The Changing Point of Sale

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“A card in every hand”!

Consumer willingness to use cards at POS escalating – convenient, fast

Extensive terminalization

Sophisticated card acceptance infrastructure with multiple routing options

Effective fraud control
A Short History of the U.S. Point of Sale

- 1850: Cash Registers
- 1985: Checks with MICR
- 2000: Debit, PINs, Cashback
- 2010: Prepaid Cards
- 2010: Decoupled Debit
- 2020: EMV?
- 1985: Terminals & Full Auth
- 2000: Rewards
- 2010: Mobile SMS?
- 2020: Mobile NFC?
Constituents & Viewpoints – 2010

• Expect protections – feel safe
• Expect not to pay – in fact,
• Expect rewards
• Expect choice

• Despite all this…. don’t like their banks
Constituents & Viewpoints – 2010

- Still heavy cash user
- Pays to pay – bill payment, money transfers
- Not fully aware of prepaid “bank on a card” and mobile options

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Constituents & Viewpoints – 2010

MERCHANTS

MAD

- Furious about card acceptance costs
- Overwhelmed with costs and problems on PCI
- Disappointed in proprietary programs
- Despite all this…. expect consumers to carry payments cards that work
Retail bank revenue is disappearing

Credit card business (for those who have it) is hurting

Consumers won’t pay for “normal” services

Despite all this… think of themselves as “relationship marketers”
Constituents & Viewpoints – 2010

• Seeing a world of opportunity
• Confused about regulations
• Not sure if card networks are friends or foes
• Despite all this…. moving cautiously ahead with innovations

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Payments innovation has been concentrated in two main areas:

- Prepaid cards – particularly open-loop (network branded) prepaid cards

Lesson: "Non-Bank Consumer Payments Work"

- The online domain - PayPal, Bill Me Later, eBill Me, Amazon, Google, Trialpay, Acculynk, etc. etc.

Lesson: “Decoupled Works”
Decoupled Defined

“Normal” (Not Decoupled) Transaction

Merchant → Acquirer → Network → Issuer → Consumer

Decoupled Transaction

The merchant payment transaction is separated from the consumer funding transaction

The PSP can use a conventional card network for funding, or something else

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Payments Innovation – the Decade Ahead

Mobile Payments at the Point of Sale

Making payments
- NFC and "bridges to NFC"
- SMS and other message-based systems

Accepting payments
- Established merchants – "payments in the aisles"
- Micromerchants

Managing payments
- Funding prepaid accounts
- Receipts and other information

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# 1
Paying With a Phone @ the POS
NFC – Card Data Secured on the Phone
Stalled Today by Business Model

• The question is if it breaks open
• Incumbents?
• Carrier platform?
• Non-incumbent card issuer?
• Non-card network?
NFC Alternatives

... or "Why Put Card Data on the Phone?"

- Register account with PSP
- Payments Services Provider
- Fund merchant account
- Access payments networks
- Authenticate phone to terminal at POS

Consumer

Phone

Merchant

Terminal

Payment Data
NFC Alternatives
... or "Why Put Card Data on the Phone?"

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# 2

Getting Paid With a Phone @ POS
Consumers as Merchants

Accept payments with your mobile phone

Simplified, “master merchant” approach to merchant underwriting
# 3
Mobile Marketing
EBay updates RedLaser app to connect users to product info

Tyson Foods delivers rewards at POS via shopping app

Audi collects mobile, email data via interactive video initiative - Luxury Daily

Little Caesar’s, Redbox tap Signal for campaign

Brookstone pushes catalog requests via mobile site

Brookstone is targeting tech-savvy shoppers via its new mobile site, letting customers shop the entire store’s inventory and request a catalog from their devices.

Entire article
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Payments Systems in the U.S.
A Guide for the Payments Professional

Just Published!

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