Gemalto Contactless payment solutions

Convenient and fast payment transactions
Contactless is here and is a reality!

Millions of people around the world are using contactless smart cards for debit and credit payments. Globally, four out of 10 cards were contactless-enabled by 2014, a 35% increase over 2013. Mobile payments are also on the rise. It’s no surprise, then, that boosting card usage and providing innovative services for cardholders are goals for all financial institutions, with one of their major objectives being to capture a share of the cash market, which is the largest in terms of number of transactions.

Consumers in all parts of the world now expect more from their EMV debit and credit cards, with the ease of use and convenience of contactless technology and multi-application cards becoming increasingly desirable. Today, more than 1 billion contactless EMV cards have been issued globally, with Europe leading the way, followed closely by Asia. These cards are also gaining traction in North America, which is currently gearing up its EMV migration, as are Latin America and Africa. The introduction of NFC handsets is being ramped up as well, with an estimated 600 million NFC-enabled smartphones shipped in 2015.

In the UK alone, the story is one of a strong upward curve. According to the UK Cards Association, spending on contactless cards in the country rose more than three-fold in 2015 to reach £7.75 billion, propelled by an increase in the spending limit to £30 and the ongoing popularity of transit payments on the London Transport network.

And, according to a February 2016 Juniper Report, the convergence of contactless card and contactless infrastructure deployments has resulted in a significant upsurge in consumer adoption. For example, there are now more than 15 million contactless-enabled Point of Sale (POS) terminals worldwide, including over 5 million in China and nearly 2.4 million in the US. And in Australia and Poland most cards issued are now contactless. Apple Pay has also played its part in raising the profile of mobile contactless payments. According to Juniper, the service has achieved far more traction in the US than the operator-led Softcard offering, which folded in 2015. Most recently, Apple Pay’s Chinese launch saw more than 38 million payment cards registered within the first 24 hours.

Value of contactless
Contactless technology is shaking up traditional cash payments because it has real appeal to all stakeholders. It helps cards issuers to differentiate their product and their brand portfolio by driving new revenue streams as it boosts transactions. It also enables them to provide new services to end users, tap into new markets and develop their brand through the multiple touch points that customers use for everyday purchases.
It’s a win-win for merchants too. They benefit from improved operational efficiency, including better security, as they no longer need to handle cash, plus they experience an increased throughput at the checkout. It takes in average 21 seconds less to make a contactless payment than a cash transaction, so it’s no wonder why merchants are supporting the technology.

What’s more, cardholders worldwide are giving contactless the thumbs-up, thanks to its convenience, security and the speed of transactions. And since it encourages consumers to use their cards more, they make more transactions, leading to increased revenue for merchants and card issuers. Additionally, the ease of use of contactless technology encourages users to make card payments in new locations, such as in coffee shops, restaurants, supermarkets, even vending machines, providing a perfect opportunity to generate new revenues from previously untapped markets.

**The battle for cash transactions**

The number of contactless payment applications is growing because of the need to meet the demand for swift, convenient and low-value payments in outlets such as fast food chains, cinemas, vending machines and stadiums. For example, supporters of Saracens rugby union club can now use prepaid contactless wristbands to pay for food and drinks at its Allianz Park stadium in north London, UK. According to the UK Cards Association, contactless is being embraced nationally with a record £2.3bn spent in stores and at train stations in 2014 using the technology. London has clearly established itself as a contactless city. According to figures from Barclaycard, nearly one in three card transactions in London in 2014 were contactless. Supermarkets and fast food outlets have been the winners for contactless, with 44% of all such transactions being made in supermarkets and 24% in fast food outlets.

**High value payments**

Contactless is evolving as the number of places in which it is accepted increases. Different acceptance mandates are being implemented to ensure the market need for a convenient and secure payments mechanism is met. A common acceptance mandate sees users being able to tap and pay for transactions costing less than a set amount, often 20 euros, and above that figure using a combination of contactless and PIN. A different version is in use in a few countries, such as France and the UK. In the UK, consumers can make a contactless payment up to £30 without a PIN code. Above that amount, they must make a traditional contact payment. France and several other countries are following suit, with their maximum pure contactless transaction value set at 20 or 30 euros.

**Spain’s CaixaBank has been at the forefront of deploying innovative contactless devices.** In July 2014, it rolled out 15,000 contactless waterproof wristbands to customers to encourage them to leave their wallets at home. These are EMV-certified and backed up by the Visa system. The incorporation of the Optelio Contactless MiniTag in a unique form factor makes them perfect for the Spanish lifestyle, where outdoor activities, playing sport and days out at the beach are a less than friendly environment for traditional payment cards or cash.

**Mandates – Europe**

In Europe, a number of mandates have been established by MasterCard and Visa to help drive the use of contactless payments. From 31 December 2015, any terminal installation with a new merchant and any terminal infrastructure upgrade with an existing merchant must accept contactless payments.

Since 1 January 2016, any new point of sale (POS) terminals in Europe must support contactless functionality. From 1 January 2017, all POS terminals in Sweden, Estonia, Latvia and Lithuania must include contactless functionality as standard.

From the same date, Visa Europe’s issuance mandate calls for each cardholder to have a contactless payment mechanism that can be a dual interface card, a contactless companion device with a contact card and/or a mobile solution.

By January 2020, all POS terminals across Europe must include contactless functionality as standard.
**Pay@gate**

Pay@gate is the latest innovation to boost contactless transactions. This open-loop transport payment system enables consumers to use their bank cards as transit cards. The EMV application is used to authenticate bank cards on the transit scheme and charge the right fare for the journey. The technology is being used most notably in London, UK, by Transport for London (TfL). TfL’s system uses contactless Pay@gate technology across the capital’s bus, tube and railway network. More than 300 million contactless payment journeys have been made across this network since full launch in September 2014, with regular peaks of more than 1 million journeys per day. Contactless now accounts for 26% of all pay-as-you-go journeys made in London with nearly 25,000 new cards used on the network every day. This shows the scope for similar schemes in the US.

For banks, the beauty of the technology is that it opens up a huge untapped market where they retain full ownership of card issuance, so there is no need for one-to-one technical or business agreements with transit operators. And for transit operators, it solves the problem of having to issue tickets to occasional travelers as well as ensuring interoperability.

**Gemalto’s contactless payment cards at a glance**

Gemalto’s latest generation of contactless cards, with optimized chips and operating systems, provides high-level security and best-in-class performance and transaction times.

It offers a full range of contactless payment cards based on two technologies:

> **Dual-interface:** for EMV markets with one chip containing both a contact and a contactless interface.
> **New form factors:** new contactless form factors such as stickers, tags and wearables increase opportunities for contactless payment and give consumers fun ways to pay. They use the same operating systems and applications as cards, enabling a consistent approach and easy implementation.

This contactless portfolio is fully certified by the major payment associations and conforms with Visa payWave, MasterCard PayPass and Mchip Advance, American Express ExpressPay, JCB J/Speedy specification, China Union Pay PBOC (Popular Bank of China) and Discover Financial Services (Diners).

**Consulting**

Gemalto’s Consulting Team supports financial institutions by focusing on the main challenges they face when launching a contactless payment program. The team tailors training and seminars to meet every customer’s needs. These cover a wide range of topics, from contactless technology basics to quantifying the impact of contactless migration and specific migration project planning.

Gemalto provides quick and secure personalization of contactless cards. It offers the widest range of added-value services in the market and the infrastructure to personalize from one to millions of units. It also makes the smart card personalization process easy for every client, thanks to its innovative portfolio of outsourced services that can handle anything from pilots to mass rollouts.

Choose the best – for all your contactless projects

With contactless technology now gaining traction worldwide, you can trust the experts to ensure your contactless plans are a success. If you’re operating in the dynamic EMV-contactless market, you can put your faith in a company that has already delivered in excess of 900 million cards to more than 80 major customers worldwide. As the first dual-interface products certified by both Visa and MasterCard, Gemalto’s highly reliable cards have been adopted by more customers than any other in every regional market worldwide.

Our commitment to contactless can be seen in every area of our business, from solutions and services to technology R&D. Our in-depth knowledge of all things contactless, including operating system development, antenna design, card body production and personalization, makes us the first choice for companies that want to deliver the latest payment technology to their customers.

With field-proven products rolled out throughout the globe, Gemalto is a major player in many of the groundbreaking large-scale initial rollouts, thanks to its strong dual-interface and contactless card manufacturing capacity.