



Capital Bankcard® Guide to NFC

What Merchants Need to Know About NFC Technology



What is Near Field Communication (NFC)? What does it have to do with payments?

NFC is a technology that allows for two-way communication between mobile devices within a few centimeters of each other. The technology can be used to conduct transactions, as payment information can be transmitted wirelessly between two NFC-enabled devices. So, for example, consumers can pay at a store by simply tapping an NFC-enabled phone (or a credit card with an NFC chip) on an NFC-enabled POS terminal.

How do I accept NFC as a payment method?

In order to accept NFC, you may have to update your POS equipment to support NFC technology. We recommend contacting your sales representative to ask if they can update your hardware for NFC compatibility.

Why should I accept NFC as a payment method?

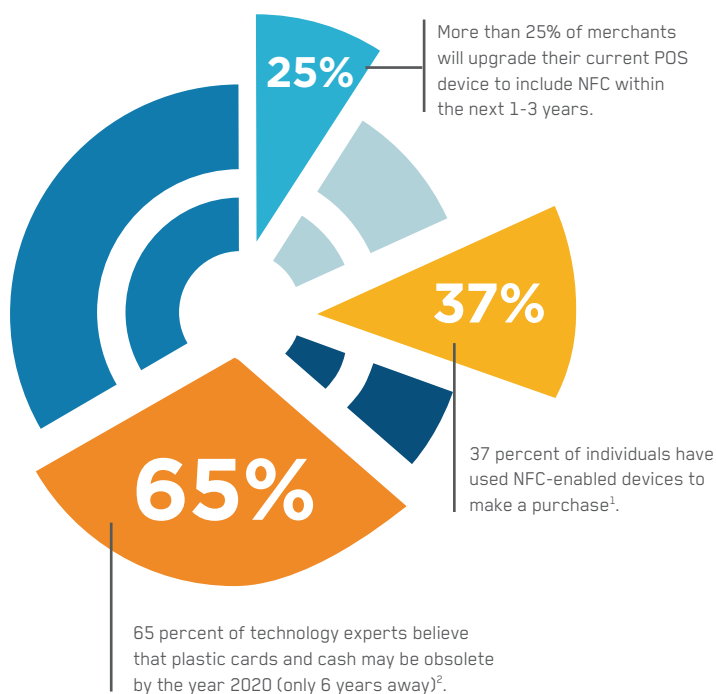
Here are three big reasons you may want to get on board with NFC:

1 NFC purchase volume is growing: According to the Q2 Mobile Wallet report from Nielsen, 37 percent of individuals have used NFC-enabled devices to make a purchase. With NFC payment

technology now widely available through the iPhone® 6, iPhone 6 Plus and Apple Watch™, mobile wallet purchase volume will grow significantly. The IDC predicts worldwide purchase volume for mobile will reach one trillion dollars by 2017, and 25 percent should be via NFC-enabled devices. Adopting NFC opens the door to collecting a piece of the trillion dollar pie.

2 NFC can increase revenue: Depending on the provider, NFC-enabled mobile wallets can support a number of features and options like loyalty and points programs, coupons and special offers. These features bring value to the customer and can improve the customer experience, driving new and repeat purchases. In addition, mobile wallets can provide highly tailored and personalized experiences to customers. Because every device is connected to a single individual with a unique profile and history, you have the opportunity to deliver offers and communications that are relevant, attractive and timely on the consumer level.

3 NFC provides a competitive edge: According to a recent survey, more than 25 percent of merchants will upgrade their current POS device to include NFC within the next 1-3 years. Adopting NFC sooner than later can help you stay ahead of the competition. With the upcoming October 2015 EMV deadline, most merchants will need to update their terminals. Forward-thinking merchants will look to adopt POS solutions that are both EMV and NFC enabled.



How do NFC payments enhance the customer experience?

NFC can improve customers' in-store experience, because it satisfies their demands and preferences for:



Speed: Consumers want to make payments as fast as possible. With NFC, consumers don't need to dig through their wallet for cash or credit cards. Instead, they simply pull out their phone and 'tap it' on the NFC reader at checkout. The process is extremely fast and easy.



Security: Security is the highest payment priority for consumers. NFC and other mobile payment applications are required to have a level of device authentication unavailable on a card. Many providers are adding additional security via a "secure element" or using a virtual service to promote card credentials securely.



Convenience: Consumers don't have to go out of their way to pay with NFC, because they already carry their phones everywhere.

What credit cards can customers use to conduct transactions with NFC?

Consumers can use contactless credit cards, which are embedded with NFC chips, to pay at participating merchant locations. The four major card brands (Visa, MasterCard, American Express and Discover) all offer contactless credit cards with NFC chips.

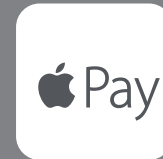


Is NFC payments just a trend?

Research suggests that mobile wallets, such as NFC payment applications, will replace current payment methods. In fact, a study from Pew Research indicates that 65 percent of technology experts believe that plastic cards and cash may be obsolete by the year 2020.

What mobile apps can customers use to conduct transactions with NFC?

There are currently two major NFC-enabled payment apps, which consumers can use to pay with their phone or tablet:



Apple Pay™



Android Pay™

To conduct transactions with these apps, a consumer must be using an NFC-enabled phone or tablet. A full list of NFC phones and tablets is available [here](#).

