Remember the Internet boom and what it meant for small businesses?
The e-commerce revolution enabled companies of all shapes and sizes to reach more customers and generate more sales than ever before.

But if you think e-commerce was a game-changer, you’d better buckle your seat belt, because the incredible rise in mobile payments — “m-commerce” — promises to be an even wilder ride for business owners.

That’s “B” for Billions
The use of mobile phones, smartphones and other mobile devices in commercial transactions is projected to hit $670 billion globally by 2015 according to Juniper research (some sources have mobile payments reaching as high as $1 trillion by then).¹

Even now, mobile payments represent a healthy $240 billion (2011).

Increasingly, retailers are using mobile technology to bring checkout to the customer. Apple Stores®, for example, have removed cash registers and equipped retail employees with iPhones® and iPads® to answer customer questions, check stock and finalize sales. On the other end of the spectrum, business owners ranging from food truck vendors to mobile dog groomers are using mobile devices to accept payments away from a traditional storefront.

What You Need to Know
All that you really need to know about mobile payments is that they are here — and they are growing.

Just ask Starbucks how its customers like the ease and convenience of paying for their morning latte with a smartphone. The coffee giant rang up 3 million transactions in the first two months after launching its Starbucks® Card Mobile App.²

To be sure, m-commerce is rapidly evolving and the technology can be complex. But, at its most basic, mobile commerce can be broken down into two basic categories:

1. Using a mobile device for payment at the point of sale (i.e., the mobile wallet).
2. Using a mobile device as the point of sale (i.e., an iPhone or Android™ smartphone as a mobile cash register).

The Mobile Wallet — Credit and debit card information is stored on a consumer’s smartphone, and they simply “wave” their phone in front of a contactless payment enabled device. Payments are transmitted using Near Field Communication (NFC).

> The Google Wallet™ app is a prime example, allowing users to shop faster, smarter and safer, in-store and online. In addition, mobile payment platforms, such as PNC’s Popmoney® Online Banking service, provide an easy way for customers to send or receive money, simply by using email or text messaging. Likewise, business owners can transfer money to a customer or supplier account (and vice versa) using an e-mail address or mobile phone number.

For more information
> Stop by any branch
> Call 1-855-PNC-CFO5 (1-855-762-2365)
> Visit pnc.com/merchantservices
**The Mobile Cash Register** — Here, it’s the merchant that is using a mobile device to process card payments — whether it’s accepting payments in the field or in a traditional storefront setting. The mobile device is enabled to accept card payments— either by swiping through an attached card reader or by keying in the transaction for processing through a web browser. Payment acceptance software is often easily downloaded as an App. Both are dramatically changing how businesses transact, and will continue to do so going forward.

**The Benefits Are Real**

It’s easy to see why customers like the ease and convenience of mobile payments. But, what about the benefits to the merchants actually processing these transactions? According to the Smart Card Alliance, a leading voice for the smart card industry, mobile payments offer an array of compelling benefits for merchants:

- **Reliability** — Contactless transactions utilizing Near Field Communication are reliable. Certified NFC terminals provide greater first-time read reliability than standard magnetic stripe readers. With no mechanical reader heads or moving parts, contactless readers generally require less maintenance.
- **Security** — The encryption used in contactless transactions provides significantly more security than current magnetic stripe technology, reducing the potential for fraud.
- **Ease-of-use** — With NFC technology, the entire transaction is simplified. Customers simply wave their mobile devices near the NFC reader instead of handing a credit or debit card to the clerk for processing. This ease of use can improve checkout throughput.
- **Integration** — Contactless readers and mobile devices can easily integrate into existing merchant payment systems, potentially keeping operational costs in check. Likewise, set-up and operating costs are minimal compared to traditional POS systems.
- **Increased functionality** — Mobile devices and wallets provide merchants with the potential to offer additional value-added applications — from loyalty programs and merchant promotions to private label or gift cards.
- **Backup potential** — Mobile devices can also provide a powerful backup to traditional point-of-sale (POS) terminals, especially in the case of power outages and storm damage.

**One Thing You Can Count On**

One thing you can absolutely count on is that payment technology will continue to advance and change. If you have an integrated POS system, talk with your provider about upgrades that can position you to take full advantage of the promise and potential of m-commerce.