



## Comment: Staff education required as payment evolution continues

**What will be the impact for retailers of form factors such as smartphones, watches, bands, tags and fobs for payment transactions? Independent consultant Mark McMurtrie has his say.**

Part of the reason for the success of in-store electronic payments has been due to the universal adoption of plastic cards by all banks and their strict adherence to international standards.

These include clear rules on physical dimensions, the use of identification marks, magnetic stripe and chip standards and data security techniques. Cards have delivered familiarity for consumers and retail merchants, plus the advantage of interoperability, thereby creating ubiquity. Bank cards have been so successful that they now account for more retail sales in the UK than cash. Any variation, such as the issuance of cards that try to break free from the traditional rectangular shape, may run into unintended consequences at the acceptance device. This causes frustration for consumers, and operational issues or lost sales for merchants.

However, since the arrival of contactless payments technology everything appears on the face of it to have changed. A consumer can now tap their mobile phone or smart watch at the point of sale to make a payment. ApplePay is leading the charge for this new method of payment. Other demographic groups are wearing payment wristbands, or maybe having a payment chip built into clothing as recently seen at London Fashion Week, or even wearing a designer ring like Kerv. Further payment options exist in the shape of smart key fobs or if a lower tech solution is preferred then tags or stickers can turn everyday items into a debit or credit card.

New payment options continue to follow strict standards in order to make sure they are secure and can be widely accepted, but this is less obvious just by a visual check. The new Barclaycard bPay range of smart payment options is a great example of what is now available to consumers. These put the consumer in control, letting them decide which form factor to use and when to do so.

Some may consider all these new form factors mere gimmicks and only of interest to geeks or payment industry insiders. Others may say these are not new and have been available for many years. But what has changed is the number that are being used and the transaction volumes that they are generating.

This means that all retailers need to improve their levels of understanding so that they can put in place appropriate procedures and training for store staff. Frequently a sales assistant today is presented with one of these new payment technologies without any guidelines about how to handle them. US ApplePay users could successfully make payments in the UK at contactless readers in-store well before the official UK ApplePay launch. It used to be easy for a sales assistant to identify a credit or debit card, look for a recognisable logo and check for an expiry date. But how are they to know whether a new payment form factor is genuine and how it should be handled. Could it just be a fake? How are customers meant to be verified and authenticated? A further example is that the contactless transaction limit is now being promoted as having been increased to £30 in the UK, but how many realise that higher transactions can be accepted if a secondary authentication method is used.

Large merchants need to take the lead in providing the necessary education for all of their employees rather than being less well informed than their customers. When contactless cards were first introduced to the UK we saw

slow consumer adoption rates and generally a poor customer experience due to insufficient attention being paid to training, education and promotion. To ensure this is not repeated with wearable payment technology and new payment form factors retailers will need to update staff training programmes, introduce new in-store marketing posters/PoS decals and adjust their operational procedures. This will require significant commitment and investment.

Retailers will also need to work out how to treat exceptions such as flat batteries, card clash and equipment failure. Transport for London recognises the importance of these needs and are a fine role model for other retailers to follow.