



## PRESS RELEASE

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### **COVID-19 accelerates adoption of contactless payments**

*Consumers around the world are switching to contactless to help with social distancing, accelerating the adoption of contactless payments that was already under way*

### **With 15% penetration, contactless still has potential for further growth**

RBR's *Global Payment Cards Data and Forecasts to 2024* report reveals how increased contactless card issuance and acceptance combined with changes in consumer behaviour are driving growth in contactless payments. In 2018, the number of contactless payments worldwide increased by 72% to reach 70 billion. This accounted for 15% of the world's card payments, a share which will increase significantly over the next few years, with COVID-19 accelerating the pace of change.

### **Not all countries are at the same stage in their contactless journeys**

Although contactless payments are increasing worldwide, different countries are at various stages on the path towards contactless adoption. Despite the first contactless cards appearing in the UK as far back as 2007, they are relatively new in countries such as Indonesia and Japan.

As well as reducing the need for consumers to touch payment terminals, there is the added advantage of shorter transaction times – particularly useful for payment on public transport. In countries such as the UK and Australia where contactless can be used on public transport, such payments make up a significant proportion of card payments.

North America is interesting in that there are notable differences between Canada and the USA; whereas Canadians are amongst the most enthusiastic adopters of contactless globally, consumers in the USA have been slower to embrace it. However, as the COVID-19 pandemic has spread and consumers and merchants seek quick and low contact ways of paying, the number of contactless payments in the USA is surging. Such changes in consumer behaviour are likely to become permanent.

### **Increased contactless spending limits as a result of COVID-19**

In order to prevent fraud on stolen cards, contactless payments are subject to a spending limit, although contactless mobile payments often have higher limits than those made with cards, as they involve a fingerprint, facial scan or PIN keyed into the device. Contactless payments are typically used for low value payments such as drinks and snacks, and as a result have been displacing cash at the point of sale. According to RBR, the average payment on a contactless card in 2018 was just US\$18, much lower than US\$66 for cards in general.

As security concerns begin to dissipate, consumers are using their contactless cards for higher value payments. Furthermore, the COVID-19 crisis has seen the raising of the contactless limit in a number of countries to facilitate quicker and easier payments, for example from £30 to £45 in the UK; consumers will not want to see a return to the relative inconvenience of lower spending limits in the future.

### **Increased merchant and consumer demand drives contactless acceptance and issuance**

RBR's research shows that contactless acceptance is also growing, with the number of EFTPOS terminals which allow contactless payments rising by 60% in 2018 to reach 66 million, equivalent to two thirds of terminals globally. China saw the number of EFTPOS terminals which can accept contactless payments more than double, and the government's mandate for terminal upgrades and contactless card issuance drove a 97% increase in contactless payments. Although the number of contactless cards globally increased by 23%, they still only accounted for 40% of the total number of payment cards. The COVID-19 crisis will accelerate the issuance of contactless-enabled cards and the upgrading of EFTPOS terminals in response to increasing demand from both consumers and merchants alike.

Daniel Dawson, who leads RBR's cards research, said "*The pandemic has shone a spotlight on the benefits of contactless as a resilient payment channel, enabling quick and safe payments at the point of sale at a time when social distancing is a must. This will only accelerate growth in contactless as consumer preference for more convenient payments persists long after the crisis subsides*".



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### Notes to editors

These figures and insights are based on RBR's study, *Global Payment Cards Data and Forecasts to 2024*. For more information about this report or to discuss the findings in more detail please email Daniel Dawson ([daniel.dawson@rbrlondon.com](mailto:daniel.dawson@rbrlondon.com)) or call +44 20 8831 7310.

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