



# TOUCHLESS PAYMENTS STRATEGY GUIDE

Considerations for Businesses Implementing End-to-End Solutions



DON'T *do business* WITHOUT IT

# TOUCHLESS PAYMENTS ARE HERE TO STAY. HOW WILL YOU RESPOND?

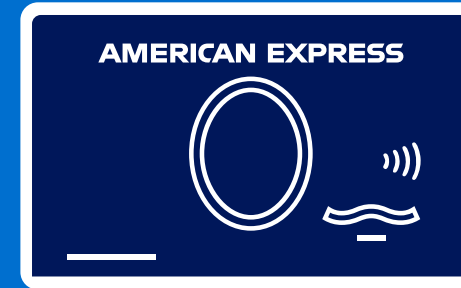
The year 2020 brought many changes, including a dramatic acceleration in the shift to touchless purchase behaviors and payment preferences.

Consumers became more concerned with social distancing and an increased aversion to physically touching surfaces of any kind.

**Businesses responded by offering more touchless payment options and services**, and interacting with customers in new ways, such as enabling contactless transactions, and moving to online ordering and curbside pickup.

This trend will continue even after restrictions are lifted and the economy fully reopens. **In fact, 81% of businesses who currently offer or plan to offer contactless payments say they intend to make this a permanent option.**

Source: The Amex Digital Payments Trendex survey was conducted online among a sample of 400 business leaders between July 30 – August 7, 2020.



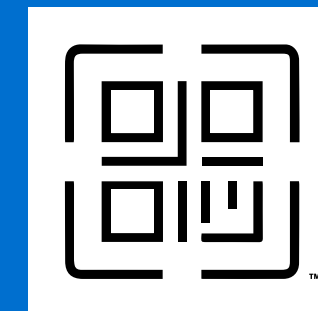
**CONTACTLESS**



**DIGITAL WALLETS**



**mPOS/SoftPOS**



**QR CODE®  
PAYMENTS**



**BUY ONLINE  
PICKUP IN STORE**

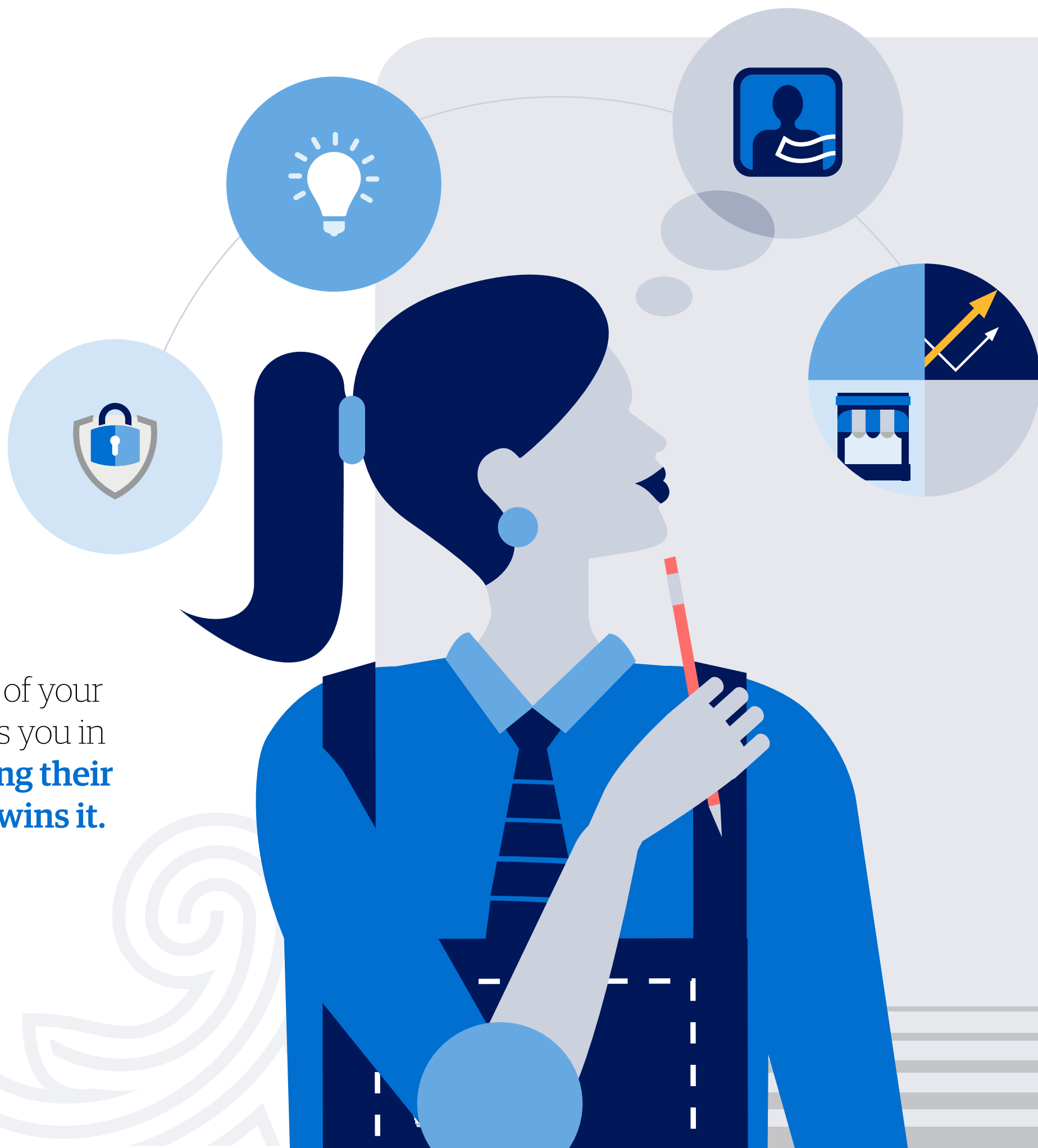
# DESIGN WITH YOUR CUSTOMER IN MIND

As you add more touchless solutions for your customers, you will want to think about their changing habits and preferences. You will also want to consider how your new systems will interact with each other, and how to keep them more secure while delivering a consistent customer experience.

In short, **you will want to craft an end-to-end touchless solutions strategy across all channels**, both in-store and online—an omnichannel approach that takes advantage of the speed, reliability, safety, and security that touchless payments have to offer.

This guide is designed to help you think through your strategy. It offers useful information on current touchless capabilities and services, plus considerations to keep in mind as you implement them.

Solving for the needs of your customer today keeps you in the game. **Anticipating their needs of tomorrow wins it.**



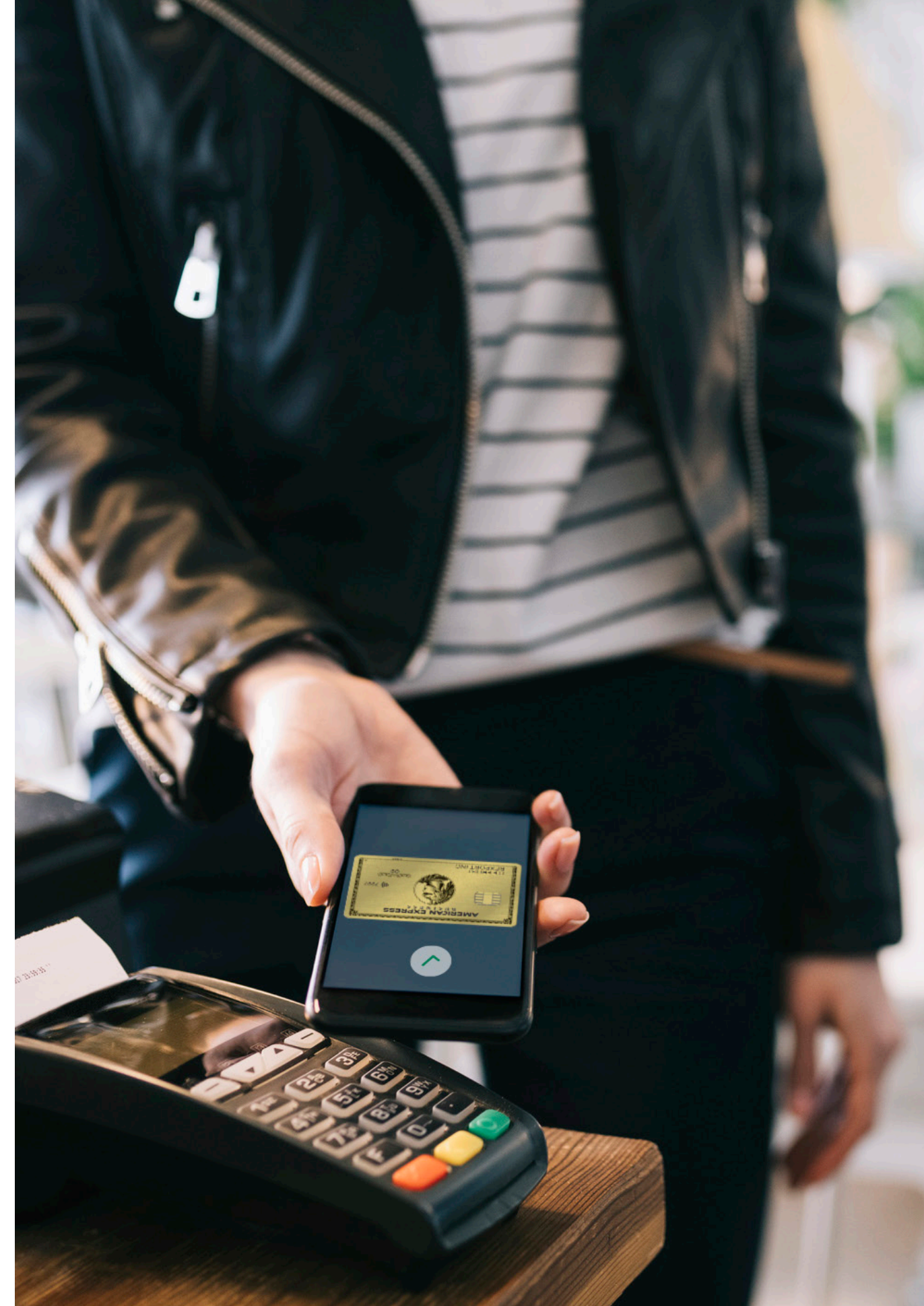
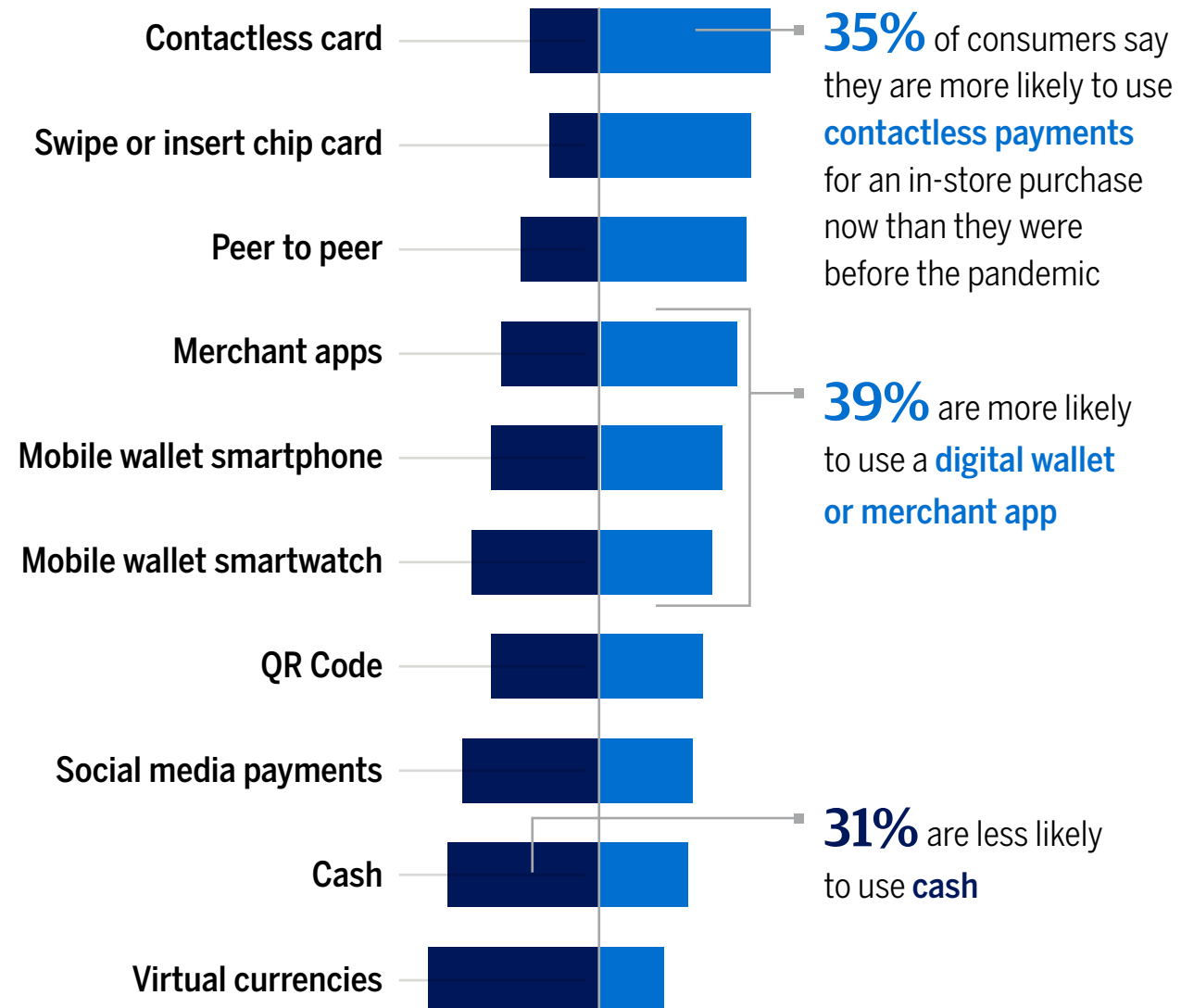
# COVID-19 INCREASED CONSUMER DEMAND FOR TOUCHLESS PAYMENTS

Our research shows usage will continue to rise.

Likelihood of using one of the following payment methods compared to before the pandemic

■ More likely  
■ Less likely

Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.



PART ONE

Touchless payment solutions:

WHAT THEY ARE  
AND HOW THEY WORK



# UNIVERSAL BENEFITS OF TOUCHLESS PAYMENTS

## Faster checkout option

Provides quick, easy, convenient ways to pay

## Cleaner and safer

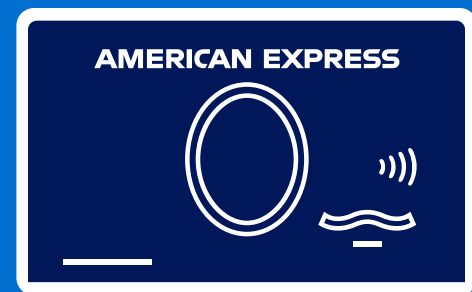
Reduces physical contact and helps limit exposure to health risks for you, your customers, and your team

## More secure payments

Processes transactions safely without compromising security

## Promotes choice

Allows consumers to choose among multiple ways to pay



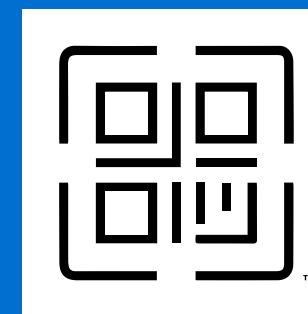
CONTACTLESS



DIGITAL WALLETS



mPOS/SoftPOS



QR CODE  
PAYMENTS



BUY ONLINE  
PICKUP IN STORE

# Contactless

Contactless payments are touchfree transactions between a card, smart watch or mobile device, and a contactless-enabled terminal.

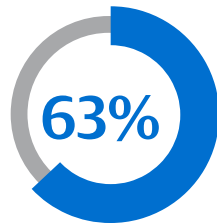
## CONTACTLESS IS SAFE

A common misperception about contactless payments is that they are less secure than using an EMV® chip card. The truth is, **contactless transactions are just as safe, and in some cases safer than cards.** Contactless cards benefit from the same security features found on the EMV chip card—information is encrypted and securely sent to the host with the purchase details. Also, there is added security built in when customers use their digital wallets, with biometrics and other fraud prevention technology to authenticate the transaction.

Consumers are generally in agreement that using contactless card payments are **faster and more convenient** than using cash or inserting or swiping a chip card.

## Consumers like contactless

Nearly **two-thirds** of consumers currently use some type of contactless payment option.



**73%** believe it is safer for their personal health than inserting or swiping a chip card.

Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.



## How it works

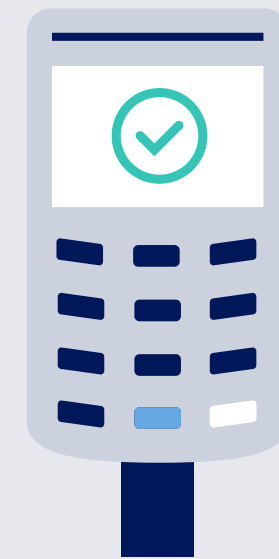


**1** Customers look to see if their card has the Contactless Indicator.

**2** They look for the Contactless Symbol at checkout.



**3** They tap their card or device at the terminal near the symbol.



**4** Once the card is authenticated and the transaction approved, they're on their way.

# Digital Wallets

Digital or “mobile” wallets are software programs that safely store credit and debit card information in a digital version of a physical wallet, usually on a mobile device, smartwatch, or computer.

Digital wallets such as Apple Pay, Google Pay, and Samsung Pay can be used to make touchless payments in-store, and they can speed up online purchases through the use of a specialized buy button at checkout.

When used in merchant apps, digital wallets can smooth out and speed up transactions. **Grocery stores, restaurants, and retail stores are places consumers are most likely to want a merchant app with digital wallet capabilities as a payment option.\*** Data from digital wallet transactions are protected through tokenization, which alleviates businesses from storing card information that would make them vulnerable to data breaches and fraud.

**19%** of consumers currently use a **mobile wallet on their smartwatch,** and **33%** say they are likely to consider doing so.\*

\*Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.

## Digital wallets could increase transactions

- As consumers shift to a **mobile-first mentality** and smartphone use increases at a rapidly growing rate, digital wallets are becoming a more popular payment method.
- Digital wallets are good for business because they offer customers more options for **convenient payments on the go.**
- Businesses who accept them can capture the growing demographic that is “attached” to their mobile device, providing an **always-present, always-ready way to pay.**
- Additionally, bank card issuers often offer value-added services when their cards are used in digital wallets, such as increasing everyday spend for users who always carry mobile devices, integration with mobile-based offers and loyalty programs, and timely response to customer service needs. **These incentives could translate to more spending in your place of business.**



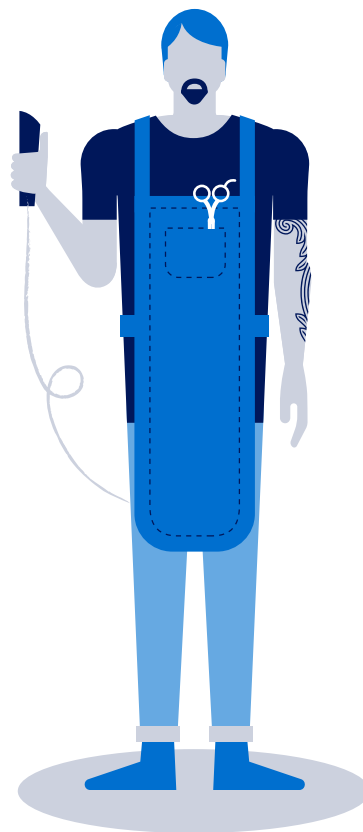


# mPOS & SoftPOS

**Mobile Point of Sale (mPOS) and Software Point of Sale (SoftPOS) solutions offer businesses more flexibility and mobility** than traditional point of sale setups because they make it possible to accept payments from anywhere using a mobile device with WiFi or cellular data enabled.

**mPOS:** Uses stand-alone portable hardware or accessories paired with a mobile device to allow contactless payment transactions from virtually anywhere.

**SoftPOS:** Uses an NFC-enabled tablet or smartphone to accept contactless payments without additional hardware. Businesses simply download a payment app to get up and running in minutes. SoftPOS is great for smaller businesses that need to be truly mobile and process touch-free payments wherever associates are in the store—or wherever their store goes.






**Flexibility is the name of the game.** mPOS and SoftPOS meet the need for a broad range of businesses who are looking for flexible mobile payment solutions: pop-ups, food trucks, in-field sales, or retail associates taking payments from anywhere in the store.



## The evolution of mPOS to SoftPOS

Mobile Point of Sale solutions have evolved over the years from hardware only, to hardware-software hybrids, to now software-only.

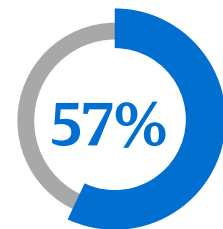
		
Traditional POS	Hybrid hardware with software	SoftPOS
Hardware only	Software/hardware combo	No hardware needed
Merchant uses the terminal as the POS	Merchant can turn their smart phone or device into a POS with a hardware accessory	Merchant can download an app
Customers can dip, swipe, or tap	Customers can tap, dip, or swipe	Customers tap their contactless card or device on Merchant's device

# QR Code Payments

QR Code payments (also known as “scan and go”) are becoming a popular alternative solution for businesses to expand their customers’ payment options and use their mobile devices to pay.

You may be familiar with how QR Codes work in general. They are scannable barcodes that act as hyperlinks to URLs for non-payment functions that are useful to consumers and businesses, such as pulling up an online restaurant menu, or presenting them as loyalty/gift cards or purchase verification.

QR Codes for payments (such as QR Code Payments with American Express) **enable customers to scan a code to pay seamlessly and securely.** And, no customer information is exchanged with your systems, reducing the likelihood of costly fraud.



## More than half of consumers

agree using a QR Code for payment is safer for personal health than using cash or card.

Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.

## How QR Code payments work

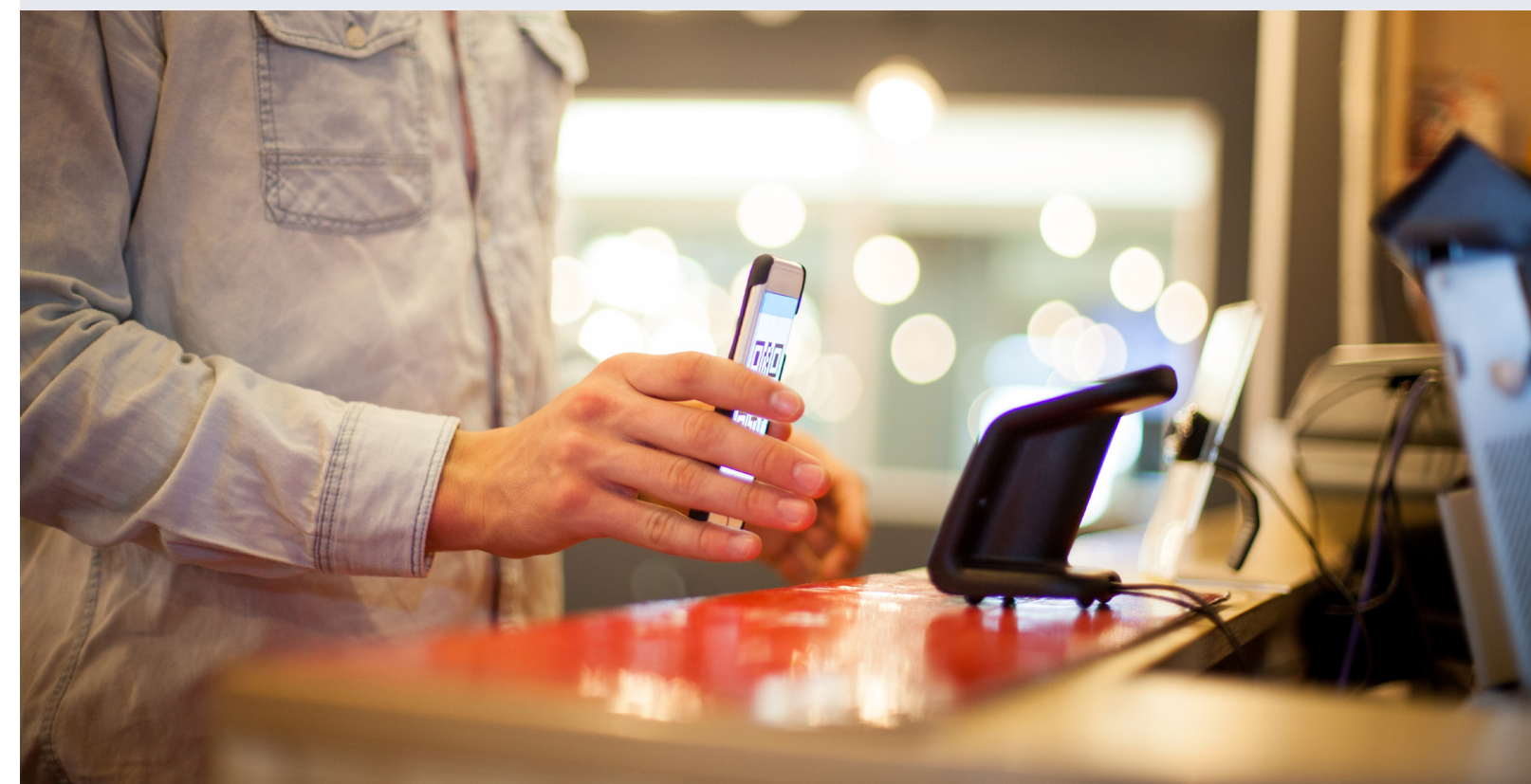
QR Code payment transactions work in two different ways: A consumer scans a merchant-presented QR Code, or the merchant scans a consumer-presented QR Code.

### MERCHANT-PRESENTED QR CODES

- 1 The customer opens the banking app on their phone and uses the camera to scan the QR Code displayed by the merchant.
- 2 The customer enters the transaction amount and confirms the transaction.
- 3 The merchant receives a confirmation notification on their mobile app and completes the transaction.

### CONSUMER-PRESENTED QR CODES

- 1 The merchant inputs the transaction amount on their terminal to prompt for the QR Code.
- 2 The customer generates a QR Code from the banking app on their smartphone.
- 3 The merchant scans the QR Code using a reader or scanner.
- 4 The merchant receives a confirmation that the payment has been received and completes the transaction.



# Buy Online Pickup In Store (BOPIS)



BOPIS, also known as BOPUS and Click-and-Collect, is a **touchless service that combines the in-store and online experience to offer more convenience to customers**. Using the business's website or mobile app, customers complete their purchase online, and select the time and location for picking it up at the store.

When the order is ready, customers pick up their items either inside the store in a designated pickup area, or better still, curbside without having to leave the car.

BOPIS is gaining in popularity. **Over one-half to two-thirds of consumers** are likely to use and continue using this option across a variety of retailers.

Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.



## BOPIS benefits both customers and businesses

### BUSINESSES

- Opportunities to increase sales. Customers can browse for more products both when they shop online and if they come in to pick up their order
- No shipping costs

### CUSTOMERS

- Speed. Customers get products quicker, without waiting for delivery
- No shipping fees
- Assurance item is in stock and waiting for them
- Limited physical contact

## PART TWO

Implementing an end-to-end  
touchless payments strategy:

CONSIDERATIONS  
TO KEEP IN MIND

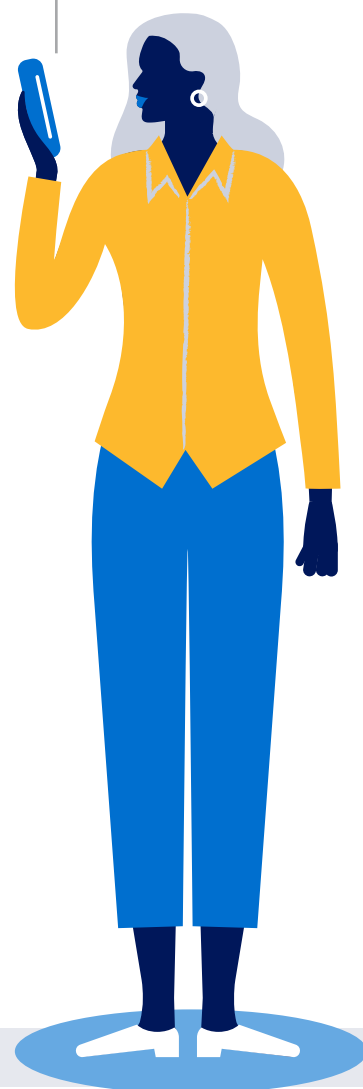


## TWO GOALS. ONE STRATEGY.

This section lays out a checklist of items to consider as you implement an integrated, end-to-end, omnichannel payment strategy. It's divided into two parts:

- [Online and mobile app considerations](#)
- [In-store considerations](#)

As you read them, remember you are always pursuing two objectives at the same time: make each transaction as frictionless and user-friendly as possible, while minimizing exposure to fraud.



## Fraud prevention goes hand-in-hand with all touchless strategies

Every payment channel, whether in-store or online, should have a **fraud prevention strategy**

that considers the industry, the merchant's risk tolerance, and the customer experience.

When adding new payment channels, it is especially important to maintain some foundational approaches to fraud detection and prevention, with layered solutions that follow industry security standards, such as PCI (Payment Card Industry) compliance, to protect sensitive information from being stolen by hackers. Talk to your



provider about the fraud tools available for making your touchless payment options secure.

### **USE BEST PRACTICES FOR CARD PRESENT AND CARD NOT PRESENT TRANSACTIONS.**

Card Present (CP) transactions usually take place in person, through a point-of-sale terminal or system. Card Not Present (CNP) transactions are processed online, through a payment portal or merchant app. Whichever payment technology you're using, CP or CNP, you'll want to ensure you and any third parties you enlist for transaction processing comply with industry standard protocols and specifications.

### **A best practice is to provide valid and accurate information for all data elements required on a transaction.**

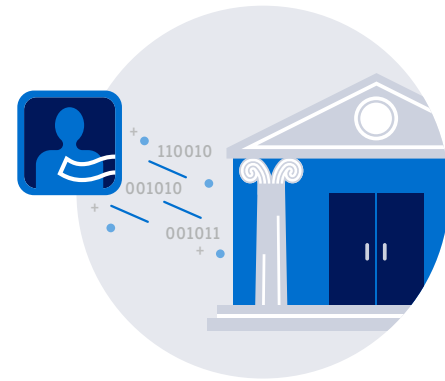
This leads to better consistency for transactions and fewer point-of-sale disruptions. It also enables bank issuers to make better and more accurate fraud and risk decisions, which is good for everyone in the payments ecosystem.

# Online & Mobile App Considerations



## 1 Protect online channels.

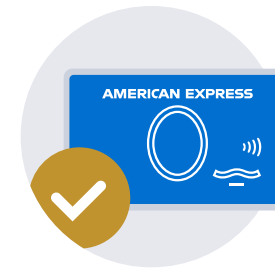
If you're adding an ecommerce site and/or branded mobile app, you will need to incorporate security features to authenticate online transactions, such as **EMV® 3-D Secure and tokenization**. Be sure to speak with your provider about the security protocols you need for your touchless payment options.



## 2 Share data with the bank card issuer.

As part of a multilayered approach to fraud prevention, the more customer data you share with the bank card issuer, the safer the transaction will be. This includes such data as **Card Identification (CID)/Card Verification Value (CVV), Address Verification Service (AVS), and Internet and Telephone Data (ITD)**.

Remember that sharing this data does not compromise consumer security—it enhances risk assessment by providing more verification points for authorization, using secure data-sharing solutions (such as American Express Enhanced Authorization and American Express SafeKey® 2.0).



## 3 Make sure you have the latest card information.

Using a card updater solution (such as American Express Card Refresher) will reduce your merchant decline rate due to an expired or replaced card. It monitors active accounts for any changes and provides updated information using your existing billing infrastructure or a secure file transfer process. **Card updater solutions are particularly beneficial to businesses with recurring billing and card-on-file services.**

## 4 Understand buy button options for in-app payments.

An in-app payment is made on a mobile device with a digital wallet, eliminating the need to visit a separate ecommerce site. If you're implementing an in-app payment solution, become familiar with pay buttons like Apple Pay, Google Pay, Samsung Pay, and EMV® Secure Remote Commerce (SRC)/Click to Pay technology.

**Buy buttons are designed to seamlessly integrate into your branded app or website payment screen.** To avoid declines, be sure your provider is furnishing proper formatting and data quality.



# In-Store Considerations

## EDUCATE YOUR STAFF AND CUSTOMERS

The biggest obstacle to consumer adoption of contactless and QR Codes is knowing how to use these technologies. **Over half (55%) of consumers have had difficulty scanning a QR Code** and getting it to work. Roughly **a third (35%) of consumers who have not used contactless card payments don't know if their credit or debit card is capable**, while **29% don't know how to use it**, and **28% don't know where to use it**. That's why it's important that your associates and staff be trained to show customers how to quickly and easily employ touch-free payments.



**Use signage** that prompts customers to look for the Contactless Indicator on their card, and shows them where to hold their device over the Contactless Symbol on your terminal.



When your terminal is NFC-enabled, **customers are not limited to just their contactless cards**. They can use any contactless payment option, such as mobile wallets and wearables.

Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.



# Contactless

**1** Work with your acquirer and other service providers to enable contactless Near Field Communication (NFC).

This is the technology that allows terminals to “talk to” contactless cards and mobile wallets like Apple Pay and Google Pay to make payment transactions.

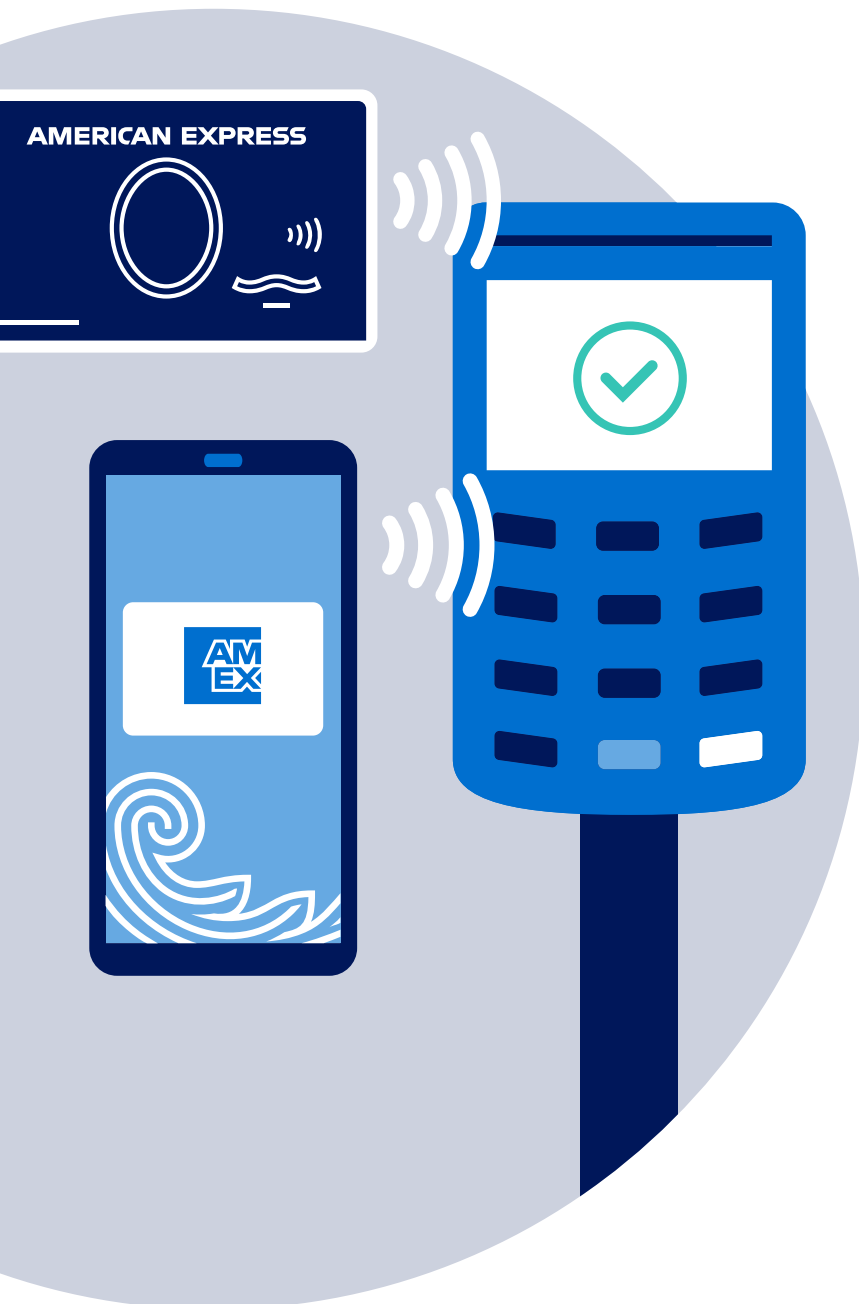
**Be sure your terminal solutions are certified and not expired.**

**2** Be aware of local industry requirements for enabling contactless for various card networks.

Each region and card brand may have their own, such as no signature.

**3** Familiarize yourself with contactless best practices.

Consult current research from the US Payments Forum.





# QR Code Payments



**1** Be aware that an in-store QR Code payment solution could become a Card Not Present (CNP) transaction online.

For example, if scanning a QR Code directs the customer to your ecommerce site to pay, you'll want to employ CNP fraud mitigation tools (such as American Express Enhanced Authorization and American Express SafeKey 2.0) to help increase approval rates, reduce false positives, and reduce fraud while maintaining a seamless customer experience.

**2** Know the differences between closed-loop and open-loop QR Code payments.

Closed-loop payments are specific to one merchant, and often come in the form of a pre-loaded gift card that can only be spent at that store.

Open-loop systems allow customers to pay different merchants with their own credit cards. Understand the advantages and disadvantages of each system, and what makes sense for your business.

**3** Also be aware of hybrid QR Code payment systems.

These systems link a credit card to a payment app such as PayPal, which then offers a QR Code that can be presented to the merchant.



# Point of Sale

## 1 Look for ways to make payments quick and easy.

Anything you can do to reduce friction during the transaction improves the customer experience. For example, **if your card network does not require a signature, don't ask for it.**

## 2 Confirm the signature requirements for your business.

Consult with your acquirer or network representative. In most cases signature is no longer required, but there are some exceptions.



## 3 Work with your terminal provider to remove prompts that force customers to touch the terminal.

This includes entering loyalty numbers, receipt references or donation options. Instead, **train cashiers to ask questions and enter information quickly on the customer's behalf.**

## 4 Familiarize yourself with rules of thumb for safe, fast, secure contactless payments.

Use our Guides for Cashiers and Business Owners.



# Scan-and-Go

## 1 Educate customers and employees on how Scan-and-Go works.

This technology allows customers to use your merchant app to scan product barcodes as they add items to their cart. When they're finished, they scan a QR Code at checkout to pay, for a quick, touch-free way to shop.

## 2 When developing your app, ensure the proper fraud prevention tools are in place to enable Scan-and-Go capability.



Technically, even though shoppers are in your store, this could be viewed as a Card Not Present transaction, since it's done online, so **you'll want to protect it as a CNP payment.**



# mPOS & SoftPOS

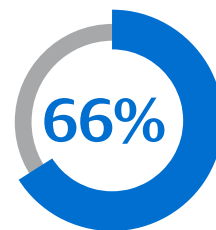
## 1 Be sure your mPOS and SoftPOS solutions are certified and industry-approved.

You have several options with varying functionality, but whichever you choose, be sure they comply with industry standards.

## 2 Understand how SoftPOS works.

Your mobile device will only be able to accept **contactless cards or digital wallet payments**.

Two-thirds of consumers would be comfortable making a contactless payment **using a merchant's phone.**



Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.



## CURB-SIDE PICKUP

### 1 Ensure clear signage is in place.

Make it easy for customers to find your designated pickup areas and retrieve their purchases.

### 2 Speak to your provider about syncing your online and in-store ordering and payment systems.

Retailers need the right technology to provide current inventory available to customers, which involves **connecting all components of your fulfillment operations.**

### 3 Understand costs of using a third-party delivery service.

Compare the expense with doing it yourself, taking into consideration the buying behavior and possible loss of customers who may perceive a third party negatively.

### 4 Consider implementing touch-free delivery and pickup methods:

- Storage lockers that customers can easily access curbside or in-store.
- QR Codes for pickup confirmation and identity check to avoid chargebacks.
- If not QR Codes, other compelling evidence to confirm identity, such as a photo ID.
- Try to avoid collecting signatures, and **make tipping possible in-app or on your website.**

### 5 Be aware that consumers may expect BOPIS to remain free after health restrictions lift and the economy reopens.

While demand for touchless services such as BOPIS is likely to remain high going forward, **fewer than half of consumers are willing to pay a surcharge for this service.**

Source: The American Express Consumer Touchless Payments Survey was conducted online among a sample of U.S. consumers, February 5-7, 2021.



# PREPARE FOR A TOUCHLESS FUTURE

**Touchless payment options and services are rising in popularity and will likely become the predominant way to pay in the years ahead.** Customers and merchants have always enjoyed the benefits of **quick, secure, convenient** transactions that make purchasing a positive experience, both in-store and online. By thinking through an end-to-end touchless payment strategy that combines rigorous fraud prevention with a customer-centric experience, you will be able to take advantage of the increased sales activity these flexible options have to offer, while keeping your customers and your business safe.



# ADDITIONAL RESOURCES

Helpful guides and research on touchless solutions

## AMERICAN EXPRESS SURVEYS AND INSIGHTS

- [Collection of Digital Payments Surveys and Insights](#)
- [The American Express Consumer Touchless Payments Survey](#)  
Methodology: Data points reflect findings from an American Express online survey, conducted February 5-7, 2021 among a sample of 1,004 adults 18 years of age and older. Completed interviews are weighted by five variables: age, sex, geographic region, race, and education to ensure reliable and accurate representation of the total U.S. population, 18 years of age and older.
- [The American Express 2020 Digital Payments Trendex](#)  
Methodology: The Amex 2020 Digital Payments Trendex survey was conducted online among a sample of 400 business leaders in the U.S. who have responsibility for making decisions regarding customer payment options, IT/data security, or online sales strategy and planning. Fieldwork was conducted between July 30 – August 7, 2020.

## AMERICAN EXPRESS RESOURCES FOR MERCHANTS

- [Contactless Payments for Merchants](#)
- [Contactless Payments Guide for Cashiers and Business Owners](#)
- [Tips for Touchless Dining](#)
- [Tips for Keeping Patients Safe](#)
- [Tips for Worry-free Shopping](#)

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QR Code is a registered trademark of Denso Wave.

