

THE PROLIFERATION OF MPOS • NO PLATA. NO PROBLEMA.  
BUSINESS IN MOTION • THE STATE OF CASHLESS IN ASIA PACIFIC  
POINTS: A NEW CURRENCY

# paybook

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# The Proliferation of mPOS

**From line busting to clienteling, the mobile point of sale (mPOS) has changed the retail experience for merchants and consumers alike—and the evolution has only just begun.**

Walk into an Apple Store and you'll notice something missing—the checkout counter. Traditional POS stations have been replaced by store-roaming, mobile-device-wielding sales associates ready to process your payment anywhere, in an instant. Whether via a smartphone, tablet, or integrated payment device, mPOS is quickly taking over the way people, especially younger generations, do retail.

With mPOS, the point of sale has expanded from the checkout counter to any square foot of the store where a consumer is ready to buy. Merchants can accept a variety of cashless payment options on the spot, while also providing value-added services to drive revenue and build customer loyalty like never before.

In a highly competitive retail space, an mPOS solution for brick and mortar businesses is now more than just an added luxury—it's a necessity. Consumers live in their smart devices, and in doing so, they aren't just more diversified shoppers, they're more informed shoppers. Consumers can search reviews and compare prices in an instant, in addition to accessing apps for all their favorite brands and retailers. As shoppers and their mobile technology continue to evolve, the same must go for the payments industry.

One way mPOS has changed payments through its technology is line busting. The use of integrated, mobile devices enables merchants and their employees to take customer orders and process transactions while they're waiting in line. This has become a common practice in quick-service and fast-casual restaurants, both expediting customer service and creating added revenue streams; beyond increased table turnover, line busting creates opportunities for upselling and cross-selling.

Another benefit of mPOS comes via the art of clienteling, which enables sales associates to match (and exceed) wits with today's informed consumers. Consumers

crave information—and want their sales associates to be equally informed on everything from their clothing size to purchase history to their likes and dislikes. Mobile POS devices can help merchants access information instantly to address any questions or needs; they can also use branded apps to send personalized messages to customers about upcoming sales, employ loyalty programs, and utilize other value-added services.

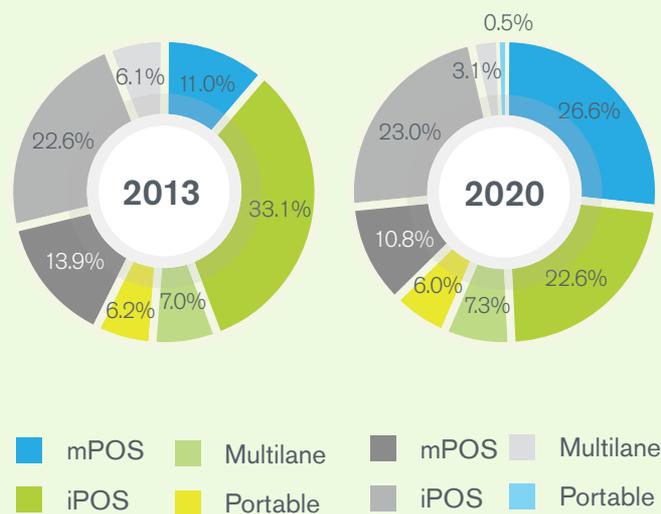
While the growth of mPOS is evident across every age demographic, it's inherently baked into Generation Z. As the first generation born in the internet era (circa 1995), they have little to no recollection of a time before cell phones and the web. As such, it is a generation of early adopters. Not only are these young consumers less likely to carry cash, they may also rely on in-app purchases, mobile wallets, and other contactless, mPOS-friendly payment methods.

The current growth of mPOS is evident across the global commerce landscape. The installed base of mPOS devices has grown from 5.8 million in 2013 to 15.6 million in 2016, and is projected to hit 31.4 million by 2020, according to a forecast report by ABI Research.

Verifone has led the charge in the mPOS revolution with our e Series, which was named Best in Category for mPOS solutions at the 2016 Pay Awards. "Verifone is solving a key problem in the mPOS space—future-proofing," the judges remarked. "Add to that the company's reach, and you get widespread adoption of the mPOS readers that help retailers reinvent the in-store shopping experience for their customers."

With many retail giants already incorporating mPOS, the revolution has clearly begun. But where will it go? The future is bright, as geo-tagging and cloud computing continue to strengthen the bridge that is connected commerce.

**POS Terminal Installed Base Share by Product Range**



World Markets, Forecast: 2013 to 2020.

# No Plata. No Problema.

## How major Latin American markets are embracing cashless payments.

**I**n the global landscape of payment solutions, Latin America is an interesting case study. While many of its countries are still struggling through recession—and the lowered consumer confidence that comes with it—the payments industries in major markets like Brazil and Mexico are booming.

Within the last decade, the growth of card-based transactions over cash in Latin America has reshaped the relationship between consumer and merchant. While the unbanked population of Latin America still hovers around 70%, according to an Americas Market Intelligence report, there is an emerging trend of cashless transactions amid the major market countries. The preference for plastic over cash isn't the only thing powering that trend—innovative payment technology is also sweeping the region.

While Latin American banks struggle to acquire new customers, mobile network operators (MNOs) in the region are having no such problem. According to the same Americas Market Intelligence report, smartphone penetration in Latin America has risen from 20% in 2013 to a projected 44% in 2017. With almost half of the population using smart devices, the opportunities for mobile-based payment options in Latin America are becoming greater.

“There is no shortage of phones in these emerging markets,” says Kevin McNish, Head of Product, South Americas, LAC at Verifone. “In these countries, MNOs practically play the role of banks.” Both merchants and consumers alike in Latin America are taking advantage of the financial tools at their disposable—now on their smart devices.

The backlash to “cash only” in Latin America is a response to combat theft on both ends of the commerce spectrum—consumers don't want to carry cash on them, nor do merchants want registers filled with bills.

On top of that, governments in Latin America also promote electronic and digitized payments, in order to better track revenue and reduce the risk of tax evasion and money laundering.

With card transactions becoming more prominent, as well as innovations in mobile payment technology, merchants in Latin America are seeking solutions to address a changing commerce ecosystem. They need solutions that meet the needs of their customers, but that also adapt to the challenges of their environment.

Merchants in Latin American areas with poor infrastructure are susceptible to outages, whether it be a phone line, the internet, or all electrical power going down. As such, a device that is outage-proof and can maintain steady uptime is essential to preventing the loss of any transactions.

Verifone will soon be launching the V240m, a fully-functional portable payment device, to provide merchants in areas like these with the flexible connectivity options they need to accept worry-free payments.

In markets like Brazil and Mexico, as well as Argentina, Chile, and Colombia, the V240m is an economic answer to the challenges merchants face, while also offering innovative functions and features, such as touchscreen, access to the Verifone App Marketplace, and comprehensive payment acceptance, including contactless.

While economic challenges persist, Latin America remains a vital region in the greater payments industry landscape as it continues to embrace change. Technology like NFC and mobile wallets will continue to usher in more change, making it increasingly important for merchants, acquirers, and issuers in the region to embrace a new wave of payments.

# Business in Motion

We're unveiling two new products that afford merchants the mobility and functionality they need to compete in today's competitive landscape.

consumer display: 5" 854×480  
with Corning® Gorilla® Glass

merchant tablet: 8" 1280×800  
with Corning® Gorilla® Glass



## -Carbon 8-

Carbon 10 recently won the prestigious iF Design Award 2017, which is given annually by Hannover-based iF International Forum Design GmbH, Germany's oldest independent design organization. Glen Robson, EVP, Global Head of Solutions for Verifone, said, "We were determined to bring truly innovative design to the point of sale. I'm extremely proud of what the Verifone team has done to evolve the role of the POS into something that is far more meaningful to the merchant-consumer interaction."

Now, we're taking that same innovative, design-centric approach with a new mobile point-of-sale device. Introducing Carbon 8, a platform for meaningful and insightful customer engagement away from the register.

Carbon 8 places the power of Carbon's capabilities into a mobile POS solution, giving merchants the flexibility to offer personalized, contextually relevant experiences both at the counter and on the go. An optional printer attaches to the tablet for printing in aisle, curbside, or wherever business occurs, and a shoulder strap allows merchants to carry the device comfortably and securely.

Dual screens allow merchants and consumers to interact with the device and each other simultaneously, while an Intel® processor provides power and speed. And, with access to App Marketplace, Carbon 8 creates opportunities to build loyalty and generate additional revenue via customized payment experiences anytime, anywhere.



## -e285-

The e285 is a standalone mobile payment solution with multiple connectivity options allowing merchants to securely process transactions anywhere without pairing to a smart device. Built on Verifone's Engage platform, the e285 delivers an entirely different level of interaction between customers and merchants—on the go.

With a 2.8-inch color capacitive touchscreen capable of signature capture, the e285 stands out from other mPOS devices instantly.

The smooth, rounded edges, domed keypad, and colorful screen give the e285 a friendly, familiar look and feel. Its UX is similar to a modern smartphone, making it utterly intuitive to use. And, with a 12-hour battery and multiple connectivity options (Bluetooth, WiFi, powerful 3G or GPRS), merchants can count on uninterrupted business hours.

# The State of Cashless in Asia Pacific & New Opportunities for Banks



The future of cash as the dominant payment method in Asia Pacific is changing as a result of technology innovation, government-sponsored programs, and evolving consumer behavior. In this Q&A, Mohit Grover, Senior Director of Products & Solutions (APAC), shares his point of view on e-payment initiatives in Thailand, Indonesia, and other parts of Asia Pacific, as well as opportunities for banks and service providers to help smaller merchants overcome cashless-related obstacles.

### **From your perspective, what are the biggest drivers behind the cashless (or “less cash”) initiatives taking place in the Asia Pacific region today?**

Industry reform, technology innovation, and consumers are the most significant drivers of payment industry disruption underway across Asia Pacific.

Government initiatives and industry reform are having a profound influence in a number of Asian markets when it comes to cashless. Thailand’s e-payment initiative, new e-payment regulations introduced by Bank Indonesia, Bank Negara Malaysia’s Payment Card Reform, and India’s demonetization of INR 500 and 1000 notes are just a few examples. Digitization is also being fueled by continued smartphone proliferation, as well as increased consumer adoption of e-commerce and cashless payment methods—particularly cards, mobile wallets, and QR codes.

While cashless is being pushed by reform and innovation, it is being “pulled” by consumers and their growing demand for convenience. As more consumers become aware of the convenience of new and existing digital payment options, and as merchants begin to understand the value of cashless-ness in providing a more convenient experience, it’s not hard to imagine that cash will one day lose its place as king.

### **How is the growing popularity of cashless payments in these countries unique compared to other markets where cashless payments have been around for quite some time?**

Developed markets have seen cashless innovation and adoption occur at a gradual pace, and many are being “leapfrogged” by emerging markets. These remarkable gains are largely attributed to regulators that are promoting and evangelizing e-payments as a major vehicle to combat corruption and tax evasion. These regulators are also reducing interchange rates and improving merchant discount rates (MDRs) to encourage adoption, and many have facilitated national payment schemes and debit networks, such as PromptPay in Thailand and RuPay and Aadhar in India.

### **What do you see as potentially the most significant obstacle(s) to widespread cashless payment adoption in APAC?**

There are many obstacles to cashless adoption, but the obstacles with the greatest potential impact are related to infrastructure, affordability, access to banking services in rural areas, and changes in government. Regulators have been a major force behind cashless progress throughout the region, however their advocacy has been supported by their country’s ruling government. Major changes in government leadership could potentially de-prioritize or shift focus away from cashless initiatives.

When it comes to infrastructure, penetration of e-payment acceptance devices at the merchant point of sale is relatively low in Asia. Many banks throughout the region still rely on outdated legacy systems, operational processes, and servicing capabilities. The inefficiency of these systems can slow new POS technology integration and banks’ ability to onboard consumers and merchants.

Affordability of digital payment technology is also a significant variable—especially for small merchants. While larger merchants have budgets that can accommodate POS technology purchases, going cashless can be problematic for smaller merchants if the technology is priced beyond their reach.

Lastly, while financial and technological literacy is improving among merchants and consumers, it is relatively low in many rural communities that still lack access to basic banking services needed to participate in the digital economy. Various financial inclusion initiatives are focusing on these areas; however, meaningful cashless adoption will not occur until these services gain traction in the local economy.

### **What are some ways that banks and service providers can help merchants address these obstacles?**

There is a valuable opportunity to help merchants overcome these obstacles by offering:

- Better MDRs and other incentives that encourage more merchants to accept digital payments.
- Value-added services that can help merchants enhance consumer experiences and improve customer loyalty.
- Cashless solutions that are affordable to merchants of all sizes and can be used in a range of different environments.

Simplifying merchant onboarding processes, adopting new business models (terminal rentals, payment as a service, etc.), and launching campaigns aimed at increasing digital payment awareness among consumers and businesses should also be considered.

### **Besides the ability to accept an electronic payment, what are other characteristics that banks should look for in a cashless solution?**

When it comes to cashless payment technology, it’s important to think about the merchant and the future. Again, affordability and flexibility are key. Look for technologies you can offer at a price that is not cost-prohibitive to smaller merchants. Likewise, make sure the technology is practical for a variety of merchant environments, such as restaurants, open air markets, on-the-go service providers, and traditional store settings.

It’s also important to think about the future—e-payment methods are constantly evolving, and nobody wants to invest in a piece of technology if they’ll have to replace it as soon as something changes. Therefore, the ability to support new payment schemes as they become available is another valuable characteristic as well.



**For more information,  
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# Points: A New Currency



The Verifone Points Redemption app is turning rewards into everyday purchases. With so many points going unused or unnoticed every year, this app is bringing value to rewards-based programs like never before.

Rewards-based programs are on the rise. FIS™, the world's largest financial tech solutions provider, reported recently seeing a 26% growth in these kinds of programs, with the average American participating in 29 different ones.

But here's the caveat.

There's still \$50 billion worth of open reward viability. So, people are participating in rewards programs, but they don't always redeem their points. The reason for this, according to Daniel Poswolsky, Head of Value-Added Services, is two-fold.

"There are a lot of larger ticket items that people can't get," Poswolsky explains. "People accrue a smaller number of points, can't access these larger rewards, and simply forget about the points they have." There's also a procedural issue with accessing points. Often times, participants need to go through several steps before reaping the benefits of the rewards points they've accrued.

This was the impetus behind the Verifone Points Redemption app.

"With this app," says Poswolsky, "we wanted to make points redemption a seamless experience that presents consumers with an easy decision and, most importantly, won't slow down the line."

At the POS, the app uses FIS technology to check if you have rewards points from your card provider. The app then asks if you'd like any available points to count toward your purchase. The process is safe, simple, and benefits everyone involved.

"We're turning points into a new currency," says Cassie Boutelle, VP of Loyalty Product Development and Strategy at FIS. Poswolsky agrees, stating, "This is an untapped payment method that Verifone is bringing to the terminal in a simple, frictionless way."

It started as a pilot program with POS devices at BP gas stations. Consumers were given a prompt at checkout asking if they'd like to use their rewards points to discount their purchase on gasoline.

"Consumers would continue to come back to BP to get the discount, and they began spending more money and using their cards more—knowing they would accrue more points," says Boutelle.

The banks loved it because consumers used their cards more, and consumers loved it because they got discounts. Being able to seamlessly use points at the POS gives these often under-utilized rewards programs more value.

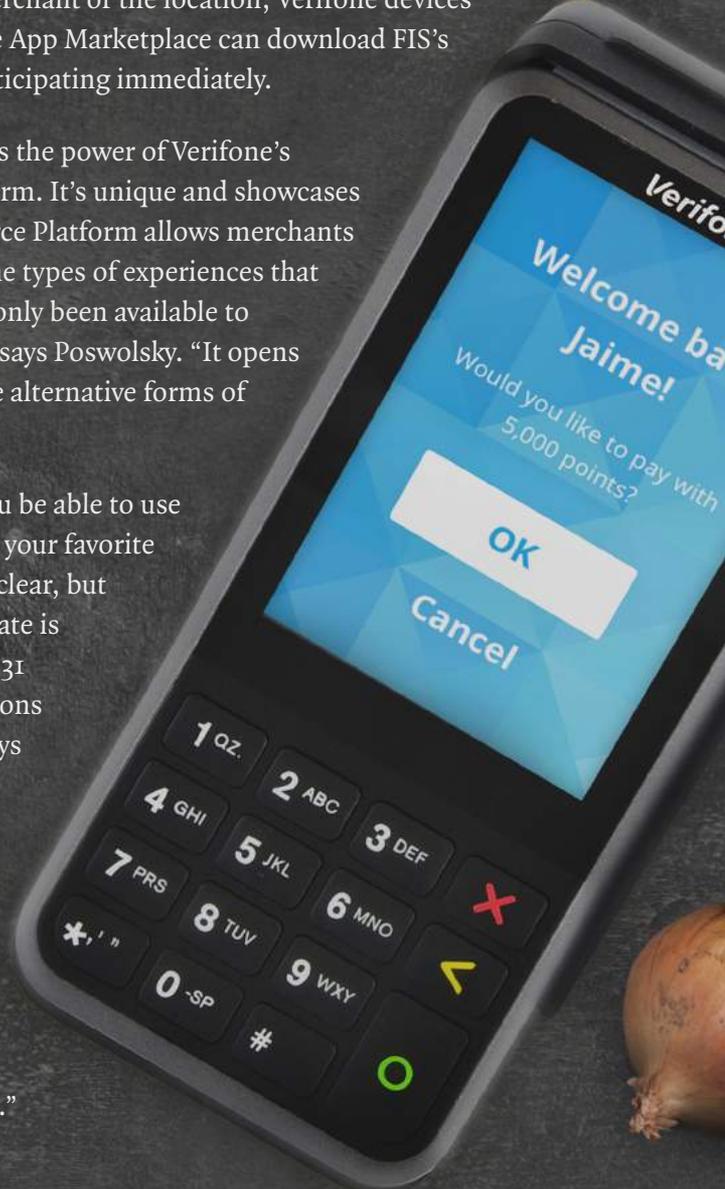
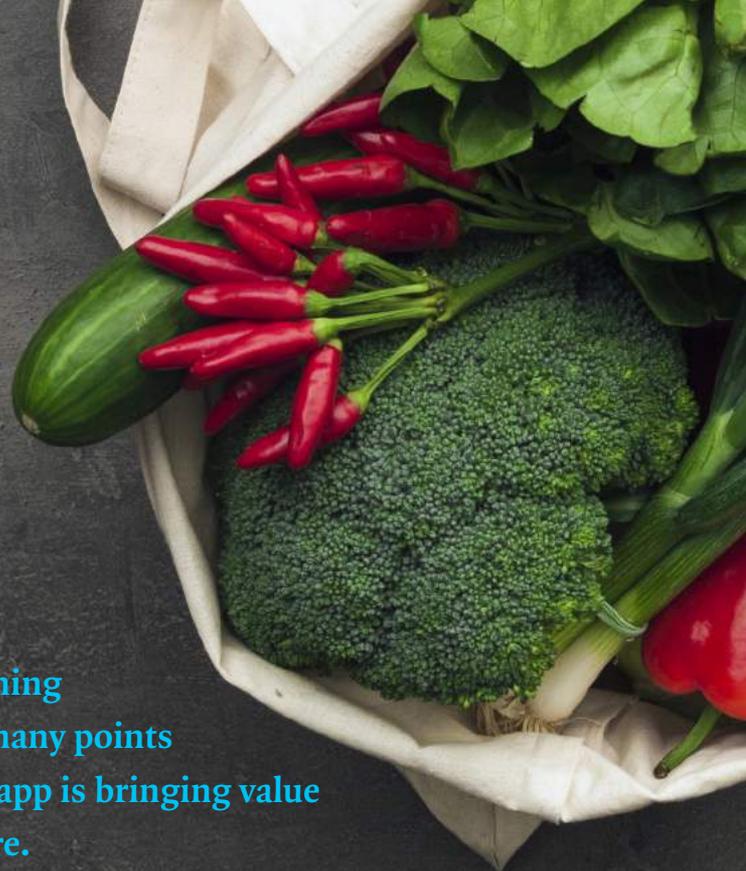
The next logical step was to bring this technology to more places: retail, food service, hospitality, etc.

"Which is why it's great that we have such a good relationship with Verifone," says Boutelle.

No matter the merchant or the location, Verifone devices with access to the App Marketplace can download FIS's app and start participating immediately.

"This really shows the power of Verifone's Commerce Platform. It's unique and showcases how the Commerce Platform allows merchants to enable the same types of experiences that have historically only been available to online retailers," says Poswolsky. "It opens the door for more alternative forms of payments."

How soon will you be able to use rewards points at your favorite store? It's still unclear, but so far, adoption rate is strong. "We have 31 financial institutions participating," says Boutelle. "That's nine million participating consumers. We're on track to have 23 million participating consumers by Q2."



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