

What is contactless payment? How to safely pay for (almost) anything in 2023



Remember the last time you watched a grocery store cashier wrap your debit card in a plastic bag, salvaging the magnetic strip before swiping? Or the time tried to pay for your coffee and kept getting a “card read error” at the register?

Welcome to 2023 and a faster way to pay. If you’re familiar with Apple Pay or tapping your credit card, you’ve already used contactless payment.

If you want to know more about contactless payment (and whether it’s safe), this guide will walk you through the basics and tell you what to watch out for.

What is contactless payment? Here’s a simple definition

Contactless payment is self-explanatory: Payment without physical contact. But how is that possible?

Our cards, phones, and even watches can pay without swiping or inserting. They just need the right equipment at checkout: contactless payment terminals.

Contactless payment terminals can scan short distances (about two inches or five centimeters). Using these terminals, retailers can accept payment by card, phone, or wearable device, all

without a physical exchange.

You can pay for groceries, clothes, and almost everything else with contactless payment.

How the technology works



The payment terminals (also known as Point-of-Sale or POS readers) use NFC (near-field communication) to scan short distances for payment credentials. Don't worry – the readers aren't *always* scanning. The machines only check for payment when prompted by a cashier or self-checkout terminal. The NFC technology picks up information from RFID (radio-frequency identification) tags stored in payment cards and devices.

Think of the RFID tag like a barcode: It identifies the scanned item. One difference? The RFID chip only shares payment credentials with NFC-enabled terminals closer than two inches (five centimeters).

But that isn't all.

When the POS reader scans your payment method, the RFID chip generates a one-time security code. This security code encrypts (hides) your sensitive information during its transfer to the payment terminal. The code becomes useless after your transaction.

So what?

If a hacker tried to intercept the information shared between your card and the payment reader, they could only pick up the security code. The hacker wouldn't be able to get your payment credentials.



Now you can avoid getting scammed

Compare a contactless transaction to the old method, swiping your debit card at the cash register. When you swipe your card, *all* your payment information is transmitted to the reader, increasing the likelihood of information theft. Think of sketchy vendors who install machines that steal customers' payment information.

Contactless payments are faster and more secure.

Types of contactless payments

Credit & debit cards



You might already be familiar with contactless cards – maybe you've been using your own – since this technology is common in recently-issued payment cards. Visa, Mastercard, and American Express (and others) offer contactless-enabled debit and credit cards. Keep reading to find out if your card is contactless.

Cell phones



Have you heard of Apple Pay or Google Pay? Both are examples of digital wallets that can be set up on smartphones. Today, most new cell phones have wallet applications pre-installed. All you need to do is link the digital wallet to your bank account, and your device is ready for digital payment.

Contactless payment readers can scan cell phones just like they scan payment cards. If you have digital payment enabled on your phone, you can hover it over the terminal when you're ready to pay. No need to fumble for your wallet.

Wearable devices



The most recent contactless payment development is the ability to pay with a digital watch or fitness tracker. Think of an Apple Watch or a Fitbit.

The payment process is simple: Hover your watch over the POS reader. Confirm your identity on your device to finish paying.

How to tap to pay: 3 steps to safe and easy payments

Step 1: Make sure contactless payment is available

How do you know if you have a contactless payment-enabled card?

If your payment card has contactless payment technology, you'll see a contactless payment icon on the front of the card. This icon is also known as the [EMVCo Contactless Indicator](#).

The contactless payment indicator looks similar to a sideways wifi symbol – you'll see four curved lines on your card.



Which phones and watches have contactless payment?

Many recently-issued cell phones and wearable devices come with digital payment apps pre-installed. To check if you can make contactless payments, search for a wallet application.

Using a phone with an Android operating system? Check for Google Pay or Samsung Pay.
Apple users: Search for the Wallet app.

How do you know if a store accepts contactless payments?

At the payment terminal, check for the wifi-like symbol. The indicator on payment terminals is encircled with an oval shape and shows a hand tapping for payment.



Step 2: Hover your card or device close to the payment terminal

When you're prompted to pay, hold your payment method near the icon on the payment terminal. (Even though contactless payment is often called "tap to pay," you don't actually need to touch the reader.) Hover within two inches.



Step 3: Verify your credentials & look for payment confirmation

If you're using a card, you'll know the transaction was successful when you see an indicator on the screen (it could be a green light or checkmark).

Using a phone or wearable device? You'll probably need to verify your identity by facial or fingerprint recognition, or using your device password. You'll get a notification that payment was completed.

Pros and cons of contactless payment



Pros

- **Safe & Secure:** Thanks to the encryption (security code) from the RFID chip, hackers can't easily steal your payment credentials.
- **Fast:** Ever held up a line because your debit card wouldn't work at the scanner? Forget about that dilemma, because contactless payments process faster than card strips or chips.
- **Convenient:** Head out for a run without your bulky wallet. You'll still have the option to grab a coffee on your way home – just pay with your watch or phone.
- **Sanitary:** Think of all the germs you'll be spared when you avoid touching the grimy computer pad buttons.

Cons

- **Slow implementation:** Not all retailers offer contactless payment, so you might not find it everywhere yet.
- **Transaction limits:** Depending on your bank, your purchase amount could be limited.

Frequently Asked Questions (FAQ)

Can hackers steal my information?

Highly unlikely. The NFC technology and RFID chips use encryption, which hides your payment credentials with a security code during the transaction. Hackers could only pick up the one-time security code, which will be useless after payment.

How do I know if the payment went through?

When your payment is complete, you'll see a confirmation on the card reader and/or your device. This might look like a checkmark or green light.

I don't see a contactless payment symbol on my credit/debit card. Now what?

You could try calling your bank to see if they offer contactless-enabled cards. If your card issuer isn't compatible yet, check out other payment options like using your phone or fitness tracker.

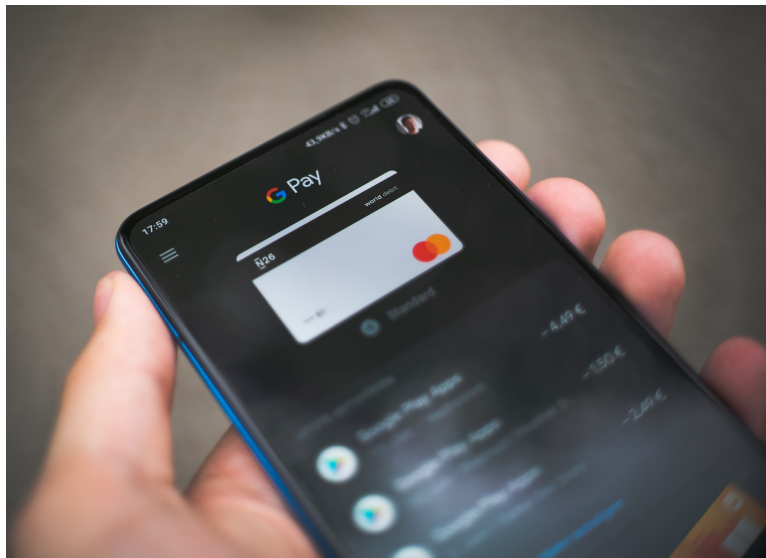
This is confusing and I don't like it. Can I pay for things the way I used to?

Yes, you can still use most older forms of payment.

Is online shopping a type of contactless payment?

Contactless payment relies on NFC technology and refers to in-person transactions. Online shopping and in-app purchases use different processes.

Future developments: A world without plastic



So, what's next?

This technology is evolving, and its applications are growing. More and more stores will continue to offer this easy way to pay. We could also see new forms of payment – any objects with RFID chips could be capable of paying.

Now you know the advantages of contactless payment, and you're equipped with the simple steps to use it. You can safely head to the grocery store without fear of being *that person* who gets stuck at the checkout with a malfunctioning card.