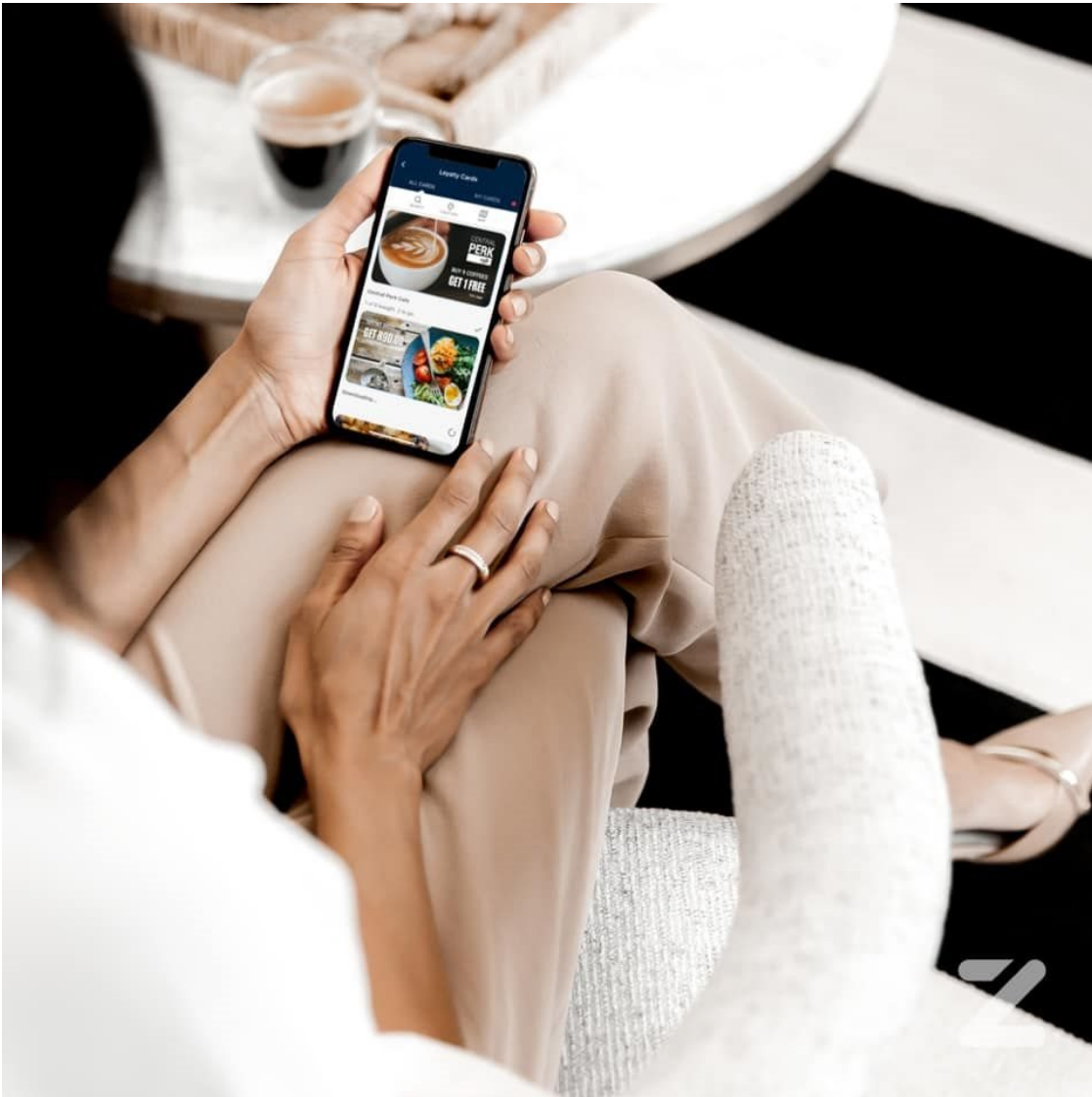


NFC versus QR code payments - there's room for both

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The last year-and-a-half has seen a rapid rise in all forms of contactless payments. For merchants across the globe, enabling these payments as a means to reduce surface contact has been a pandemic trading necessity. However, as time moves on, choosing which payment options you offer should not be solely based on hygiene, but rather also about how to enable valuable business insights.



Two of the main contenders in contactless payments have been near-field communication (NFC) transactions and quick response (QR) code payments.

NFC transactions are widely embraced by global shoppers and, after some initial hesitancy, South Africans are now happy to use the tap-and-pay option on their bank cards when they come to the checkout till. The major e-wallets also offer NFC options with Apple Pay and Samsung Pay allowing NFC payments on newer smartphones, and FitBit Pay and Garmin Pay on smartwatches.

QR code payments, meanwhile, have been around for a number of years. These two-dimensional codes allow users to store significantly more amounts of information than their linear counterparts, the traditional one-dimensional barcode.

In South Africa, QR payment growth has been largely driven by smaller merchants. The barriers to entry for this payment method are almost nil and all a merchant needs is a bank account and a printed QR code.

“NFC has some obvious benefits. It’s easy for merchants to opt-in to the payment method by enabling it on their NFC-capable card terminals. It also enables another way for users to pay, by storing their card on their phone or wearable”, explains Brett White, CEO of Zapper. “On the other hand, South African businesses have been opting for QR for the better part of a decade now. The constantly evolving technology provides customers a simple way to pay, when using a card is inconvenient or card terminals are in short supply. This is often the case in sit down restaurants, markets, informal trading stalls, outdoor events, parking tickets and e-commerce checkouts to name a few.”

Room for growth for both methods

White points out that both payment methods have their advantages and drawbacks, including variable costs depending on interchange fees as well as how service providers factor in their charges to the merchants.

“QR at this stage still predominantly relies on card rails to facilitate payments. However, there are use cases that QR can address that NFC simply can’t, and there are additional value-added services that can be coupled with QR such as customer insights, loyalty and vouchering that NFC can’t offer. In addition, QR is an offline means of accepting transactions, meaning a payment can be accepted by a merchant without needing an online and powered device,” he points out.

The device remains a key differentiator for now. It is only the higher end smartphones that offer NFC payment capabilities, restricting the payment to those who can afford them. QR technology, meanwhile, has been widely incorporated into even the lower end phones.

Merchants must also install costly NFC-enabled point of sale card readers putting the method out of reach of many emerging retailers.

One of the reasons retailers like NFC is because of its speed. However, when customers choose to tap to pay with their card, they may still have to enter their pin when the transaction exceeds the store’s floor limit. Wearables and e-wallets, however, have additional security in the form of pins for smart watches and biometrics on phones, which means users can avoid the pin entry device when they checkout.

Business insights a big benefit

A big plus for QR codes is the ability to add loyalty programmes, vouchering and alternative payment methods as part of payment solution. More than just generating increased and repeat sales, merchants are able to gain incredibly valuable customer insight through transactional data.

“A lot of the power behind a digital business lies in the ability to better know their customer. E-commerce merchants have a complete view of the customer journey. From website registration to purchase history, digital businesses know their customers and what they are interested in. By implementing a digital loyalty programme, such as the one we offer, offline merchants can also gain many of these insights generated from the anonymised customer data. This means they can design tailored campaigns to encourage repeat business and customer retention,” White explains.

And, while White acknowledges that there is merit in both payment methods, he says merchants would be foolhardy to ignore the additional business insights and value that come with a great QR payment offering.

About Zapper

Zapper is an independent mobile payments, insights, loyalty and rewards platform. Using QR code technology, Zapper provides users with fast, easy and secure payments while they earn loyalty and discounts in a seamless, frictionless, integrated experience. A global fintech company founded in 2014, Zapper enables merchants to use data-driven insights to

better engage their customers, build superior relationships and grow their businesses. Zapper serves merchants across the retail, hospitality, parking bills, donations, fuel and convenience and e-commerce sectors. For more information please visit zapper.com

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