

# The Hindu Business Line

## Touch, pay and go

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Spend Smart

## Touch, pay and go

Transaction is quicker and safer in contactless cards

ANAND KALYANARAMAN

Just wave or tap your card. And voila, your payment is done. Yes, that's all it takes if you have a contactless card. You don't need to hand over the plastic, sign the payment slip or punch in your personal identification number (PIN). This helps in two ways. One, the transaction is safer. The card stays in your hand and is not swiped or dipped into a card reader. So, the risk of card loss or skimming — a machine getting unauthorised access to the card details — is reduced.

A unique code is generated for each contactless transaction, making it secure.

Next, the transaction is quicker, since you simply have to wave or tap close to the point-of-sale (POS) machine reader and get going — that's time saved on handing the card to the cashier, authenticating the payment, and taking the card back, or paying in cash.

### Low-value transactions

But like most good things, contactless cards come in small packages.

The RBI rules for these cards, laid out last May, say that you can use them only for transactions up to ₹2,000 and that too only for 'card present' transactions. That is, you can use the contactless card for payments at physical locations such as shops, petrol bunks and restaurants where the card can be shown to the payment receiver.

You cannot pay through the contactless mode for online transactions; these are 'card not present' transactions. Nor can you transact contactless at ATMs.

Even at physical stores, the contactless card can be used only if the POS machine is enabled with the near field communication (NFC) technology that is em-

bedded in the card — this enables the card and the machine to talk to each other.

Machines that can accept contactless cards are marked with a universal contactless payWave symbol. The card, which has an embedded antenna, will also have this symbol.

Once the merchant inputs the amount to be paid on the POS machine, the contactless card needs to be waved or tapped quite close — 4 centimeters at most — to the machine. So, there's little risk of the card being used by mistake if you are at a distance from the machine.

And in case you wave the card or tap it when you didn't mean to, the transaction can be reversed by the merchant. Lights or a beep sound on the machine indicate that the transaction is complete, a message will be displayed on its screen and a payment slip generated.

### Dual mode

Given the usage restrictions (maximum of ₹2,000 for a single transaction), contactless cards can come handy for small ticket payments at physical stores, if you are not comfortable parting with your card.

Other than the payment mode, contactless cards generally have similar conditions as other cards in terms of billing cycles, delayed payment charges, lost card reporting, liability cover, and so on.

What if your transaction value exceeds ₹2,000? The contactless card can then be used as a usual card in the contact mode, dipping it into the card reader and entering your PIN.

Like other new cards, the RBI requires contactless cards too to have the EMV (Europay, Mastercard, Visa) chip and PIN security architecture.

So, these cards can work just like usual cards, when needed to. In fact, even for transactions less than ₹2,000, a contactless card

can be used using the dip-PIN routine; there is no compulsion to use the contactless payment mode. Ditto if a merchant's POS machine is not equipped with the near-field-communication technology.

A contactless card can also be used at ATM or online transactions by entering the PIN or one-time password.

This dual mode is also useful when you want to use the card abroad — rules there may require you to use the PIN even for small-value transactions.

### Limited offerings

It's been more than a year since the RBI framed the rules for contactless cards. But just a handful of entities such as SBI, ICICI Bank and Axis Bank currently issue them.

SBI Card issues two contactless credit cards. The first, SBI Signature Contactless Card, is a premi-



### On the tap

- No need to swipe/dip card and enter PIN
- Maximum value per transaction is ₹2,000
- Contactless payment only for 'card present' transactions

### Daily limit

A maximum of five contactless transactions are allowed a day

um category card with joining and annual fees of ₹5,000. The joining fee though is returned through an airline ticket or gift vouchers. The other, fbb SBI STYLEUP Contactless Card, a co-branded card in tie-up with the Future Group, has joining and annual fees of ₹499.

The bank also issues Expressions Paywave NFC debit card; the joining fee and the annual fee is ₹499.

The joining fees for the contactless cards are generally returned by way of complimentary gifts, discount vouchers or gift certificates.

Axis Bank issues two contactless cards — the Miles & More co-branded credit card and Burgundy (premium banking) debit card — with a daily limit of five contactless transactions.

Says Adhil Shetty, CEO, Bank Bazaar, "For the use of NFC-enabled cards to become prevalent, it would require a gradual up-gradation of card grading machines around the country. So it's a matter of more retail outlets being NFC-enabled, which should happen gradually."

ICICI Bank issues two contactless credit cards — the Coral card and the Coral co-branded card with HPCL. The Coral card has a joining fee of ₹1,000 and annual