

Trend Watch: Frictionless Mobile Payments



Reported by:

Adam Turner, for the
Sydney Morning Herald

Dated: 20 July 2015



Adam Turner is a Sydney Morning Herald senior technology columnist who has been writing about the challenges facing Australian business for more than a decade.

Mobile payments open a world of new opportunities for small businesses in Australia looking to accept credit card and smartphone payments.

The mobile payment revolution doesn't just offer customers easy new ways to hand over their money, it also offers businesses new ways to accept payments on the run.

Apple Pay has received plenty of attention in the United States, with customers waving their iPhones at the counter to pay for things, but the underlying NFC (Near-Field Communication) wireless technology is already well-established in Australia, which we see in PayPass/payWave credit cards from MasterCard and VISA. In fact, we're leading the way: retailers in the United States are still struggling to wean off old magnetic stripe credit card transactions.

Give and Receive

Some customers will enjoy the convenience of reaching for their smartphones rather than their wallets when they reach the counter, but the real revolution for Australian businesses is coming from the rise of alternatives to traditional EFTPOS terminals from their banks. Small business

owners too can reach for their smartphones to accept payments, even when they're not standing at the counter.

Mobile payments provider Square has lead the way in the US with a tiny mag-stripe card reader which lets merchants process card transactions using an Apple or Android device.

They have also launched a new mobile card reader in the US that supports chip and PIN payments, as well as NFC contactless payment systems. Once this new mobile credit card reader reaches Australia, it will open a world of new opportunities for businesses looking to accept credit card and smartphone payments in non-traditional retail locations – from craft markets and festivals to pop-up stores and food trucks. It will also be great for people who make house calls and need to process payments on the road.

PayPal, Swipe and Paymate OnTheGo are three other payment providers looking for a slice of the mobile action in Australia. Rather than just supporting intra-PayPal transactions, PayPal Here lets merchants accept credit card payments on the run.

PayPal has also launched a new card reader for smartphones that supports chip and PIN payments, as well as contactless payments. And the good news is that Australia is first in line when the new reader starts rolling out later this year.

The Banks Strike Back

Australian banks haven't ignored the mobile revolution either, and offer new ways for their customers to accept payments on the go rather than signing up for merchant facilities via a traditional mobile EFTPOS terminal.

The Commonwealth Bank's Leo card reader turns Apple and Android devices into portable payment terminals supporting contactless payments, along with chip and PIN. It's also releasing Albert – an advanced payment terminal based on an Android tablet.

Westpac's Mobile PayWay card reader and the National Australia Bank's NAB Now reader also work with Apple and Android devices, and ANZ is introducing something similar with its FastPay Next Generation card reader designed to work with its existing FastPay app.

Read the Fine Print

There is a growing number of alternatives when it comes to accepting payments on the run, but when assessing your options it's important to allow for establishment, annual and merchant fees, along with transaction fees and other ongoing costs.

Senior analyst for Australian IT business adviser Telsyte, Rodney Gedda says it's vital that you do your homework when considering low-cost mobile merchant facilities for your business.

"The fees are the biggest challenge for a small business – they can vary from reasonable to extortionate and they're eating into your profits," Gedda says.

"My recommendation would be to look at the merchant facilities from the big players first, like your bank, to give you a starting point when assessing the new options. It's also important to think about how mobile payment systems will integrate into your existing banking and accounting systems.

You want to make sure your merchant facilities are working for you, not the other way around."

Submitted by Ruth Edge, Cardinia Shire Council