GENERAL INFORMATION

American Express continues to develop its infrastructure and capabilities to support growing market interest in mobile payments - from remote payments transacted within an application on the mobile device itself, to proximity payments using Near Field Communication (NFC) to transform an enabled smartphone into a contactless payment device. When an NFC-enabled smartphone provisioned with an American Express Card comes into contact with a contactless-enabled point-of-sale terminal or reader, the smartphone emulates a contactless American Express Card and a payment transaction takes place.

This document is structured to educate merchants and network participants1 on the business benefits of upgrading point-of-sale terminals and systems to accept contactless Card and Mobile NFC payments.

MOBILE TRANSACTIONS FOR MERCHANTS

Q1: What is an American Express mobile Card transaction?
An American Express mobile Card transaction is a transaction initiated through an Expresspay enabled mobile phone. These mobile phones contain a payment application which allows the American Express Card Member to select a form of payment, and then tap the phone against an Expresspay enabled point of sale to initiate the transaction.

Q2: What type of merchant is a good fit for Mobile NFC?
Mobile payments may be particularly attractive to merchants where convenience and speed of transaction are core to their value proposition, for example, quick-service restaurants, supermarkets, transit service and entertainment venues. However, all merchants that accept contactless transactions for in-store and proximity payments are suitable candidates.

Q3: How does a merchant recognize a contactless and mobile device that supports Contactless?
American Express Contactless Cards and mobile devices bear this universal contactless symbol and indicator:

CONTACTLESS SYMBOL*

CONTACTLESS INDICATOR*

* Universal Contactless Symbol and Indicator are owned by EMVCo., the standards body for contact and contactless specifications, is jointly owned by American Express, JCB, MasterCard, UnionPay and Visa. EMVCo manages, maintains and enhances the EMV Integrated Circuit Card (ICC) specifications to help facilitate global interoperability and compatibility of cards and acceptance devices.
1) Definition: Network Participants can be defined as Issuers and/or Acquirers working within the American Express Network.
PAYMENTS & INTERACTIONS

Q4: How can American Express help merchants use Contactless and Mobile NFC technology to optimize card payments?
- Help make it easier for customers to spend more often while also increasing ticket size
- Help improve efficiency at the point of sale (POS) to move customers faster through checkout with less resources
- Reduce cash handling and optimize operations
- Enhance payment security at the point of sale

Q5: What should merchant front line employees do if an American Express mobile Card transaction does not work properly at point of sale?
American Express mobile Card transactions are designed only to work over the Expresspay contactless interface. If there is any issue at the point of sale, the customer may use an alternative American Express card.

TRANSACTION SECURITY

Q9: Do merchants need to change their process for handling American Express mobile Card transactions coming from a magnetic stripe card, a contactless chip card or a mobile NFC device?
No. There are no changes needed to identify American Express mobile Card transactions.

Q10: How secure are mobile NFC transactions?
American Express mobile transactions benefit from the same security features as contactless American Express Cards, including password protection of the American Express mobile payment application.

Q6: Will merchant chargeback or fraud exposure for American Express mobile Card transactions change with the introduction of mobile NFC?
No. As long as merchants obtain Authorization for the American Express Charge and obtain an American Express Card Member signature on transactions over the No Signature Program limit, then American Express procedures will apply the same as they do for contactless American Express Card transactions.

Q7: Do merchants have to obtain the American Express Card Member’s PIN or signature at the point of sale?
If the American Express mobile Card transaction is above our No PIN or Signature Program limit (varies by country, e.g., $50USD, £UK) merchants must ask the American Express Card Member to sign the Charge Record or enter a passcode, just as merchants would with any other American Express Card transaction. Customer verification method varies by country.

Q8: How far does a mobile NFC-enable device need to be from the contactless terminal?
Near Field Communication (NFC) is a short-range wireless technology that enables the communication between devices over a distance of less than 10cm. It is meant for applications where a physical touch, or close to it, is required in order to maintain security.

Q11: Do merchants need to do anything to remain PCI compliant?
No. There is no change from merchant’s current process to remain compliant with the PCI Data Security Standard.

Q12: How will accepting Mobile NFC payments affect employees’ experience for merchants at the point of sale and employees ability to help customers?
The checkout experience for Mobile NFC payments will closely mirror the experience associated with contactless cards. The process should be seamless for customers and should reduce total checkout time. If Card Members experience difficulty paying with their Mobile NFC phone, employees may ask for an alternate American Express card.
**Q13:** Are merchants required to get a customer’s signature or PIN number for mobile transactions?

In most countries, American Express waives its requirement for a signature (and/or PIN verification for international) for small-ticket transactions (e.g., $50 USD, £50 UK). There are instances when a Card Member will be required to sign or enter a PIN for verification. For example, if the transaction exceeds the contactless threshold limit set by the acquirer.

**Q14:** Could someone’s personal or financial data be stolen through the Mobile NFC payment application?

American Express data is encrypted and stored in a protected manner within a secure chip in the phone.

**Q15:** How can a merchant begin accepting American Express mobile Card transactions?

The merchant must have an American Express contactless reader or contactless enabled terminal to be able to accept American Express Mobile NFC initiated payments. If the merchant already has an American Express contactless device, there is no need to do anything else. In case the merchant is looking to implement contactless or upgrade its terminal base, the merchant should look for point of sale devices that support the latest American Express Contactless specification named “Expresspay3”.

**Q16:** Which is the latest American Express specification to support Mobile NFC payments?

Expresspay3 is the latest American Express contactless specification that supports both Mobile NFC initiated transactions and contactless card payments. Expresspay3 supports magnetic stripe and EMV data.

**Q19:** Do merchants need to replace existing equipment in order to accept mobile NFC contactless payments?

Not necessarily. In fact, contactless readers are available from major manufacturers and have been certified for American Express contactless Card payments. American Express certified contactless readers are also compatible with a variety of terminals. Merchants should work with their terminal provider to determine what solutions are available.

Merchants who own point-of-sale readers or integrated terminals may need to upgrade equipment to accept American Express contactless Card payments. These readers or terminals must complete required testing and certification. For more information, merchants should contact their American Express representative.

**Q20:** What is the cost for implementing mobile payments?

If Merchants own their own point of sale terminals, the cost of implementing mobile payments depends on the merchant’s current point-of-sale environment. If the merchant’s processor supplies the point-of-sale device, implementation may involve changing or upgrading the point of sale device hardware or receiving a software update to accept American Express contactless Card payments. Other costs may come from internal communications and staff training.

If Merchants own their own point-of-sale device, the cost for moving to contactless can vary based on a number of factors, including:

- Purchasing or upgrading new readers and/or new terminals to support contactless acceptance
- Internal systems development—updates to network specifications on proprietary host systems
- Internal communications and training
Q21: What are the American Express certification requirements to enable Mobile NFC?
American Express requires merchants and processors to comply with the American Express specifications for Authorization and Settlement. In addition, merchants and processors implementing Expresspay3 point of sale systems must undergo end-to-end certification with American Express. American Express does not charge for this certification process. For more information, merchants should contact their American Express representative.

Q22: Are there specifications that point of sale manufacturers or integrated point of sale (iPOS) vendor must use in order to enable point of sale systems to accept American Express mobile Card transactions?
Merchants adopting Mobile NFC/contactless technology should look for devices that support our Expresspay3 specification. Expresspay3 will provide the merchant with the ability to support magnetic stripe and EMV chip card technologies.

Q23: Are major processors certified to accept American Express Mobile NFC payments?
Processors that support American Express contactless payments can also support Mobile NFC proximity payments, since it uses the same technology. Merchants should contact their local country processor/acquirer to find out more.

Q24: What changes do processors or merchants with direct connectivity to American Express need to make in order to accept Mobile NFC transactions?
Processors and merchants with direct connectivity to American Express must comply with the latest American Express Authorization and Settlement specifications which mandate the use of Mobile and Contactless transaction indicators. In addition, processors and merchants are required to comply with the terminal end to end certification process.

Q25: How can American Express help merchants use Contactless and Mobile NFC technology to optimize marketing opportunities?
- Access new marketing channels and gain opportunities to work with leaders in the digital space to capitalize on digital commerce
- Target high-spending American Express Card Members that are valuable to merchant’s business
- Lower costs by leveraging mobile marketing and couponing to reduce traditional marketing expenses
- Increase foot traffic into merchant establishments by promoting Mobile NFC payments

Q26: How do merchants promote card mobile acceptance to customers?
Merchants may use a number a methods to market and promote American Express Card acceptance. For example, points of purchase (POP) displays help Card Members easily identify where to use American Express Cards or where they see the contactless symbol in the merchant establishment. Other methods include in-store promotions and awareness training for sales associates to ensure reinforcement and adoption.

Q27: How can American Express help merchants use Contactless and Mobile NFC technology to optimize the customer experience?
- Help ensure a secure and protected shopping experience to gain consumer trust and confidence
- Enable a consumer’s preferred forms of payment
- Create a more convenient, seamless and rewarding point of sale experience for both employees and customers

Q28: What do customers need to do in order to pay with Mobile NFC?
Before Card Members can use their American Express card with their mobile device, they must have first provisioned and personalized device according to American Express instructions.
ISSUER QUESTIONS

Q29: What is needed to participate in a Mobile NFC wallet?
American Express is working with a number of industry players to enable mobile commerce. Mobile NFC payment is enabled in the marketplace through a variety of business model configurations involving Mobile Network Operators (MNOs), Handset Manufacturers, Wallet Providers, Chip Manufacturers, Payment Networks, Acquirers and Issuers. The basic infrastructure consists of a mobile device with a Secure Element (SE) where the Payment Applets are stored, and a Trusted Service Manager (TSM) that provisions the Secure Element with Card Member Data in a secure manner.

Q30. What is a secure element (SE)?
The secure element stores card payment applets (e.g., Expresspay, MasterCard PayPass, Visa payWave) and personal Card Member information. There are three options for the location of the secure element: embedded in the handset, stored on the SIM card, or stored on a peripheral memory device (e.g., microSD card). The type of secure element used largely drives the business model configuration used to deploy mobile proximity payments.

Q31: What is a Trusted Service Manager (TSM)?
The TSM works with Issuers to provision Card Member data and the American Express contactless payment applet onto the Secure Element. Depending on ownership and control of the Secure Element, this can be done Over-The-Air or during manufacture.

Q32: Is there a maximum transaction value for mobile proximity payments?
Mobile proximity payments comply with local country practices for contactless transaction thresholds. Transactions above the Card Verification Method (CVM) limit will require CVM (e.g. signature, passcode-PIN).

Q33: Does American Express Global Network Service (AEGNS) have a list of approved Secure Elements and handsets?
The American Express Network has an updated list of all approved Secure Elements and handsets available to Global Network Services Issuers on GNSWeb.

Q34: How are terminals updated for mobile proximity payments?
The recently published Expresspay3 specifications incorporate changes to support mobile proximity use cases, such as mobile Card Verifications Methods (CVM).

Q35: Do all contactless policies apply to mobile proximity payments?
Yes. All existing American Express contactless policies will apply to mobile proximity payments. Please refer to the latest Business & Operational Manual for policy, technical, and additional information.

Q36: Where can Card Members use mobile proximity payments?
AEGNS Card Members can use mobile proximity payments wherever American Express contactless Card transactions are accepted.