

PANDEMIC PROPELS ADOPTION OF CONTACTLESS PAYMENTS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Contactless payment options are gaining steam thanks to the worldwide pandemic. As more users are concerned about the disease being spread through touch, digital modes of payments are being preferred. "Contactless is becoming a common way to pay, accounting for 41% of face-to-face visa transactions in the Asia-Pacific region," said Arvind Ronta, head of products, India and South Asia, Visa.

"More than 50 countries worldwide announced raising contactless limits on the cards in light of these events, in most cases doubling the allowable limits to drive greater consumer convenience," he added. But it's not just governments and big businesses who are considering contactless payments. Ronta said enterprises of all sizes and small business too are seeking "quick paths to recovery and going digital".

Contactless payment refers to methods that allow consumers to pay using debit and credit cards without actually making contact with others. This is done using radio frequency identification (RFID) or near-field communication (NFC) technologies. The most common methods include tapping your card on a point of sale (PoS) terminal, but smartphone makers have made NFC-based systems — like Samsung Pay and Apple Pay — which also qualify as contactless payment systems.

"An increase in volume of contactless and other cash alternative payments has been documented across the country," said Nitin Bhatnagar, Associate Director, India, Payment Card Industry (PCI) Security Standards Council (PCI SSC). The PCI SSC recently published new data security standards for solutions that allow merchants to accept contactless payments using a commercial off-the-shelf (COTS) mobile device.

Bhatnagar and Ronta both noted that contactless payments were on the rise in India for a while. The pandemic seems to have spurred that growth. "As of November 2019, there were 830.7 million debit cards and 54.4 million credit cards in circulation in India, with over 5 million merchants in India accepting payments," said Bhatnagar.

This creates a big opportunity for contactless payment solutions to be used in the country. "While in 2016-17 the number of PoS machines and cards were quite less, things have dramatically improved in the past three years. Today, in India about 25% cards are contactless and about 15% of the transaction volume is coming from contactless cards, a number which was in single digits a few years back," said Kush Mehra, chief business officer, Pine Labs.

Mehra said that over 80% of India's merchants haven't digitized yet, according to industry data. "With the current pandemic, they are constantly figuring out ways to operate and transact remotely," he said. "The real challenge now lies in creating an affordable solution that reaches merchants across the spectrum and accept payments via already available modes," he added.

Pine Labs already has a PoS infrastructure of 400,000 terminals in the country. The company introduced an Android app recently, called ePoS by Pine Labs, meant for contactless payments using cards, UPI, Bharat QR and digital wallets. This app got over 40,000 downloads in just 40 days since its launch, Mehra stated.

With the proliferation of digital wallets and the government's push for digital payments, contactless payments have been gaining in India for a while now. "The key difference post Covid is that while digital/contactless payments were already gaining popularity, now they are increasingly becoming a way of life. Consumers are therefore demanding wider acceptance across all platforms. Ease and reliability of executing transactions becomes a competitive differentiation," said Vishal Awal, Vice President and Managing Partner, Telecom, IBM Global Business Services.

[Click here](#) to read the Mint ePaper Livemint.com is now on Telegram. [Join Livemint channel](#) in your Telegram and stay updated

Log in to our website to save your bookmarks. It'll just take a moment.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS