



Mastercard Biometric Checkout Program

2022 Pilot Case Study –
Sao Paulo, Brazil

Engagement & Analysis Timing: May 2023



The context and challenge

A leading Brazilian grocery chain successfully pilots the Biometric Checkout Program, in conjunction with Mastercard and PayFace, to secure transactions and reduce inefficiencies for consumers during the in-store checkout process.

St. Marche, a neighborhood supermarket in Brazil, was looking for innovative ways to improve the in-store consumer experience and sought to test out a new in-store payment experience – one that gives consumers the ability to pay by using just their face.

St. Marche desired a frictionless payment experience that would reduce checkout time for customers in queues and could be integrated with their loyalty program.

Additional objectives included retaining and growing their customer base, encouraging repeat visits to their stores, increasing average basket size, and improving or retaining their high approval rates.

St. Marche Objectives



Reduce checkout time



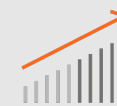
Retain and grow customer base



Encourage repeat visits



Increase average basket size



Improve or retain high approval rates

The approach

St. Marche piloted biometric checkout through a new program offered by Mastercard – the Mastercard Biometric Checkout Program – in conjunction with PayFace, a biometric service provider in Brazil and a participating vendor in the program.

- In May 2022, the pilot was rolled out in five St. Marche stores across São Paulo, representing 40 consumer in-store checkout points.
- Each pilot checkout point was upgraded to support a "pay by face" solution by PayFace.
- The pilot launch was promoted through a joint marketing campaign from Mastercard, PayFace and St. Marche that included local ads and consumer tote bag giveaways
- Key transaction metrics were collected, and post pilot, extensive surveys were conducted with St. Marche employees and customers.
- Pilot results revealed that biometric checkout offered a compelling, secure, and fast way for consumers to checkout at the grocers.

About the Mastercard Biometric Checkout Program

The Mastercard Biometric Checkout Program establishes parameters for security and biometric performance for the new, device-less, biometric payment method at POS locations. Requirements include a GDPR level of privacy and use of Mastercard Network Tokenization.

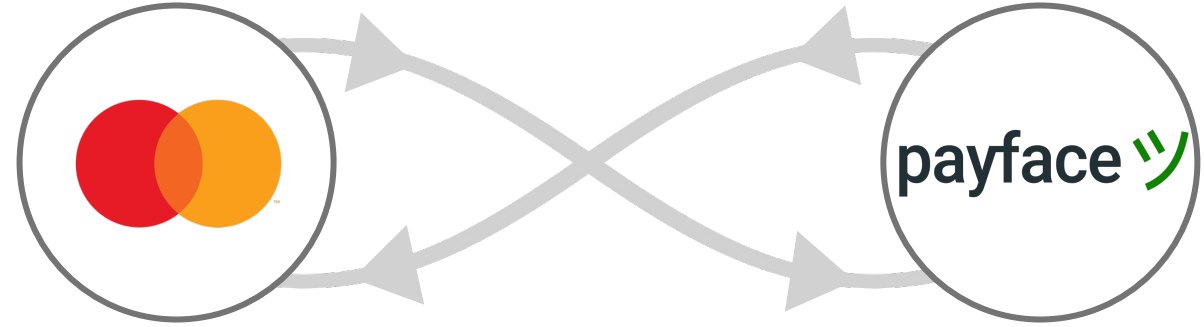
- The Program works collaboratively with selected financial institution partners, fintechs, hardware and software enablers, and biometric service providers to launch pilot solutions as they undergo testing requirements.

The Program seeks to:

- Provide consumers and merchants with a seamless way to transact by utilizing Biometric Checkout
- Create market association between Mastercard, its partners and customers, and biometric payments
- Evaluate consumer sentiment for biometric experiences
- Gain insight into merchant integration, impact on enablement, usage, disputes & fraud etc.
- Validate usage of network tokenization in store to improve approval rates

The solution

Mastercard and PayFace collaborated on the pilot to deliver strong results for St. Marche



- Configured Mastercard Network Tokenization using two acquirers
- Contributed funds to marketing awareness & account activation in store
- Provided PayFace with guidelines and requirements to ensure trust in the payment ecosystem and an optimal user experience at the checkout counter including:
 - Security requirements for handling and storage of customer's data
 - Performance requirements – best practices and standards for biometric performance and accuracy
 - Guidance and set up to improve traditional card on file transaction approval rates by using network tokenization approach
- Integrated Biometric Capturing Device with POS & Cash registers
- Integrated with Mastercard EMV network tokenization via a gateway and two local acquirers in market to support merchant tokenization
- Provided a mobile app to facilitate biometrics enrolment and network tokenization
- Trained and supported St. Marche staff in preparation of the pilot

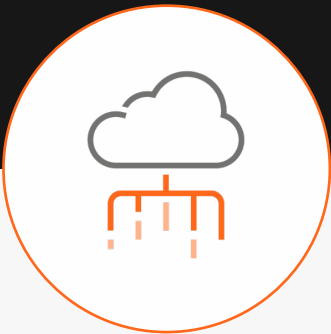


The solution

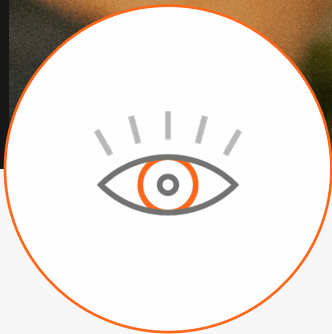
Consumers easily enrolled in biometric checkout on an app and paid with their face at in-store POS terminals



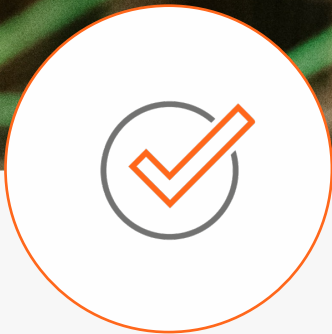
PayFace app enabled consumers to provide consent, store a payment card, and snap a selfie to complete enrolment.



Consumer's facial image was converted to an encrypted digital file and stored with other personal data on PayFace servers.



Consumer checked-out by confirming the amount due and looking at the camera in a POS terminal to process the transaction.



Consumer's facial image was matched to the one stored during enrolment and the transaction was completed just as quickly as other card purchases.



The results



"The technology is speeding up lines and improving the shopping experience"

- Bernardo Ouro Preto, CEO, St. Marche grocers

- 36% of enrolled base became active transactors
- Over the pilot term there were 5.6 transactions per user
- Average transaction value of enrolled user purchases was 10% higher than business as usual
- No disputes, no incorrect matches, no change in approval rates

1: Case study findings, Mastercard, 2022.

Biometric Checkout By The Numbers¹

95%

Transaction Approval Rate

5,300

Biometric transactions processed

919

Monthly Active Users

64%

Mastercard market share in the grocer's stores during pilot

0

False positives and disputes

76%

Would recommend BCO to their friends

The feedback

Survey responses reflect the pilot's success



employees perceived that **82%** of customers had a positive experience using biometric checkout



85% of employees felt the installation process was seamless



52% of employees felt biometric checkout was **faster** or **as fast as contactless transactions**

52%

of consumers felt biometrics transactions were faster

61%

said biometric checkout process is more secure than using a card or mobile

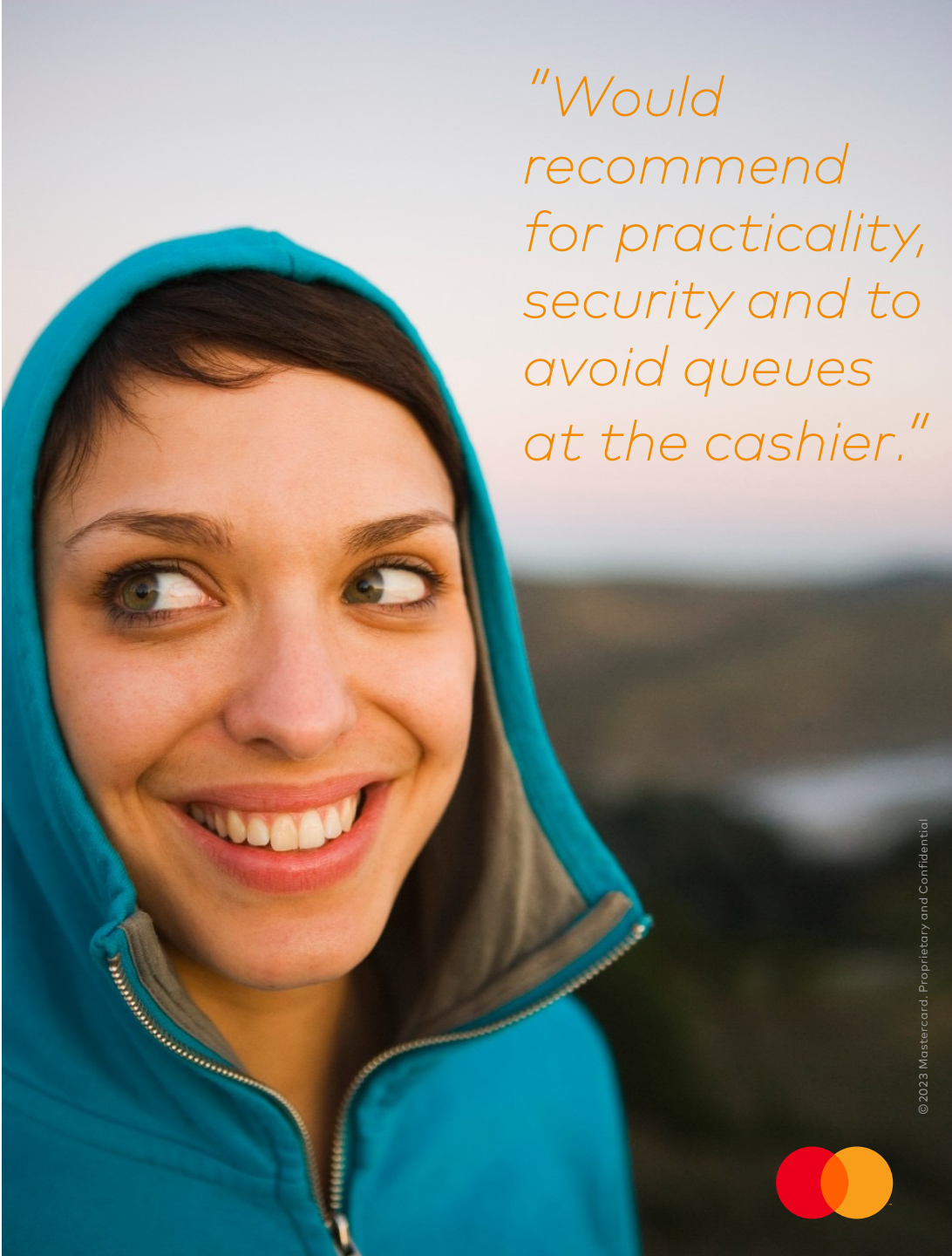
72%

agreed that Mastercard's branding makes them feel safe and confident in the experience

37%

would make more purchases if their favorite store had this method

"Would recommend for practicality, security and to avoid queues at the cashier."



Next Steps

For more information,
please contact your account
representative.

