

The Contactless Payment Revolution:

Shaping the Future of
Transactions



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With contactless payments becoming increasingly popular and more convenient than traditional chip and PIN payments, adopting contactless payments has benefited various businesses by improving convenience and security whilst reducing cash handling. Lifting the contactless limit in the UK at the end of 2021 has accelerated the trend.

In a rapidly evolving digital landscape, how goods and services are paid for is dramatically shifting.



Growing Popularity

Multiple recent studies have found significant trends in contactless payments. A Juniper Research report finds that the value of contactless payments is expected to reach \$10 trillion globally by 2027. This represents a compound annual growth rate (CAGR) of 25% from 2020 to 2027.

In 2021, 13.1 billion payments in the UK were made by contactless debit or credit cards, according to research from UK Finance. This accounted for 32% of all total payments, and the number is expected to rise to 19.4 billion payments by 2031.

Also, a study by FIS found that contactless payments are becoming increasingly popular among millennials and Gen Z consumers. These two generations are more likely to increase the use of contactless payments than older generations.

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Here are some of the reasons why contactless payments are becoming more popular:



CONVENIENCE:

Contactless payments are more convenient than traditional chip and PIN payments. With contactless payments, entering a PIN is unnecessary-making payments faster and easier.



SECURITY:

Contactless payments are as secure as traditional chip and PIN payments. In fact, some experts believe that contactless payments may be even more secure. This is because contactless payments use a technology called near-field communication (NFC). NFC is a short-range wireless technology that makes it difficult for hackers to steal data.



MOBILE PAYMENTS:

Mobile payments are becoming increasingly popular. Mobile payments allow consumers to make payments using their smartphones. This is a convenient and secure way to pay for goods and services.

Top 5 Ways Businesses Can Capitalise on the Trends

Businesses across several sectors can take advantage of contactless payments in some way. Here are just a few types of companies that can use contactless payments to reduce costs associated with traditional payment methods.

1



RETAILERS:

Contactless payments, such as tap-to-pay with credit or debit cards or mobile wallets, have accelerated checkout times and reduced the need for cash handling. This results in shorter queues, improved customer flow, and increased operational efficiency. Retailers can save on labour costs as cashiers can process transactions more quickly.

2



RESTAURANTS AND CAFES:

Contactless payments have streamlined payment processes in the food and beverage industry. Quick-service restaurants and cafes can reduce wait times at the cash register, leading to faster table turnover and increased customer satisfaction. Moreover, it reduces the risks associated with cash handling, such as theft or human errors during cash counting and reconciliation.

3



TRANSPORTATION AND DELIVERY SERVICES:

Companies in the transportation sector, such as taxis and ride-sharing services, benefit from contactless payments. By enabling customers to pay through mobile apps or contactless cards, these businesses can eliminate the need for cash transactions. This reduces risks, improves efficiency, and saves time by avoiding the hassle of handling cash and providing change.

4



ENTERTAINMENT VENUES:

Contactless payments have found significant utility in entertainment venues like stadiums, theatres, and concerts. By implementing contactless ticketing and payment systems, these businesses can reduce costs associated with printing and distributing physical tickets, hiring additional staff for ticketing, and managing cash transactions within the venue.

5



SMALL BUSINESSES:

Contactless payments have levelled the playing field for small businesses by enabling them to accept electronic payments without always investing in point-of-sale (POS) systems. With mobile card readers or payment apps, small businesses can reduce costs associated with maintaining cash registers, handling cash, and managing physical receipts.

Transitioning to a Cashless Society

Research into contactless payments predicts that the push towards cashless societies will drive growth as countries look to decrease their reliance on cash. Mobile and wearable contactless payments are anticipated to grow by 221% between 2022 and 2027. This growth owes to the convenience that mobile and wearable payments offer consumers, eliminating the need to carry and produce a contactless card and easing the burden of transitioning from cash. In comparison, contactless card payments are anticipated to grow by only 119% during the same period.

In addition, contactless payments are being utilised everywhere in daily life. For example, the Netherlands recently became the first country to launch a fully contactless public transport payments system. This rise of contactless payments everywhere will pressure merchants to invest in new technologies like POS (point-of-sale) terminals and other equipment needed to accept contactless payments.

Bringing it All Together

Contactless payments can benefit businesses and increase transaction speed and efficiency without compromising payment safety. As trends point upward for contactless payment growth, companies across all sectors will benefit from staying close to the latest market trends, assessing their approach to new developments and opportunities for improved efficiency.

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Our team of friendly experts can help your business secure the support you need.

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