



# The Rise & Risk of Contactless Payments During COVID-19

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## The Rise of Contactless Payments

Contactless payments have been around for quite some time, but COVID-19 created a greater impetus for their universal adoption. 2020 saw accelerated implementation of contactless payments by merchants, and consumers are adopting this new payment method faster than ever before. Unlike with chip payments, the conveniences from touch-free payments are tangible, and now essential due to COVID-19.

As was the case with chip readers, America was slower than the rest of the world when it came to adopting contactless payments. This all changed with the catastrophic spread of COVID-19 in early 2020. Mastercard® saw a 40% surge in contactless payment transactions in the first quarter alone and by July 2020, Visa® had released 80 million contactless cards in the United States.

Entrust Datacard's July 2020 survey showed that 83% of consumers polled believed that contactless payments are here to stay, while 61% noted the importance of credit and debit cards equipped with tap-to-pay technology. Additionally, Forrester Consumer Technographics' August survey for the National Retail Federation (NRF) showed that 19% of American consumers polled used a "digital payment in a store for the first time [last] May." This data seems to prove that contactless payments, initially made necessary by COVID-19, will continue to grow in popularity due to their inherent convenience.



## The Risks of Contactless Payments

The added convenience of contactless payments does not come without risks. Contactless payments have Cardholder Verification Method (CVM) limits since signatures and PIN verifications are not required for charges that fall under a specific dollar amount. CVM limits stipulate predetermined dollar amounts that, when exceeded, require a signature to complete the transaction.

The predominant practice of social distancing and other COVID-19 precautions has caused the major card networks to raise these secondary verification limits due to safety concerns. Conversely, Apply Pay® and Google Pay® support limitless contactless payments without signature or PIN requirements. While CVM limits are being used as the means to curb fraudulent high-dollar charges, as with any new payment technology, tap-to-pay will undeniably result in fraudsters developing new and evolved methods of theft.

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Nonetheless, this socially distanced payment technology is here for the long haul. Once slow to adopt new payment technology, enterprise banks, regional banks, and credit unions are moving to adopt contactless payments faster than predicted. Issuers accelerated contactless card issuance processes as safety and public health concerns increase during this unprecedented time. The 78% of global consumers who have reportedly adjusted their payment methods because of the pandemic further support this.



## Added Fraud Potential During COVID-19

Payment processes were not the only thing affected by COVID-19. Operations within financial institutions were and continue to be severely impacted. The increase in fraudulent claims from e-transactions alone has overwhelmed fraud and dispute investigators. Combined with limited branch access and short-staffed call centers, the strain on internal workflows and account holder experience is palpable.

## How Automated Dispute Management Software Helps

Quavo's dispute management solutions allow financial institutions to confidently work any dispute in the most account holder friendly way possible. With QFD™ automated dispute management software, consumers can easily file claims and communicate with agents online, all while being informed of the steps being taken to resolve their case - in real-time.

It is only a matter of time until issuers face a surge in fraud directly related to tap-to-pay technology. Quavo dispute management solutions use automation and AI technology to ensure your team will not fall behind - even during a global pandemic.



Visit us online or contact our team directly via email at [experts@quavo.com](mailto:experts@quavo.com) to learn more. No matter where you are on your journey to automating your dispute processes, we're happy to help!