

From Contact To Contactless: The Time Is Now?

Contactless technology is quickly becoming the preferred method of making transactions for its convenience and efficiency. While it seems like the logical and natural step up from the traditional contact cards that are tried and true, is contactless transaction ready to take its place as the successor? Gilbert Leung, VP of Sales & Marketing, ACS speaks to CardsNow! to provide some bearing on the growth and development of contactless transaction and whether there is a need to assimilate anytime soon.



Gilbert Leung
VP for Sales & Marketing, ACS

CN : As a manufacturer and provider of both contact and contactless card reader solutions, how is the demand so far for the respective categories? Is there a trend in preference for one type of reader over the other?

Gilbert : The trend in the smart card reader market is expected to shift from traditional contact-based smart card readers to more modern contactless technology. This is anticipated to hold true for all market segments, making the biggest initial impact on transportation, banking and payment. This is because increased transaction speed benefits the transportation industry, and because of the impetus to support upcoming NFC technology in the banking and payment industry. Anyhow, the trends are also pointing to a continued increase in PC-linked smart card reader popularity, due to the lower cost of implementation, ease of management, and existing PC infrastructure (particularly in the government and corporate markets).

CN : Looking into the future, what does it hold for card consumption in light of the rising trend of NFC-enabled mobile devices?

Gilbert : NFC, the technology which incorporates a contactless chip in a mobile phone and performs contactless payment (among other things), has very promising long-term potential. There is no doubt that NFC technology has significant potential to impact the payment industry in the long-term once technological and commercial issues are overcome. In Hong Kong, Mobile payWave has been made available just this year. With payWave, we can now tap our NFC mobile phones to pay at over 3,400 merchant outlets in Hong Kong, including supermarkets, convenience stores, beauty and personal stores, fast food chains, etc.

CN : Do you believe that card usage is still pretty much the preferred and trusted medium for transactions for some time to come (compared to mobile payments; NFC, mobile wallet, etc.)?

(In our previous issue, earlier this year, Gilbert talked about a promising future for smart card consumption in various applications for at least five more years.)

Gilbert : For EMV contact-based card market, card format remains preferable because card formats are more appropriate for larger amount transactions compared to NFC payment. For example, in Hong Kong, we can use payWave for purchases up to HK\$500 (approximately US\$64) only, where no signature

or PIN is required. At this moment, NFC is more applicable for non-payment applications. When talking about payment, NFC will probably be used for micro-payments only for the next 3-5 years.

CN : As a card reader solutions provider, how significant is your role in influencing or advocating card technology adoptions (between cards and mobile payment)?

Gilbert : Common standards and co-operative alliances are key to pushing contactless technology ahead. This is particularly so for the payments industry. In North America, strong alliances among key participants in banking, retail and communications are a key driver in the implementation of successful contactless payment market. Common standards for platforms, security and processes help to reduce the uncertainty surrounding the use of contactless smart cards or NFC mobile payment. This is crucial in enabling a strong foundation for the industry to grow. As a card reader solutions provider, we share market information and the pros & cons of using specific technology to our partners and their customers. We believe they are wise enough to decide what technology they adopt.

CN : How dedicated are you in educating your clients with regards to using your products? Tell us more about your provision of training services.

Gilbert : We provide hands-on smart card training workshop for solution houses and system integrators. For overseas users who are not available to attend our training sessions, they also can be trained to use our products by evaluating our Software Development Kits (SDKs). We are now distributing our products and their SDKs to over 100 countries worldwide. 