



# MasterCard Mobile Point-of-Sale

AN ACQUIRER'S GUIDE TO MERCHANT SUCCESS



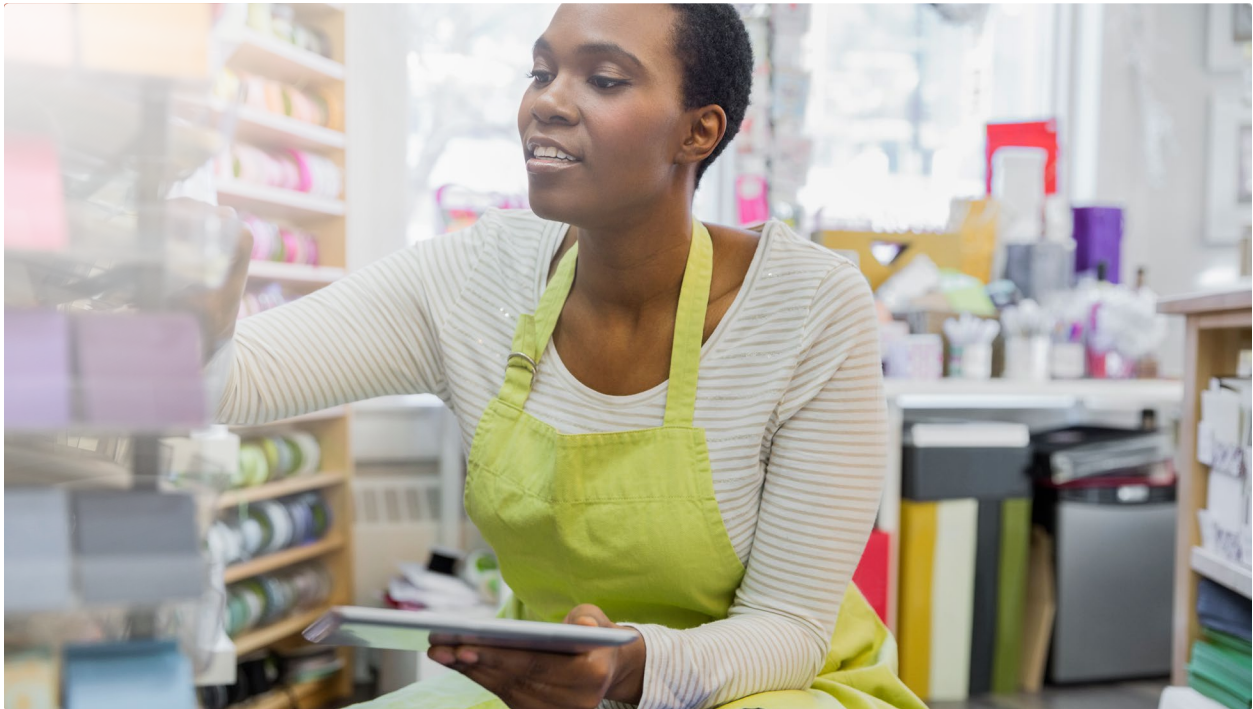
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# Accepting card payments has never been safer, simpler or smarter



## IN THIS SECTION

Mobile devices are increasingly being used by all types of merchants as point-of-sale terminals, and MasterCard's Mobile Point-of-Sale (Mobile POS) Program helps acquirers to capitalize on this trend. Mobile POS solutions allow merchants of all sizes, including door-to-door salespeople, small businesses and large retailers, to easily accept MasterCard and/or Maestro payments via their mobile device.

This guide recommends actions and best practices for acquiring new merchants and effectively promoting card payments—paving the way for an increase in electronic transactions that are safe, simple and secure.

1. Acquisition Strategies
2. Advantages
3. Audiences



# Making the most of Mobile Point-of-Sale solutions

This guide helps identify the right questions to ask and also provides answers and includes additional information to help with the implementation of the selected Mobile POS solution.

**ACQUISITION STRATEGIES** MasterCard's goal is to provide the guidelines that enable the launch of successful merchant acquisition strategies, looking beyond the selection of a Mobile POS solution provider to:

- Identify target merchants
- Create a marketing and distribution plan
- Establish activation and ongoing usage metrics
- Provide merchant support

**ADVANTAGES** Using a Mobile POS solution over a traditional, purpose-built POS terminal offers merchants many advantages.

- Lower total cost of ownership
- Greater portability and ease-of-use
- Intuitive user interfaces for both the merchant and consumer
- Flexible platforms provide merchants with inventory management, sales reporting, customer relationship management tools, and other services.

**AUDIENCES** Mobile POS solutions appeal to a broad range of merchants, including those that:

- Previously were unable to accept card payments and can now use their own mobile phone to become a new MasterCard merchant.
- Already accept cards but find the cost of purpose-built POS devices too high to allow for profitable card acceptance and are attracted to the ease of use, and simplified cost model; e.g., small merchants with low or seasonal retail volume.
- Need an alternative to landline communications due to poor infrastructure or the mobile nature of the merchant's business; e.g. field agents who sell door to door, deliver goods to homes, or are always on the move
- Already accept card payments such as large retailers wishing to transform their current POS environment and enhance the retail experience, whether by line-busting or by offering product look-ups and payment options throughout the store.

# Getting started

Identifying your objectives, defining success and developing a measurement plan, with the right key performance indicators (KPIs), is crucial to selecting the correct Mobile POS solution and establishing a solid plan for implementation and deployment. It is important to set very specific goals and identify the exact metrics that will be used to evaluate your program's success. Once the goals and metrics are set, a performance tracking and reporting process should be put in place.

**OBJECTIVE** Begin by establishing your objective(s) in launching a Mobile POS solution.

- Is it to increase your client base?
- Is it to cross-sell new products to existing clients?
- Is it to resolve issues with your current POS solution; i.e., is it too expensive, not portable or does it have a dated design?

**METRICS & TIMING** Set a time frame for achieving your objective(s) and establish which metrics are best for determining success.

- Number of new merchants?
- Specific volume?
- Transactional target?

## EXAMPLE 1

The acquirer's objective is to **leverage the new Mobile POS solution** to increase merchant base by signing up **2000 new merchants** in the next **12 months**.

GROW MERCHANT BASE

↑ 2000 MERCHANTS

🕒 12 MONTHS

## EXAMPLE 2

The acquirer's objective is to **leverage the new Mobile POS solution** to **increase merchant base by 10%** in the next **12 months**.

GROW MERCHANT BASE

↑ 10% MERCHANT BASE

🕒 12 MONTHS

## EXAMPLE 3

The acquirer's objective is to **leverage the new Mobile POS solution** to **grow their processed volume by increasing acquired transactions by 10%** in **12 months**.

GROW PROCESSED VOLUME

↑ 10% TRANSACTIONS

🕒 12 MONTHS

# Which merchants can best help you achieve your goals?

Once your objectives have been established, it is essential to define the size of the addressable market, the nature of the target segment, and the unique needs of small merchants in the market in order to select an appropriate Mobile POS solution.

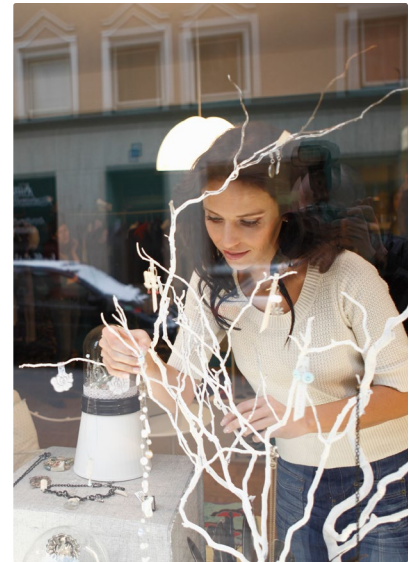
Begin by identifying acceptance gaps in your market, then choose merchant categories to target that have high cash transaction frequency or little acceptance. It is important to then prioritize them to engage the most important categories first.

Your objectives and KPIs should drive the types of merchants that you pursue. For instance, if the goal is to increase volume by 10%, then accordingly, merchant categories with larger average transaction volume (ATV) should be selected. A high number of merchants does not necessarily equate to a high average transaction volume.

An additional tactic could be to look at specific geographies within a market that are frequented by tourists and business travelers and ensure that those locations have card acceptance. Tourists will not always have local currency and will often rely on card payments.

Once the merchant target has been defined, (e.g., small businesses), choose specific merchant categories to pursue (e.g., plumbers, taxis, doctors, etc.). In doing so, be sure to select merchant categories that are most aligned with achieving your strategic objectives. For example, among small businesses, choose high-volume vendors such as home delivery, grocery stores and taxis, or those that specialize in high-value transactions, such as photographers, home repair contractors and educational services.

Lastly, enroll merchants that have strong visibility and are most likely to encourage other merchant groups to adopt a Mobile POS solution.



1. Identify market gaps to determine merchant type.
2. Select appropriate merchant categories.
3. Enroll highly visible merchants.

# Letting the relationship drive selection



Prior to selecting a Mobile POS solution provider, it is important that acquirers consider whether they wish to own the merchant relationship, or whether they would prefer to outsource all merchant-related activities to an external provider. This will help narrow their selection to a Mobile POS solution provider that aligns with their business needs.

As a second step acquirers should closely consider what features they require of a Mobile POS. Mobile POS solution providers can be divided into two primary business models: **Payment Facilitator** and **Platform Provider**.

# Payment Facilitator

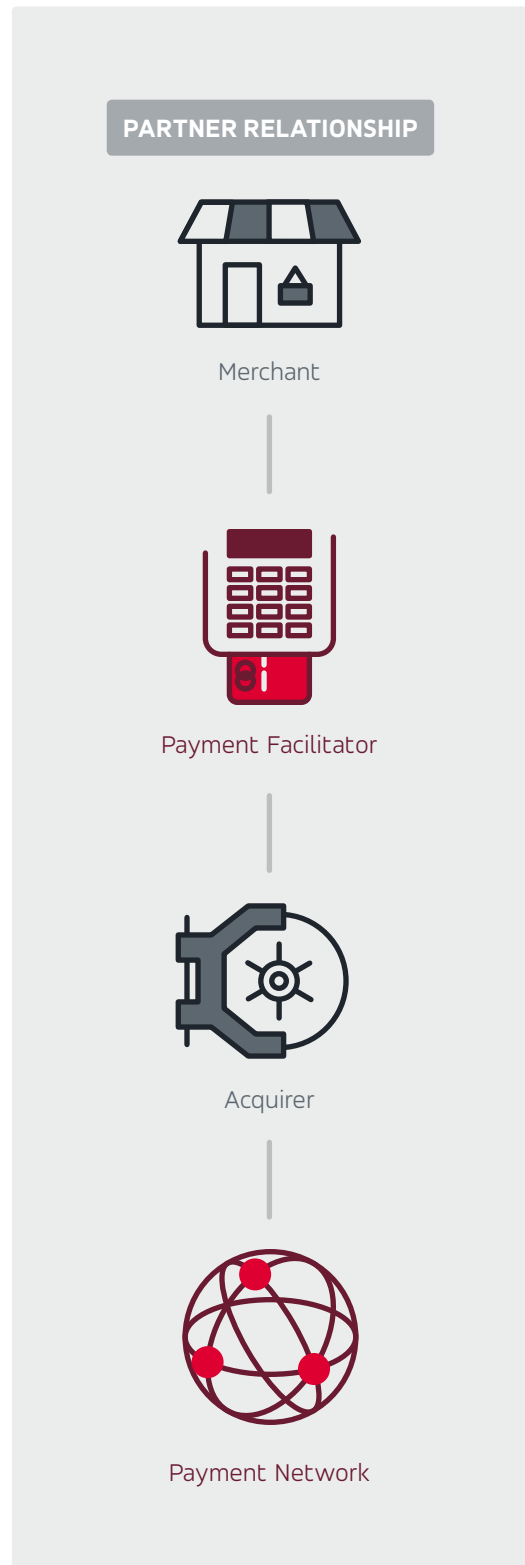
A Mobile POS solution provider who offers a solution that includes hardware and software, and who owns the merchant relationship directly and settles funds to the merchant's account.

Examples include but are not limited to Square, iZettle, payleven and SumUp.<sup>1</sup>

## Operating Model

- Acquirer does not own merchant relationship; the payment facilitator does
- Payment facilitator acts as the acquirer's merchant and as a merchant aggregator
- Payment facilitator supplies the Mobile POS solution (hardware and software), branded in their corporate colors and logo
- Payment facilitator is responsible for marketing, sales, onboarding, risk management and support activities
- Acquirer settles funds to the payment facilitator; the payment facilitator settles funds to each merchant individually

<sup>1</sup> Examples of payment facilitators registered in the MasterCard Mobile POS Program





# Platform Provider

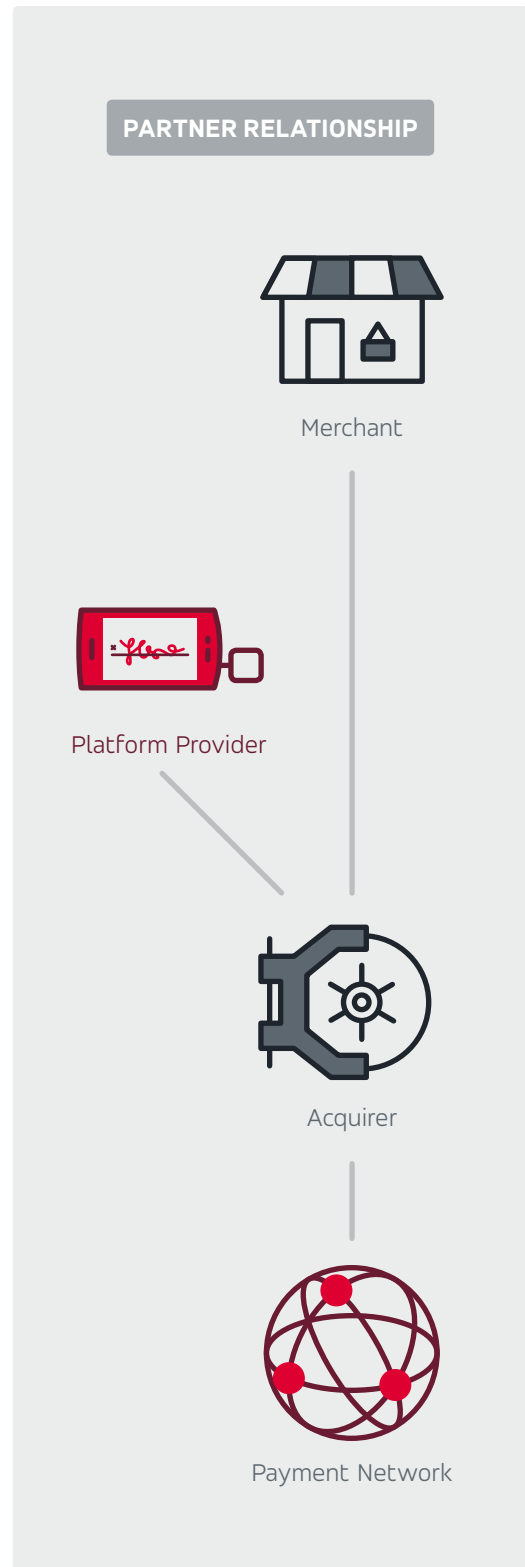
A Mobile POS provider who supplies a hardware and/or software solution and sells the platform to an acquirer, ISO or other party that distributes the solution and owns the merchant relationship.

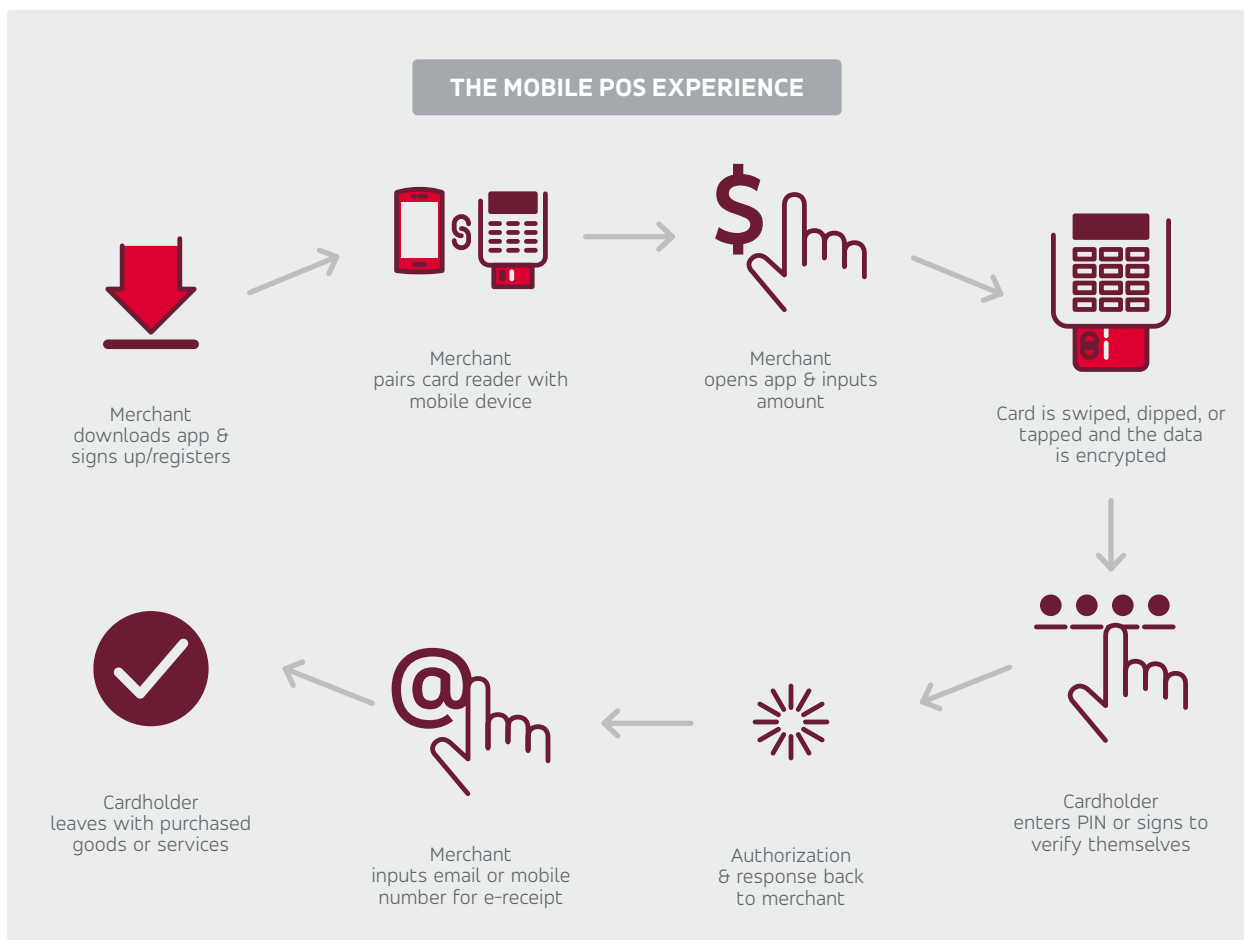
Examples include goSwift, Miura Systems, Verifone and PAX Technology.<sup>1</sup>

## Operating Model

- Acquirer owns merchant relationship directly
- Acquirer sources white label Mobile POS solution (hardware and/or software) from the platform provider
- Acquirer can brand the Mobile POS solution in their corporate colors and their logo
- Acquirer is responsible for marketing, sales, onboarding, risk management and support activities
- Acquirer settles funds to each merchant individually

<sup>1</sup> Examples of payment facilitators registered in the MasterCard Mobile POS Program





## An investment into the future

Overall, Mobile POS solutions result in lower cost of ownership than traditional, purpose-built POS terminals, but the investment required will still vary. Mobile POS solutions with fewer card input or cardholder verification capabilities may cost less in the short-term, but a one-time upfront investment may sustain the solution farther into the future. It is important to choose the solution that meets your needs for the long term.

**HOW THEY WORK** Mobile POS card reader accessories are typically lower-cost, easy-to-deploy readers that attach to the audio port, USB port, proprietary connector or via Bluetooth on mobile devices.<sup>1</sup> These accessories offer magnetic stripe, EMV chip card and/or

contactless acceptance and are sometimes referred to as “dongles.” Other accessories referred to as “sleeves” generally wrap around or encase the mobile device and may be capable of performing magnetic stripe, EMV chip and NFC-contactless transactions with PIN verification.

Mobile POS card reader accessories work in conjunction with a Mobile POS payment application on the mobile device. This application provides an interface for the Mobile POS solution, allowing merchants to select the transaction type, enter the amount of the transaction and details required for receipt delivery. The payment application interfaces with the Mobile POS solution provider’s back-end systems which processes payment-related functions.

<sup>1</sup> Reminder: Mobile POS works with mobile phones and tablets only.



# Matching merchants to the right solutions

## Technical Considerations

When choosing a Mobile POS solution, there are some important variables to consider:

- When selecting Mobile POS hardware, dongle or reader, it is important to understand the regulatory landscape of the market and any guidelines around the usage of magnetic stripe cards, EMV chip cards or contactless payments.
- Chip-capable and chip-only solutions can only be used by a merchant with less than USD 100,000 in annual MasterCard transaction volume; these solutions would also not support Maestro acceptance which requires PIN entry capability.
- The Mobile POS solution should have the superset of all card data input and cardholder verification method (CVM) capabilities to accept card payments from international cardholders.

## Merchant Considerations

Consider the following when picking a solution for your target merchants:

- Merchants new to card acceptance may want to start with a low-cost, no-contract Mobile POS solution.
- Merchants might be price-sensitive due to the nature of their business (low margins or seasonality—merchants that only operate for a few months a year, only on weekends, etc.).
- The merchant type will drive what type of Mobile POS reader the merchant selects. A more mobile business, such as street vendors or delivery people, will prefer smaller, more portable solutions that offer single-hand operation.
- The merchant should be familiar with downloading an application through a smart phone and possibly pairing the Mobile POS card reader to a smartphone in order to successfully use a Mobile POS solution.
- Weigh the current cost against future regulatory changes. Investing in a more comprehensive solution now will pay off in the long term as technology continues to evolve.

# Marketing to maximize your Mobile Point-of-Sale success



Getting the word out to customers is critical to success. A solid marketing strategy with dedicated resources and measurable milestones will help activate the right solution for the target audiences.

**MESSAGING** The marketing strategy needs to use clear and simple language to communicate the following:

- Pricing
- Ease of sign-up for Mobile POS
- Mobile POS value proposition to merchants
- Simple, safe and fast setup process
- Representative case studies

If you are also an issuer, consider communicating the value of Mobile POS from a cardholder perspective. Proof points could include “more places to pay,” “safe and secure” or “easy and seamless.”

## MARKETING OPPORTUNITY EXAMPLES

The best marketing initiatives consider timing and context. Advertising campaigns and events are best for one-off or short-term impact, while repeat appearances in journals, print communications or branches can leave a more lasting impression. Consider mixing and matching different approaches for maximum effect.

### One-off / short-term

- Radio and/or TV advertising campaigns
- Subject-matter expert events, conferences or trade shows

### Medium-term

- Trade or industry journals

### Long-term

- Bank statement inserts
- Other bank communications
- In-branch advertising

# Creating an attractive package for merchants

Acquirers need to think about how to physically package their Mobile POS solution to make the value proposition attractive to merchants.

Packaging refers to the look, feel and form factor of how the Mobile POS solution is delivered to the merchant. It should include consistent branding and the key messages of your marketing strategy right on the “box.”

Bundling the Mobile POS solution with other products through partnerships can add great value for certain small- and medium-sized enterprises.



## EXAMPLE 1

The acquirer partners with a payment facilitator who packages and distributes their own branded Mobile POS solution. The acquirer will enter into a commercial agreement with the payment facilitator to acquire all of their transactions.

## EXAMPLE 2

The acquirer partners with a platform provider to package and distribute a white label solution under the acquirer’s brand. In this situation, the acquirer would own the merchant relationship directly and would leverage the hardware and/or software from the platform provider.

## EXAMPLE 3

The acquirer partners with an issuer who distributes the Mobile POS solution through their own branch network. The issuer may also provide a companion card alongside the Mobile POS solution to form a bundle that allows merchants to both accept card payments and begin using cards themselves.

## EXAMPLE 4

The acquirer partners with a Mobile Network Operator (MNO) to include a smart phone or tablet along with the Mobile POS solution. This serves as a complete solution, giving the merchant everything they need to immediately start accepting card payments.



## Getting the Mobile Point-of-Sale solution into the merchant's hands

Certain markets may require a specific kind of distribution approach. Identifying goals and constraints around distribution will make the process more seamless.

# Mobile POS Solution Components



## MOBILE PHONE OR TABLET

Merchant-owned or provided by acquirer or MNO partner as part of a package



## APPLICATION ON DEVICE

Made available for download by acquirer via Apple App Store or Google Play



## MOBILE POS CARD READER

Distributed by acquirer via branch, mail or retail partner

Before selling a Mobile POS solution, think about how to get the solution into the hands of merchants.

- Payment facilitators will likely have their own distribution strategy.
- Acquirer-owned solutions will require a distribution strategy.

For the distribution of the Mobile POS card reader it is possible to utilize the following channels:

**BRANCH** New merchants pick up a Mobile POS card reader from a bank branch.

- *Benefit:* Merchants feel comfortable picking up the card reader from a trusted bank's branch.
- *Challenge:* Merchants may find

it inconvenient to have to visit the bank branch.

**MAIL DELIVERY** Merchants who have registered for the solution and are approved will have the Mobile POS card reader sent to their home or business address through the mail or courier.

- *Benefit:* Reduces costs and eliminates the need for display and retail counter space as the card reader is shipped from a warehouse.
- *Challenge:* Requires the logistics of warehousing and delivery.

**RETAIL PARTNER** New merchants pick up a Mobile POS card reader from a retail partner.

- *Benefit:* Retailers have more footfall compared to bank branches.

- *Challenge:* Space within retail environment is costly and retailer sales staff may be incentivized to sell other products.

**SALES AGENTS** When a sales force is used to recruit merchants, sales agents can hand over the Mobile POS card reader directly to the merchants after a successful sales call.

- *Benefit:* Personalized approach allows agents to deliver basic training at the moment of delivery.
- *Challenge:* More expensive and not as time-efficient as the other options.

It is important to consider which option works best for the type of market and merchant being targeted.

# Developing a successful sales strategy

Sales strategy goes hand-in-hand with marketing and distribution strategies. It is important to determine what resources are required, how staff will be incentivized and how your approach will evolve over time.

- Will the existing merchant sales force be leveraged?
- Are there enough sales agents, or will new agents need to be recruited? If more sales agents are required, will they be permanent recruits or temporary staff focused on initial sales?
- Will third-party partners act as distribution partners only, or will they also supply the sales agents?
- How is the interest generated by the marketing strategy converted into merchant acquisitions?
- Will sales be driven through digital channels instead of using a sales force (e.g., website)?

- Will sales agents be offered incentives? If yes, what types of incentives will inspire them to sell the Mobile POS solution over other products in their portfolio?

Sales agents should be properly trained to target sales to the merchant categories that have been identified for the Mobile POS solution. Incentives should be used to increase the sales of the Mobile POS solution to those merchants. If the sales agent is only directed to sell as many Mobile POS solutions as possible, sales will be made to any merchant regardless of category rather than your priority merchants.

Consider how your sales strategy will evolve over time. Employ a phased approach starting with, for example, a large number of sales agents to create initial momentum; however the number of sales agents may be decreased over time as your approach shifts to online channels. Finally, define a time frame for sales activity, as well as what will signal the sales force activity to end.



# Making it happen—and making a splash

Your Mobile POS launch will become the most memorable part of the rollout. Think out of the box, and have a specific plan in place that aligns all of the necessary resources to make a standout event happen.



1. Set and communicate a launch date both internally and externally (if appropriate).

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2. Determine what type of event will support the launch, for example, a special pop-up shop event, a virtual announcement, a live feed or a promotion.

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3. Evaluate whether separate sales and media launch events are needed to precede the product launch.

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4. Prepare the list of attendees. Remember to extend the invitation beyond merchants to other important stakeholders in the payments industry, as well as media outlets, journalists and bloggers that can spread the word about your Mobile POS solution.

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5. Include a demonstration of the Mobile POS solution at the event. Attendees should have the opportunity to experience both making and accepting payments at the event. Make sure to invite merchants that participated in the pilot so that they can act as evangelists for your Mobile POS solution.

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# Streamlining the approval process

Your merchants are now ready to register for the Mobile POS solution. Walk them through the onboarding steps to ensure they have thorough documentation and understand all of the requirements.

The onboarding process is about making sure the merchant is eligible for the solution before formally approving them and allowing them to start accepting payments.

Clearly document the criteria and process for onboarding. The quicker registration is completed, the more likely, and sooner, the merchant will use the solution.

#### QUESTIONS TO CONSIDER

Does your current POS onboarding process work for the new Mobile POS terminals and for new types of merchants that are operating in a more digital and fast-paced world?

*Assess whether the process requires streamlining, or whether it could even be automated and completed online.*

What local regulations need to be considered?

*It might be quicker to take the process online, but certain markets might require documents or proof of identification in-person.*

What are the minimum requirements (if any) the merchant should meet in terms of annual turnover? Are there other eligibility requirements?

Does your staff understand the new process?

*Clearly describe the new process to staff and merchants in simple terms.*

When merchants are ready to begin accepting mobile payments, proper training is essential to ensure all requirements are understood and that the necessary documentation is available.

#### QUESTIONS TO CONSIDER

What information does the potential merchant need to present for approval?

Do the approval documents need to be physically submitted, or can they be uploaded through a website or portal?

Are there any regulatory requirements that need to be followed as an acquirer? Examples include specific regulatory requirements related to Know Your Customer (KYC) and Anti Money Laundering (AML).



# Motivating merchant activation and usage

Once merchants understand the registration and signup process it is time to get tactical. Merchants should have clear objectives, know the steps to activation and understand the benefits of continued usage.

It is important to encourage the merchant to set up and start using the Mobile POS device as soon as possible, and regularly, so they become comfortable with the process.

#### CONSIDER INCENTIVIZING ACTIVATION AND USAGE BY:

- Reducing fees for an initial period (for example, during the first two weeks)
- Reducing fees for the first three months if merchants reach a prescribed number of transactions
- Providing entry into a prize drawing if merchants complete a certain number of transactions within a short time period (for example, ten transactions within seven days); prizes could include credit towards future transaction fees, a MasterCard prepaid card or a contribution to support the merchant's marketing and promotional efforts

If a merchant has employees, then it is important that they offer sufficient training to their staff so that they know when to use the Mobile POS solution and are comfortable checking out customers. A successful Mobile POS deployment relies on merchants using their solution and not leaving it behind the counter so buy-in from staff is imperative.

Develop a system for tracking whether the Mobile POS solutions are being used, and if not, be sure to find out why. Follow up directly with merchants who are not activating the Mobile POS solution and find ways to remove the obstacles. Common issues include not knowing the reader has to be charged, forgetting the password to the mobile application or not knowing how to pair a Bluetooth reader to their mobile phone.

Upon activation, consider developing monthly, quarterly or bi-annual campaigns that encourage ongoing usage and that incentivize merchants to continue using the Mobile POS solution.

# Providing critical customer support

Customer service is where the merchants will experience your commitment first-hand. The merchant may have a great first week, but then encounter unexpected challenges. It will be critical to set expectations for how and when support will be offered on their Mobile POS journey.

If the acquirer is working with a payment facilitator, the payment facilitator will take care of all merchant support activities. If that is not the case, then there are important steps for the acquirer to take:



1. Define the level of support merchants might require and align your services with market expectations. Some local markets may expect more personalized service from banks.
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2. Define and prepare all merchant support documents explaining the Mobile POS solution.

These support documents include, but are not limited to, merchant training materials and FAQ documents. The support documents should explain the end-to-end process for operating the Mobile POS solution including setup, how to transact, how to refund or cancel transactions and any troubleshooting suggestions for the software application on the phone and the Mobile POS card reader. These documents should be aimed at merchants who have never accepted card payments before. Instructions should be clear and concise, using simple language that the merchant will understand. Furthermore, it might prove worthwhile to include a searchable and interactive FAQ list within the Mobile POS application itself.

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3. Anticipate possible questions in advance in order to avoid unsustainable call volumes at call support centers.
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4. Leverage social media platforms like Facebook and Twitter as a means to interact with merchants and answer questions. More often than not other merchants within the social media community will respond.
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# Evaluate to innovate

How will you know whether your new Mobile POS solution is a success? Measuring outcomes against the original objectives will provide the insights needed to evaluate and modify solutions over time.

Consider appointing a dedicated resource to continuously monitor the KPIs and ensure the strategy is successfully executed. Measure the solution's performance against the objectives that were defined at the beginning of the project.

If the project is not meeting expectations, it is imperative to quickly determine an action plan to improve performance.

Finally, it is always a good idea to plan ahead for next year's objectives.

# Moving closer to a world beyond cash



Mobile Point-of-Sale is a primary driver to make MasterCard's vision of a world beyond cash a reality.

A wide range of merchants, including small businesses, large retailers and field agents are turning to Mobile POS solutions to increase sales and broaden their customer base.

MasterCard is able to share insights from several global Mobile POS launches and provide expertise and advice on how to create a successful merchant growth strategy.

We introduced an industry-first Mobile POS Program to ensure safe, simple and smart transactions when consumers use their debit, credit and prepaid cards. Our goal is to enable a wide variety of solutions, ensuring strong competition in the Mobile POS market. Through the MasterCard Mobile POS Program we have access to more than 100 Mobile POS solution providers, enabling us to positively influence their product roadmaps and deliver the right solutions and partners for our valued customers.

You will find a comprehensive set of consumer-facing documents on Mobile POS on our Mobile POS website.

[mastercard.com/corporate/Mobile POS.html](http://mastercard.com/corporate/Mobile POS.html)