

Introducing EMV Prepaid Cards with MasterCard® *PayPass*™

A great change for small change



Isn't it annoying when you go to pay for something quickly and you realise that you haven't got enough cash? Or, you need to pay for something with small coins and you've only got a large note?

Welcome to the world of MasterCard® *PayPass*™ – the fast, convenient alternative to cash.

Across Europe, 180 billion (or 80% of) retail payments are made with cash⁽¹⁾. In the UK alone, 20 billion payments are made for amounts of less than £10⁽²⁾. That's a £200 billion opportunity to replace these with something that's faster and easier – something that could also boost your revenue.

The new way to pay

PayPass is a new feature that is available on both reloadable and non-reloadable MasterCard® prepaid cards. It combines the intelligence and security of Chip with the speed and convenience of Tap & Go™ payments. Cardholders simply tap their prepaid card on a *PayPass* reader and the transaction amount is deducted from the balance.

Picture how quickly and easily purchases can be made at fast-food restaurants, coffee shops, news kiosks, car parks – wherever small payments are traditionally made with cash. By making *PayPass* a reality on MasterCard prepaid cards, cardholders can now use their card for Tap & Go™ payments below £10 (or local currency equivalent).

Consumers are ready

People are telling us that *PayPass* is what they need. The latest UK consumer surveys⁽³⁾ reveal that:

- More than half (53%) welcome the introduction of 'contactless' technology on payment cards as a more convenient way to pay.
- Londoners have the greatest appetite for contactless payments, with 45% being more likely to use their payment cards more frequently after the introduction of 'Tap & Go' - closely followed by the Midlands and Wales (37%) and the North (36%).
- Younger people are keen to embrace the change, with 60% of under-25s and almost half (49%) of 25-34 year olds stating that they'd use their payment card more often than cash if they could simply 'Tap & Go' to make a purchase.
- Compared with the cash payments that they make today, 38% of respondents expect to use cash less frequently in five year's time.

In summary, consumers can see that *PayPass* would save them time when making purchases - and that *PayPass* is a real lifestyle benefit in today's fast-paced world.

What makes MasterCard® *PayPass*™ possible?

A *PayPass*-enabled card has a Chip and an antenna embedded in its plastic. When the card is tapped against a *PayPass* reader, it transmits the cardholder's account details through radio frequency technology. The reader also captures the payment details, and they're then processed through the MasterCard acceptance network, just like any other payment card transaction.

When a prepaid card is used for *PayPass* transactions, these are authorised by the issuer on-line or through settings on the Chip. Each time a Chip-and-PIN transaction takes place, any card parameters that are configured on the Chip can be instantly refreshed. Cardholders can activate the *PayPass* feature through the Internet, over the phone, or during the first Chip-and-PIN transaction at a POS terminal, Chip-enabled kiosk or ATM.

The risk management features on the Chip will also enable card authentication methods (CAMs) to be completed off-line. MasterCard provides chargeback protection for *PayPass* purchases that are made with prepaid cards in this way.

Benefits throughout the payment chain

PayPass also helps retailers reduce cash handling costs and the administrative burden that this brings. With less cash to handle, retail staff will be able to focus more on customer service and sales. Where *PayPass* is accepted, average transaction times drop by 10-40%⁽⁴⁾, making check-out queues shorter. And shorter queues attract more customers during peak periods.

Here are some more of the retailer benefits that *PayPass* can bring:

- 15-20% less waiting time in shops⁽⁴⁾
- 40% less waiting time at drive-through locations & fast-food outlets⁽⁴⁾
- New customers attracted by the speed and convenience of *PayPass*

So, what's next?

PayPass is a proven reality, with more than 50 million cards issued and more than 141,000 merchants accepting them worldwide as at Q4 2008. By combining all the benefits of a prepaid card with the *PayPass* feature, it's much quicker and easier to make payments than ever before. As the momentum continues to grow, everybody can enjoy the advantages of a fast, secure, and convenient alternative to cash.

To find out more about MasterCard® *PayPass*™ or prepaid cards, visit: www.mastercard.com/paypass, or www.mastercard.com/uk/prepaid. Alternatively, contact your MasterCard representative today.

(1) Source: ECB Blue Book

(2) Source: APACS press release, May 2007

(3) Source: YouGov consumer research, July 2007

(4) Source: JP Morgan Chase press release, July 2006

