



Contactless Payments

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What's Inside MasterCard Contactless?

Similar to a standard MasterCard card with some differences.



MasterCard Contactless: A Key Differentiator

MasterCard contactless gives cardholders the ability to make contactless payments with a simple tap of an enabled card, device, or mobile phone.

BENEFITS



Consumers

- » Enables payments with mobile phones
- » Provides a faster, simpler and safe way to pay for purchases
- » Offers greater convenience eliminating need to restrict spend to cash on hand



Issuers

- » Provides a key differentiator via mobile payments
- » Increase top of wallet behaviors
- » Displaces cash
- » Promotes more frequent account usage and higher spend

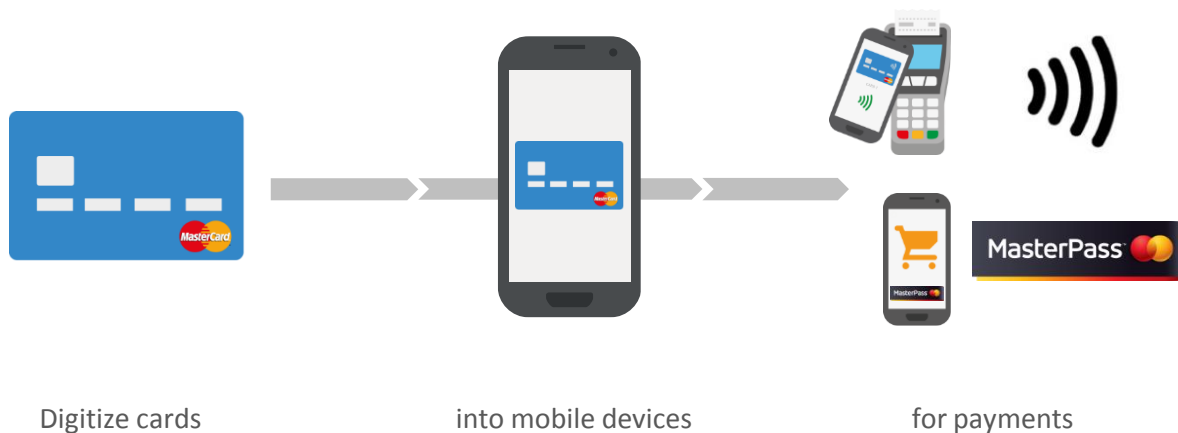


Merchants

- » Innovations, brand strength
- » Simpler way to pay results in faster checkout
- » Reduces costs related to cash handling
- » Promotes higher average spend

MasterCard's Vision for Mobile Payments

Every card can be digitized into a mobile device to offer general payment experience

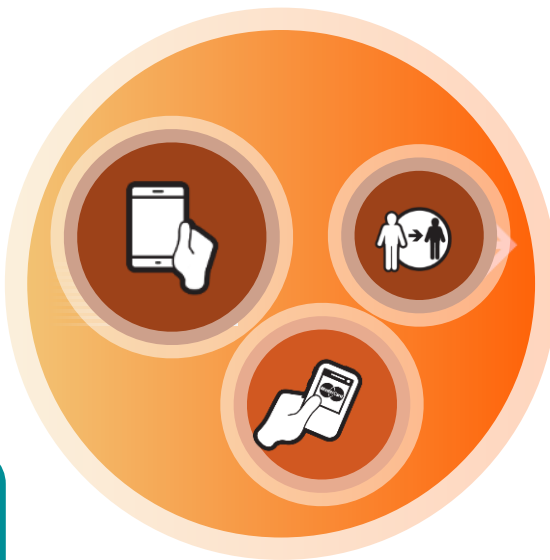


Mobile Trends

2.6 billion smartphone users in the world by 2018¹

64% smartphones shipped in 2018 will support NFC²

Mobile phone and tablet users will make 195 billion mobile commerce transactions annually by 2019³



>50% of smartphone users have a shopping app and more than 50% of them use it monthly⁴

Launch of Apple Pay in the U.S (Oct. 2014) & in the U.K (July 2015). Samsung Pay in South Korea (Aug. 2015) & in the U.S (Sept. 2015). Android Pay in the U.S (Sept. 2015)

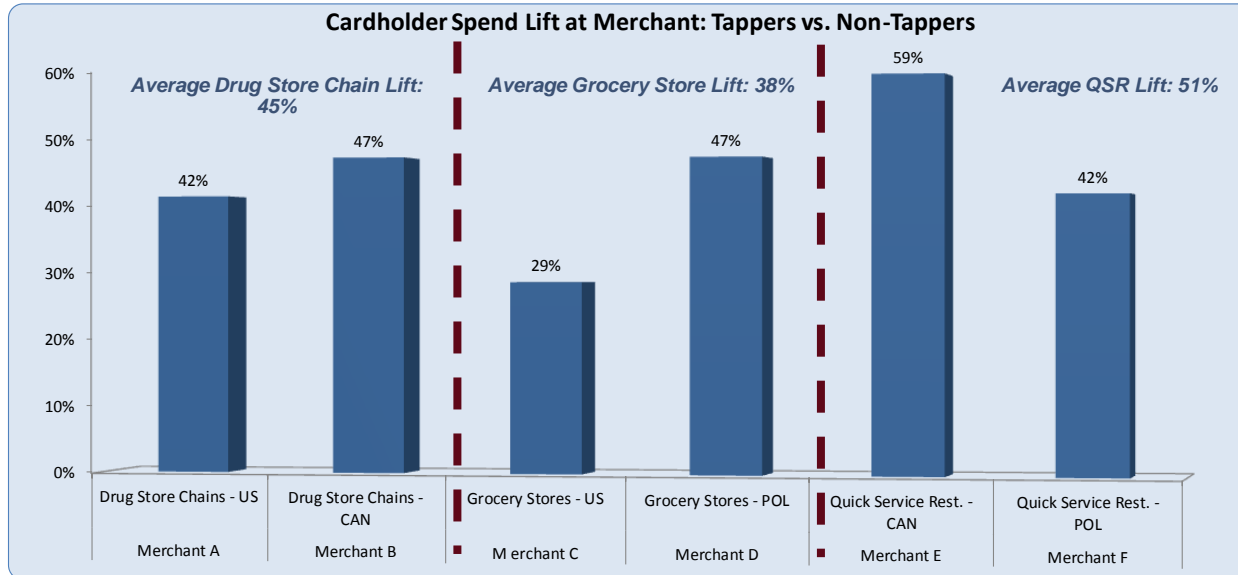
All **new** POS terminals in Europe must be contactless enabled by 2016 (mandated) & **all** terminals by 2020

Merchant Value Proposition Tap Impact Analysis

The first tappers consistently had significantly higher total* spend at that merchant than non-tappers. The following are average net spend lifts by category:

- Drug Store Chains: **45%**
- Grocery Stores: **38%**
- Quick Service Restaurants: **51%**

Overall Average Lift 44%



*Total Spend = Tap + Dip/Swipe spend

Contactless Transaction Growth is Exponential



Europe:

+119% increase in unique tappers*

+143% contactless transaction growth**

+175% contactless spend growth**



Contactless transaction penetration:

Country***	Contactless transactions/total in-store transactions
Czech Republic	72%
Poland	51%
Slovakia	35%
Hungary	35%

* Number of cards tapping in the respective quarter, source MC Data Warehouse

** From Q2 2014 to Q2 2015, source: MasterCard Data Warehouse. Spend growth in EUR.

MasterCard contactless is accepted at 70 countries at 4 million+ merchant locations



MasterCard Gets Europe to Tap Everywhere by 2020

MasterCard establishes the acceptance of contactless payments as a standard in Europe

Objective



Our intention is that by 2020, consumers will be able to pay with their contactless cards and NFC enabled devices at all point-of-sale (POS) terminals in Europe.

Key dates

- New POS terminals must adhere to the new standard upon deployment as from 1 January 2016
- Existing POS terminals can be replaced at end of lifecycle, but at the latest by 1 January 2020
- Between now and 2020 there are other requirements, such as PCI compliance, that will require payment terminals to be upgraded providing the opportunity to achieve efficiencies

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Key Components of a Successful Contactless Deployment



Technical Excellence

Ensure an optimized payment process so the consumer experience is a positive one. Choose the proper equipment, then integrate and test it.

Audits

Perform regular audits to resolve technical issues and keep equipment working properly.

Employee Training

Make sure your training is consistent and ongoing so all employees understand what *Contactless* is and how to prompt customers to use it.

Usage Campaigns

Try usage incentives like a Tap & Get promotion. Display the promo near the POS and communicate the reward clearly.



POS Signage

Place signage that clearly and simply illustrates how to use *Contactless* on, near, or surrounding the reader/terminal.