

Growing Touch-Free Government Payments

In today's environment, touch-free payment experiences are no longer a convenience, but a necessity. Governments can make interactions with their constituents swift, safe, and secure by integrating the latest contactless technology at their payment stations.



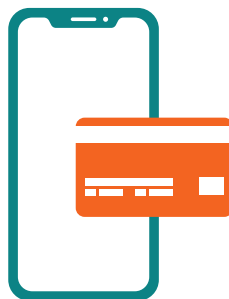
New payer behavior accelerates contactless usage in the U.S.

Over 40% of payments outside the United States now occur via contactless channels, establishing a new global payment standard. However, the U.S. has been slower to embrace this payment method. In 2018, A.T. Kearney reported only 0.18% of point-of-sale transactions in the U.S. were contactless.

Widespread contactless usage depends on three critical components: 1) contactless enabled point-of-sale terminals, 2) contactless enabled cards or mobile wallets, and 3) payer adoption. While the first two components of contactless adoption started to occur several years ago, the last element—payer adoption—was accelerated in 2020 by changes in payer behavior from the COVID-19 pandemic.



Enabled POS
Terminals



Mobile Wallets &
Contactless Cards



Payer Adoption

Governments now have the tools to respond to demand for contactless transactions

What are contactless payments?

Payers can make contactless payments at any point-of-sale terminal displaying a contactless payment icon. Consumers may pay at a point-of-sale terminal using either a contactless enabled card or a mobile wallet, such as PayPal Wallet, Google Pay, or Apple Pay. Once the cashier has finalized the sale, the point-of-sale terminal activates and automatically recognizes contactless payment cards or mobile devices held within two inches of the terminal.

Each contactless payment generates a one-time token, which provides an additional level of security, as a contactless payment can only occur with the physical presence of the payer's card or device.



Elements Required for Contactless Payment

The triad of elements required for contactless payments has emerged over the past few years and current environment demand has accelerated adoption in the U.S.

- 1. Contactless enabled point-of-sale terminals** deployment accelerated in 2016 after major card brands (Visa, Mastercard, American Express, and Discover) required U.S. merchants to move to chip cards (also known as EMV). As point-of-sale terminals were upgraded to support this more secure “chip” technology, most new terminals also supported contactless payments as standard. By 2018, the majority of merchants had contactless enabled point-of-sale terminals.
- 2. Contactless enabled payment methods started to go mainstream** in the U.S. after the launch of Apple Pay. In 2019, many of the largest card issuers followed suit, launching mobile wallets and contactless enabled cards. Today, the largest U.S. card issuers -- including American Express, Bank of America, Capital One, and Chase -- support contactless payments with most newly issued cards.
- 3. Payer adoption in the U.S.** was the last piece missing. The COVID-19 pandemic led to mainstream adoption in 2020 as payers sought to avoid physical contact with surfaces. According to a 2021 Visa study, 65% of consumers say that post-vaccine, they would prefer to use contactless payments as much as, or even more than, they are currently.

Contactless payments are here to stay. Contactless usage will continue to increase significantly due to demographic changes as the technologically connected Generation Z will make up an increasing share of consumer spending. Generation Z will also use cards as a payment method more often, especially for smaller dollar purchases.

With the three elements firmly in place, government agencies are well-positioned to make contactless point-of-sale payments a primary payment option for constituents.

A truly touch-free e-payment solution

Grant Street's path to touch-free payments

Grant Street Group's e-payment solution, PaymentExpress®, has supported contactless payments since 2016, but in the beginning contactless technology was not "touch free." This frustrating issue was experienced by payers at almost every contactless payment attempt in every retailer or merchant: payers would choose a contactless payment, only to be asked to press a button on the terminal to select credit or debit, confirm payment amount, or choose a printed receipt – among other questions. Even worse, the retailer's terminal often requested a signature, although card brands no longer required signatures for card transactions as of April 2018.

In response to the demands of the 2020 pandemic, Grant Street was determined to create a contactless checkout experience with zero touches at the point-of-sale terminal. This was the perfect opportunity to create a better payment experience.

First, we selected the next generation of point-of-sale hardware to support the new and more secure standard for contactless payments called EMV Contactless – which combines EMV security with the convenience of contactless payments.

One of the specific challenges of processing government payments is clearly communicating service fees to payers. We solved this problem by very clearly showing upfront all amounts owed by the payer on the terminal screen.

With our new solution, a payer visually confirms the payment amount on the terminal, holds their payment card/device within two inches of the terminal, and completes the payment. Zero terminal touches achieved.

Grant Street has created a truly "touch-free" solution for government payments.

Insert, Swipe or Tap Card	
Amount:	\$42.00
Fee:	\$1.05
TOTAL:	\$43.05

Grant Street's efforts result in marked increase in touch-free payments

In the 17 months from March 2020, when the pandemic lockdowns began, until August 2021, Grant Street experienced an average increase in contactless usage of over 23% each month. That translates to an increase of over 3,400%. We attribute this increase to changes in payer behavior due to the pandemic and to the roll out of our new contactless solution.

As we continue to provide upgraded equipment and the touch-free solution to our existing government clients, we expect the next 12 months' increase in contactless adoption to exceed the previous 23% average monthly increase.

Some Grant Street clients now accept more than 12% of all in-person payments with a contactless payment method. Now, hundreds of thousands of government payers no longer have to touch the point-of-sale terminal during payment.



The Martin County, Florida Tax Collector's office has used PaymentExpress' payment devices since 2019, and had touch-free contactless service added at the beginning of 2021. "Our payment cashiering times are the fastest and most reliable they have ever been," said Ruth Pietruszewski, Martin County Tax Collector. "My customers love the contactless payment option that comes with PaymentExpress and we are protecting both our cashiers and payers at the same time. Contactless payments are now an expected method of payment and I'm pleased to be able to offer them to our customers at our government offices."

“ **Our payment cashiering times are the fastest and most reliable they have ever been.** ”

Demand for contactless payment methods drives government adoption

In a truly remarkable year we have seen increased demand for alternative payment experiences that comprise contactless and entirely touch-free payment methods. With over 10% of in-person payments being made via contactless cards and digital wallets, this payment method has now gone mainstream.

Governments can easily adapt to these demands through expedient adoption of available market solutions such as EMV contactless payments and by forgoing outdated payment flow features such as signature and physical push-button confirmation requirements. Touch-free contactless payments will also reduce cashiering times, allowing government office locations to reduce customer wait times, and increase customer satisfaction.

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