Tap on Phone Go-To-Market Guide

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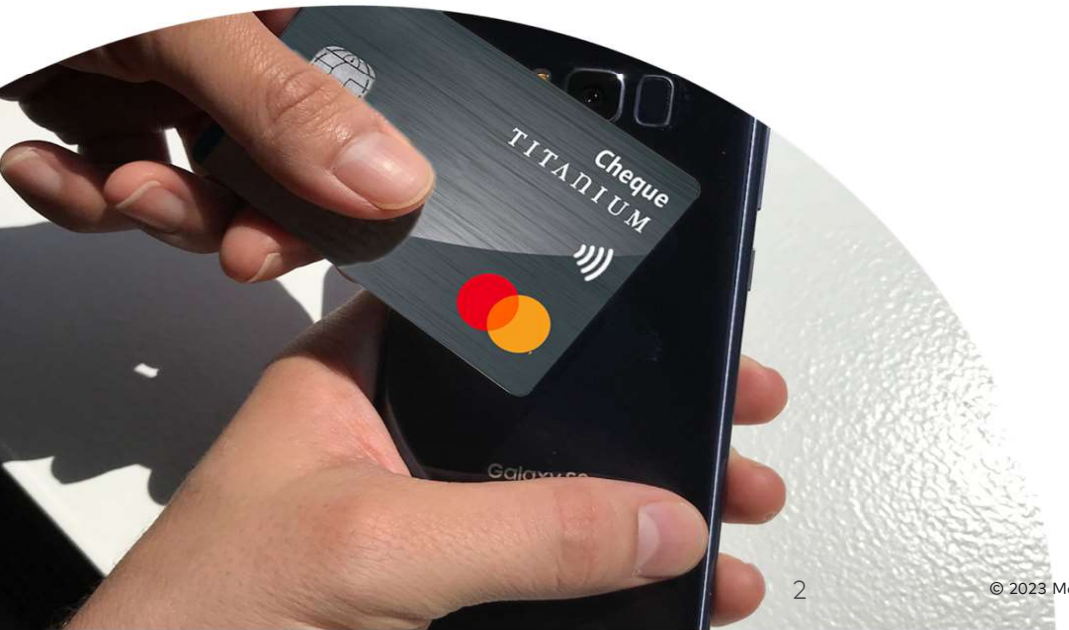

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1. Who should read this document?

This objective of this document is to share best practices and go-to-market recommendations to help you design, build, and launch a Tap on Phone program. The intended audience is acquirers or payment processors– however, many of the insights are relevant to anyone interested in building an acceptance solution that uses Tap on Phone technology.

The insights and best practices shared in this guide are based on Mastercard's key learnings and observations gathered through our support of over 25 Tap on Phone pilots across over 15 global markets. More detailed best practices for development and implementation are also available in our *Tap on Phone Implementation Guide*[1].

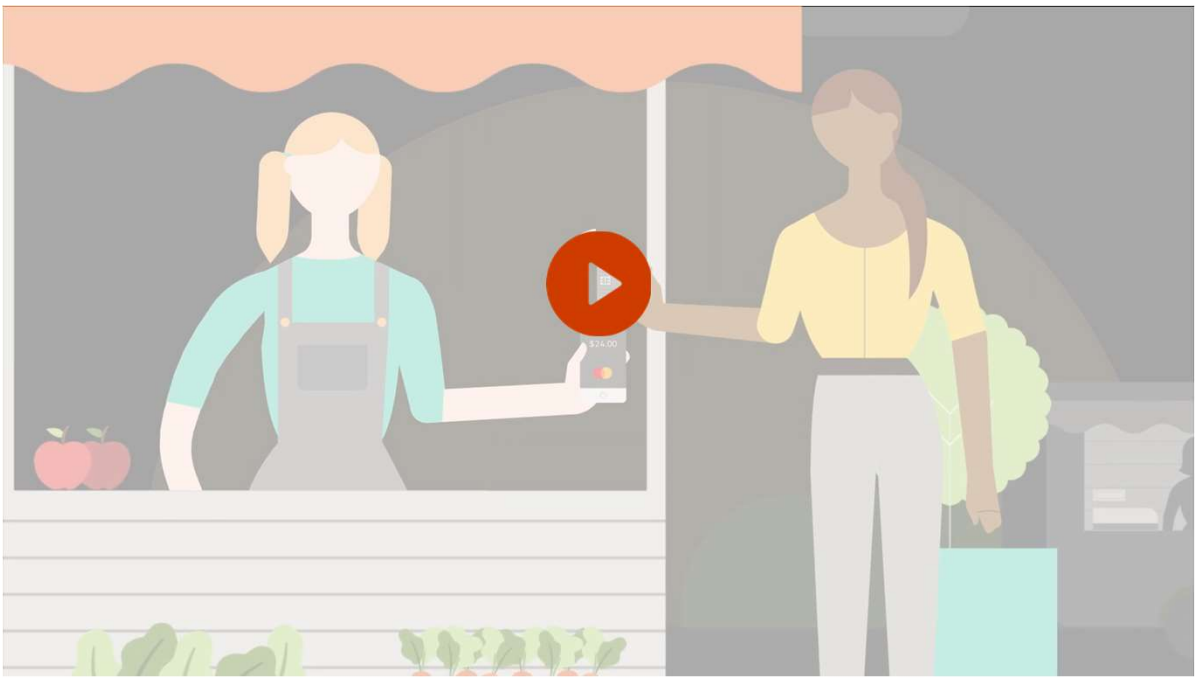
2. What is Tap on Phone?

Tap on Phone is a mobile device-based contactless acceptance solution that does not require any additional hardware other than an eligible NFC-enabled mobile device. It is cost effective, low maintenance, and peripheral-free, enabling merchants to easily accept electronic payments by turning their existing mobile device into a point of sale (POS) device.

Tap on Phone transactions are protected using the same security and encryption technology offered with EMV®chip cards throughout the world, and they use the same switching process as traditional POS transactions.

Tap on Phone supports fully digital distribution, with rapid onboarding and merchant enablement. It is also a flexible and quickly scalable solution for merchants that need to enable multiple POS terminals or have irregular card acceptance needs.

Link: View Mastercard Tap on Phone Introduction Video



[1] The Tap on Phone Implementation Guide can be found on at mastercard.com/mobilePOS

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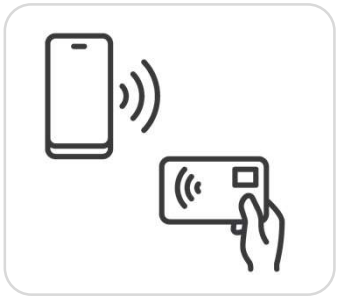
2.1 Suggested Market Criteria

Most markets are good candidates for successful Tap on Phone deployment. The key market enablers are consumer adoption of contactless payment solutions (either cards, mobile wallets or wearables), and merchant access to mid-to-high level NFC-enabled mobile devices with strong mobile network connectivity.

Key market enablers for the Tap on Phone proposition



High or growing consumer adoption of contactless

Strong and fast mobile network connectivity

High compatible smartphone penetration

In addition to the above key market enablers, other growth drivers for Tap on Phone deployment include consumer preferences for electronic payments, socio-cultural attitudes toward payment digitization, and local initiatives to reduce cash usage.

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3. Go-to-market best practices

Building and launching a Tap on Phone offering typically follows 4 key go-to-market phases.

This guide shares key learnings, observations, and best practices gathered through our support of over 25 Tap on Phone pilots across more than 15 markets globally

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3.1 Strategy & Value Proposition

Tap on Phone is a valuable technology for enabling or augmenting card acceptance across many checkout experiences and merchant personas.

During initial roll out, focusing on all available opportunities may be inefficient. When building a Tap on Phone product roadmap, you should consider designing your offering around local market and regulatory conditions and understand how your solution will reach merchant audiences and personas.

Phase 1: Identify your target audience

Acceptance Categories

Cash only merchants

More than 65 million micro and small businesses worldwide are cash-only[1]

Replace older POS hardware

As retailers evaluate new POS systems, they'll look to omnichannel capabilities, lower ownership costs, and additional services[2]

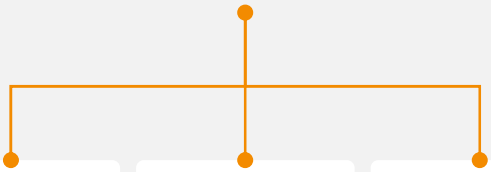
Augment existing terminals

To solve for select use cases like queue busting, special events, etc. (interesting for larger merchants)

Merchant Needs

Not well served by traditional POS

Merchants that don't accept cards at all (or in certain cases) because traditional POS terminals don't fit their needs



Low Cost	Mobility	Flexibility
Basic or irregular acceptance needs, don't want to invest in a dedicated card reader	Mobile employees for whom additional hardware is inconvenient	High business variability (seasonality, peak hours) and aim to tackle peaks of usage

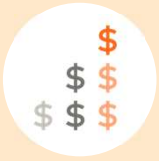
Typical target merchant personas

Small retail & services

E.g., small supermarkets, kiosks, beverage sales, eating places, take-away, barbershops, shoe repairs

Mobile-centric venues

E.g., home services (plumber, electrician, dog walker), food delivery, taxi drivers, food trucks, street vendors, markets, festivals, transit operators



High variability verticals

E.g., charity drives, coffee & lunch places, events, retailers

1 Euromonitor Consulting, Where to Pay: Cash Merchants, 2022
2 Retail Consulting Partners, POS & Customer Engagement Survey Report, 2021

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Phase 2: Build a holistic product offering and go-to-market plan

Once you have identified your target audiences and personas, you will need to define your product construct, pricing model, and distribution strategy

Typical product and go-to-market attributes

Category		Common Approaches
Product Construct & Features	Core Terminal Features	▪ Contactless card acceptance ▪ PIN functionality
	Enhanced Terminal Features	▪ Tipping ▪ Multi-terminal functionality
	Value Added Services	▪ Inventory management ▪ Customer loyalty ▪ Analytics ▪ Point of sale financing / buy now, pay later
	Broader Banking Bundle	▪ Bundled business deposit account and debit card ▪ Merchant working capital
Pricing Model	Total cost of ownership	▪ Typically priced as all-in lowest cost option, especially for low volume (i.e., micro) merchants
	Fees	▪ Set-up / Activation fees ▪ Monthly (minimum) fees ▪ Per terminal fees
Distribution Strategy	Marketing	▪ Advertising campaign (high profile launch partner) ▪ Social / mass media
	Distribution	▪ Direct: branch, digital, field sales, new merchants vs. cross-sell ▪ Indirect: Channel partners (e.g., ISVs, payment facilitators) & referral partners (e.g., Telcos)
	Underwriting & onboarding	▪ Digital workflow in app and / or on website ▪ Instant account opening with limited functionality (until full KYC completed) ▪ Pre-provision to existing merchants (i.e., embedded as a new feature in existing business banking or MPOS app)
	Merchant activation & engagement	▪ Sales person training and education (digital tools) ▪ Physical signage and stickers "tap here" to demonstrate acceptance

Your offering's design will depend on factors specific to your target market and existing business assets– regardless of your approach, we have observed several best practices to keep in mind across each category

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Several best practices were collected based on key learnings, observations and our support of over 25 global Tap on Phone pilots.

Best Practices

Design the product with a deep understanding of your target customers

- Envision the Tap on Phone proposition from scratch, **starting from the target personas and their channel usage**, with focus on mobile channels (to minimize channel switches)
- Perform in-depth primary market research to get under the skin of target personas; go out, talk to customers and test assumptions

Develop tailored pricing strategies that highlights cost advantages vs traditional POS

- Tap on Phone serves different merchant needs and has a different cost-to-bank profile than traditional POS. **Devise a tailored pricing schedule** to meet merchant needs (e.g., removing redundant fees like inactivity fees, monthly minimums or hardware fees) while maintaining a logical relative pricing structure within the acquiring offering

Go-to-market for unconventional target personas requires innovative channels and journeys

- Traditional branch-led distribution strategies will be less effective for cash-only merchants that operate informal businesses and may be unbanked. Successful programs should **leverage channel partners** like ISVs, VARs, ISOs, gateways, and payment facilitators **as well as non-traditional partners** like telcos
- **Test distribution early** by piloting not only technical but also commercial aspects of your proposition
- **Eliminate friction in the onboarding journey**; consider digital KYC, tiered underwriting and pre-approval (withholding settlement until full KYC), virtual accounts for unbanked merchants, etc.
- Tap on Phone requires **merchant education, instructions and continuous (re-) activation**; this needs to be accounted for in the distribution strategy through in-person or digital channels and incentives

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3.2 Vendor Selection

To implement a Tap on Phone solution, you can either develop a de novo solution or license all or part of an existing solution from a third-party vendor. Third-party offerings range from piecemeal components to API / SDK developer packages to fully managed white-label solutions.

Not only is it important to get a full understanding of a potential vendor's capabilities but also how your choice could impact the certification process. Some managed solutions may only require a lighter "delta review" certification, which could help you get to market faster.

Best Practices

Clearly **define your Tap on Phone solution's strategy and target architecture**– particularly the functional scope, preference for SDK vs. API vs. white-label integration, and technical / maintenance requirements.

Set clear expectations (both ways) at the beginning of the selection process and put governance in place to continually manage them to assure strong long-term relationships with vendors.

Confirm that **your vendor has local market presence** and can provide adequate (local) support, especially during the pilot and roll-out. Additionally, select a vendor that is familiar with any relevant local market particularities (e.g., regulations, distinct consumer preferences, etc.).

Assure that **your vendor's pricing model is compatible** with your planned go-to-market pricing model. Additionally, different vendors offer different pricing models. Assure that your vendor's **pricing model matches your planned go-to-market pricing model**.

Perform a **vendor technical readiness assessment** by verifying that they have successfully brought solutions to market and that their solution is compliant with all relevant certifications. Vendors that have successfully certified their solution should share their official certification results with you for review.

Mastercard's mobile POS website maintains a directory of Tap on Phone vendors, including many of the vendors that we support globally.

Please visit mastercard.com/mobilePOS for more information

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3.3 Certification

Building an organized and flexible plan for the certification process will help you get to market faster and more efficiently. It is critical to add a cushion in your planning, especially if you have limited experience developing and certifying (software-based) POS solutions.

Certification of a Tap on Phone solution consists of five distinct phases:

1. **Contactless License** — Not required if working with an already approved vendor
2. **L1 EMVCo Certification** — Currently waived (see note*)
3. **L2 Certification** — Testing by an accredited Level 2 laboratory[1]
4. **PCI CPoC Evaluation** (or Security Evaluation for with PIN solutions) — Evaluation by a PCI recognized CPoC security laboratory[1,2]
5. **L3 M-TIP Certification** — M-TIP service from a Mastercard accredited M-TIP service provider

Best Practices

Make sure you **fully understand the detailed certification requirements,** process, and outputs

- What documents are needed and when?
- What are the certification conditions?
- What are the interdependencies?

Block time with labs in advance; many labs allow placeholders in their schedule months ahead to be able to continually manage workload.

Work side-by-side with labs, Mastercard, and other card schemes to **continually manage expectations.**

Plan for the unknown; keep cushion in your planning to be able to work on feedback that may come back from labs.

For more details on Tap on Phone implementation best-practices, please refer to the Tap on Phone Implementation Guide

(see page 12 for a list of available resources and how to access them)

*NOTE: EMVCo is working on defining a L1 evaluation process for MPOS. In the meantime, acquirers will need to receive a waiver from Mastercard.

1 Engage with your chosen certified vendor/Mastercard MPOS team to determine whether additional certification reviews apply. Many approved vendor solutions will only require a less comprehensive "delta review"

2 Pilots for Tap on Phone with PIN require security evaluation against Tap + PIN security principles by Mastercard accredited labs.

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3.4 Launch

Launching a Tap on Phone solution is distinct from other acceptance solutions given the new customer experience, potential use cases, and target merchant personas.

Due to its novelty, it is important to develop an initial go-to-market plan that builds general awareness of Tap on Phone and encourages use by both merchants and customers. As with any new technology, customers will initially need assurance around how Tap on Phone works. Customer and merchant preferences will vary by market, tracking and measuring perception will help you capture and respond to important insights early on.

Merchant Onboarding:

- New merchants should have proper onboarding including screening and KYC that is on par with other MPOS solutions currently offered in the market.
- After being onboarded, merchants using an NFC-enabled device can download the Tap on Phone application and login using their merchant login credentials to start accepting payments instantly.
- Note: new merchant accounts can be live with Tap on Phone faster than with hardware solutions. Please also keep in mind that account payout timelines should be managed to reflect speed to market for software solutions.[1]

Best Practices

Place ambassadors on the ground to support merchants and customers during initial roll out

Initial launch should focus on building widespread trust and awareness

Develop marketing assets for merchants to grow trust and usage among customers

Pilot Insights

- In several pilots, the presence of **ambassadors improved customer experience** and immediately led to valuable learnings.
- Consider developing and providing **incentives for merchants and customer surveys to collect learnings.**
- Launching with a well-known high street retailer can **increase customer exposure and awareness** of Tap on Phone.
- Clearly **branding Tap on Phone apps with trusted and familiar names** (e.g., banks and payment processors, Mastercard sonic branding) can develop customer assurance.
- Impactful tools include **window stickers, "tap here" mobile device stickers**
- One pilot also used **(radio) advertisements and sweepstakes** to activate customers and merchants

Mastercard launch resources available today include 'tap here' stickers, sample merchant surveys, contactless training documents and customizable contactless material. Contact your Mastercard representative to obtain this material.

1 The Mastercard Security Rules and Procedures document on MC Connect provides further information on merchant screening.

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4. Closing Remarks

Tap on Phone is an unprecedented disruption to how merchants accept card payments. Not only will Tap on Phone solutions reduce barriers to card acceptance for smaller merchants and highly mobile businesses, but they will also serve as a tool powering innovative payment experiences.

From queue busting in high-end retail, revenue inspection in public transit, to applications at unattended kiosks and vending machines. Tap on Phone is driving innovation at the point of sale.

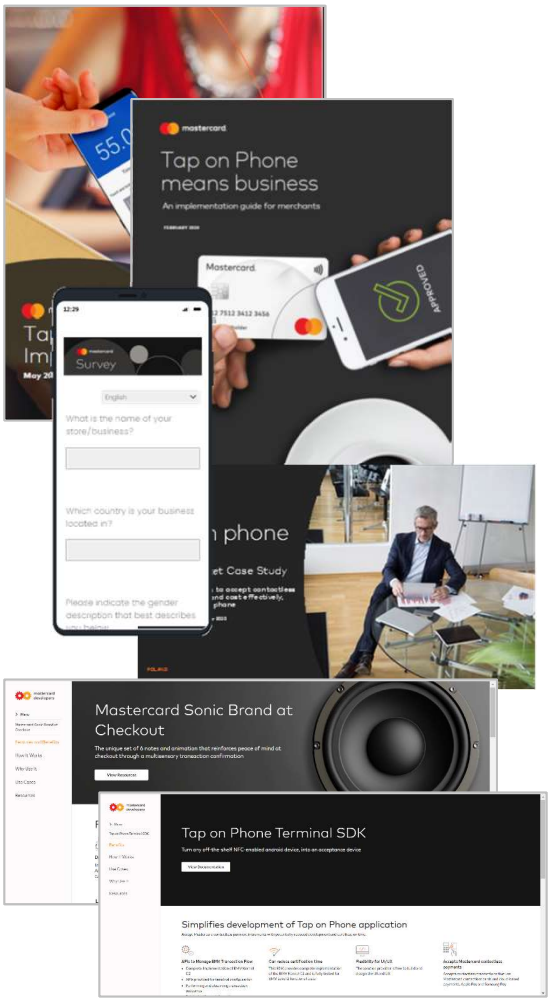
Because Tap on Phone is an emerging technology undergoing rapid development, it would be impossible to envision all possible scenarios in this guide.

Mastercard has built a growing portfolio of resources to guide and support your journey with this new and exciting technology. These resources include best practice guides, case studies, vendor databases, developer tools, and dedicated Mastercard Advisors consulting support.

Please reach out to your Mastercard Account Manager, local contact, or visit mastercard.com/mobilePOS for more details.

Mastercard Resources Available Today

Visit Mastercard.com/mobilePOS to gain access to Tap on Phone guides and case studies. For all other resources please contact your Mastercard representative.



- Tap on Phone Implementation Guide
- Tap on Phone Pilot Case Studies
- Tap on Phone Merchant Guide
- Contactless Reader SDK [1]
- Sonic Brand at Checkout Partner Integration and Technical Standards
- Phone 'tap here' sticker
- Sample merchant survey
- Customizable contactless banners and stickers
- Contactless Best Practices for Acquirers
- Contactless Cashier Training Guide

1 Contactless Reader SDK information and request form can be found HERE.

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