could leave the store because it takes too long to pay.

<sup>6</sup> Worldpay's Omni-channel consumer research was carried out independently on behalf of Worldpay by Davies Hickman Partners between April-June 2013. It included qualitative and quantitative research. Consumers completed 9 x 1.5 hour depth interviews in Cardiff, London and Manchester exploring attitudes to payments and trialling and testing new payment methods. This was followed by a 30 question survey of 2,159 consumers completed online in May 2013 using nationally representative quotas for the UK.