

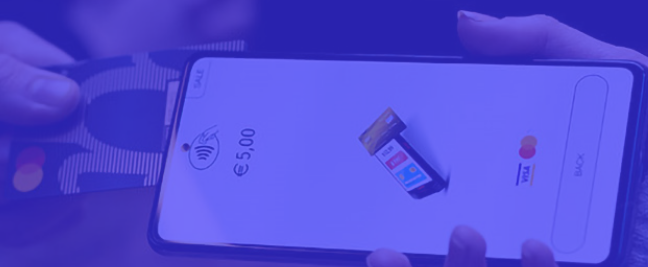


WHITEPAPER

Next-generation acquiring: why SoftPOS solutions are taking over



As digitalization continues, whole new merchant segments are turning to digital payments. Meanwhile, consumers used to online shopping now expect higher levels of convenience and speed in store.



The number of merchants accepting electronic payments will grow by a third over the next five years.

Gideon Fourie, Group Chief Commercial Officer at RS2, explains why SoftPOS solutions installed on mobile devices – from phones and tablets to bespoke restaurant systems and kiosk services – are booming.

It's widely understood that growing digitalization and changing consumer behaviors have accelerated the decline of cash around the world: however, the secondary effects of this trend are less well appreciated, including the high number of merchants now looking to adopt electronic payments for the first time. According to research by *Payments Cards & Mobile*¹, the number of merchants accepting electronic payments is set to grow by a third over the next five years in Europe alone.

What merchants want: flexible, simple and cheaper systems

The challenge faced by merchants – whether they are large chains or microbusinesses – is reining in costs while keeping up with consumer expectations. As consumers become accustomed to ordering online and having goods delivered to their homes, in-store shoppers are looking for merchants to replicate the simplicity and speed of online payments in the physical world. This includes the ability to pay with a diverse range of forms, from Buy Now, Pay Later (BNPL), through to Account-to-Account (A2A) payments, cards, digital wallets and sometimes crypto. Today's consumer doesn't want to stand in queues, and expects value-added options such as loyalty, digital receipts and delivery to be included in their purchase experience.

“Merchants need flexible and secure acquiring to fill the white space between the physical and digital economy.”

Existing point of sale (POS) devices can be difficult to upgrade for new payment types, with older terminals either not capable of accepting some payment types or requiring manual software updates. Indeed, some device types (POI v4 and older) will become redundant after April 2024 as they are no longer able to comply with new PCI DSS (Payment Card Industry Data Security Standard) regulations. Finally, traditional POS hardware is not cheap: the most capable terminals can cost up to €500 per unit, with rental costs running at around €20 per unit per month.

To keep up with consumer expectations, merchants need flexible and secure acquiring systems that fill the white space between the physical and digital economy, replicating the speed and convenience of digital check-outs in store.

¹ *Payments Cards & Mobile*, January 2023: “European Overview” in *European Payments Yearbooks 2023* at: www.paymentyearbooks.com

SoftPOS – an innovative approach to acceptance

SoftPOS solutions offer a range of benefits compared to static hardware terminals:

- Fast, easy access to cashless payments for merchants.
- White label capability – merchant branding possible.
- Simple to download and integrate third party software.
- Reduce complexity, quick and easy to scale up.
- Add new functions, update over the air. Integrate with existing ECR.
- Hardware agnostic: can be used with almost all newer devices.



SoftPOS: delivering benefit for consumers, merchants and acquirers

SoftPOS solutions sit on mobile devices and can be downloaded by merchants directly to the device. This means they are easy to install and upgrade, with new functionality or software updates occurring over-the-air and, in the case of security updates, automatically in the background. They can also be easily integrated with modern all-in-one solutions such as cloud-based Electronic Cash Registers (ECRs).

“SoftPOS solutions make payment possible from anywhere on the shop floor and feature powerful functionality.”

Responding to the cost pressures all merchants face in the current inflationary environment, SoftPOS solutions are much cheaper – often free – to install in their basic versions. Because they sit on mobile devices, they make payment anywhere on the shop floor possible and feature powerful functionality, including the capacity to accept a multiplicity of payment types straight out of the box and integrate functions such as loyalty points and delivery details alongside payment – something consumers are used to when shopping online. Furthermore, as a new acceptance solution, SoftPOS can communicate with other elements of the retailer's software environment for full interoperability.”

SoftPOS solutions also make investments in payments work harder: as fully customizable, white-label software, SoftPOS can be easily integrated with a partner's own systems – including their ECR. This means data from transactions can interface with a merchant's inventory and accounts receivable functions to make sure goods are always available, ordering replacement items as stock is sold. This data can also be used to identify product development opportunities, marketing, sales promotion, and other functions.

“Merchant registration and verification are simple online processes that take minutes, helping acquirers to penetrate new markets and build market share.”

From an acquirer perspective, SoftPOS solutions remove the need to manually update POS hardware and broaden the functionality available to merchants – including business processes adjacent to payments, such as data analytics or automated accounts receivable. Acquirer investment in terminal shipping, handling, packaging and printed paper manuals is reduced to zero, while the cost of field staff can also be reduced since manual updates are no longer required. Finally, because merchant registration and verification are simple online processes that typically take just minutes, acquirers can penetrate new markets or build market share rapidly.

Consumers also appreciate the benefits of SoftPOS solutions, since they can pay from anywhere in store, whether at a restaurant table, in the goods yard of an equipment retailer or at a supermarket counter. SoftPOS systems may be used at festivals, market stalls, and for sales “in the field” by staff travelling to clients’ business locations or homes. They are also useful in the event of failure of existing static POS terminals.

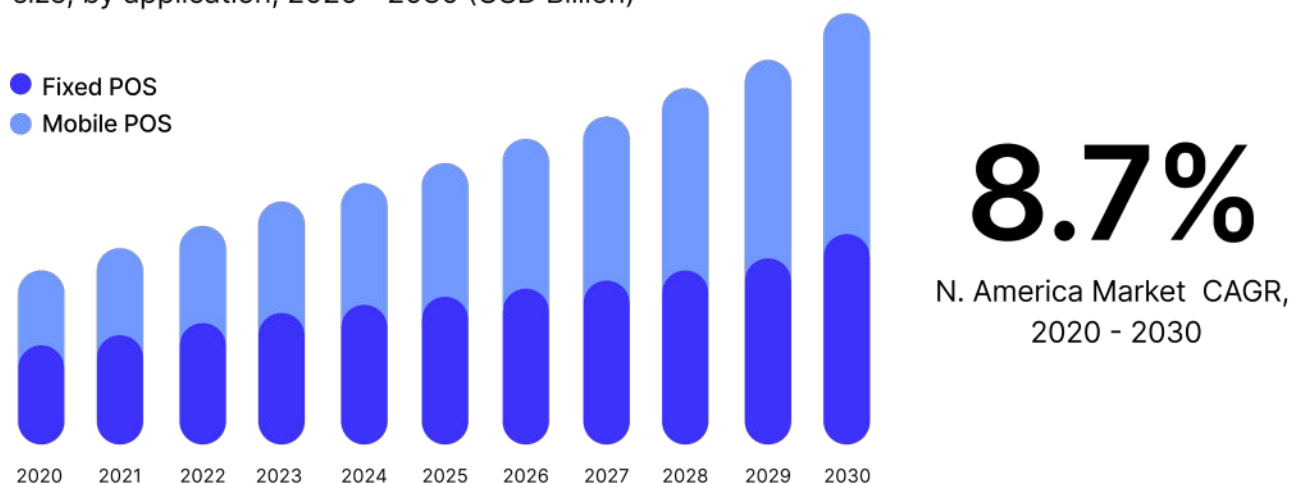
SoftPOS: taking over global retail

“Merchants agree that SoftPOS helps drive sales, cut costs and improve a range of business functions.”

SoftPOS: on the rise worldwide

North America Point-of-Sale Software Market

size, by application, 2020 - 2030 (USD Billion)



CREDIT = Grand View Research

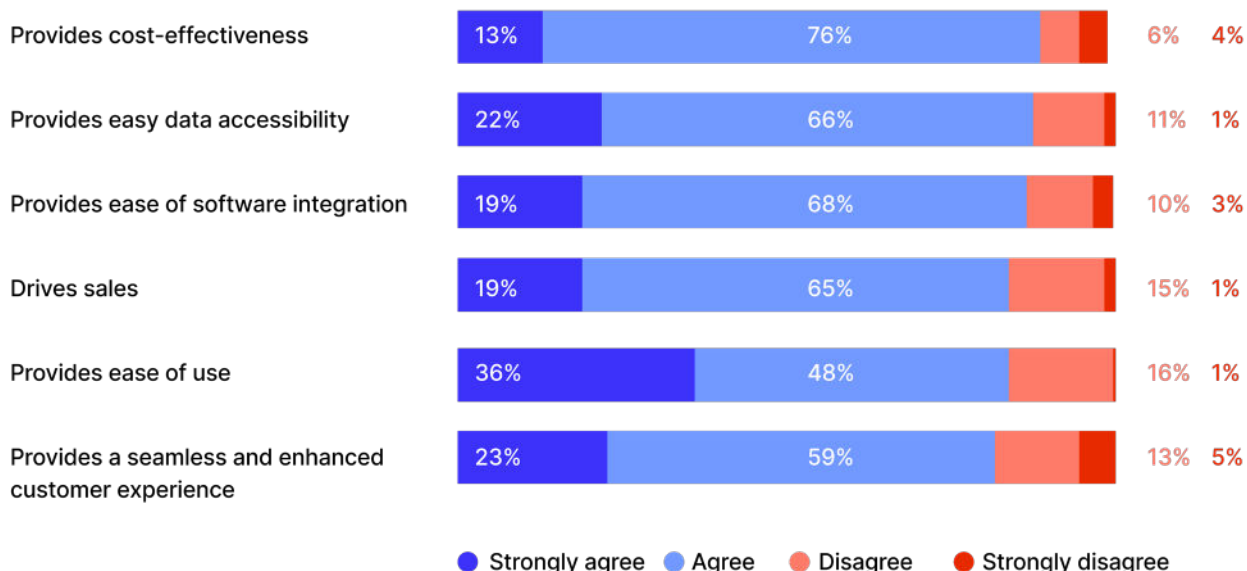
Given these benefits, it's no wonder the SoftPOS market is set to grow to \$27.7 billion by 2030, according to GrandView Research². GrandView predict that more than half the acceptance devices in the United States will be SoftPOS by the end of this decade. Such popularity is being driven by positive merchant responses to the SoftPOS phenomenon. According to Capterra³, more than eight in 10 (80%) merchants appreciated the flexibility and wider functionality of SoftPOS. In particular, merchants agreed that SoftPOS systems help to drive sales, cut costs and improve marketing, inventory management and other functions through data analytics.

² GrandView Research, January 2023: “Global SoftPOS software market, 2023-2030”
<https://www.grandviewresearch.com/industry-analysis/point-of-sale-pos-software-market>

³ Financesonline, January 2023, “Eight key trends at POS for 2023”: <https://financesonline.com/pos-software-trends/>

More than eight in ten merchants love the benefits of SoftPOS solutions

CREDIT = Captterra Research



Blending the physical and digital

As the world economy goes digital, merchants are looking for more capable in-store acquiring systems that replicate the speed and convenience of online shopping. With fast sign-up and verification, plus real-time changes in functionality and continuous over-the-air updates, SoftPOS solutions are a flexible, low-cost and secure alternative to yesterday's cumbersome POS hardware devices. Already in use with all kinds of merchant in Asia, Europe and North America, SoftPOS solutions are the future of acquiring: if they aren't already doing so, those looking to prosper in the acquiring market should develop a SoftPOS offering at the earliest opportunity.

For a discussion about how to upgrade your offering to include SoftPOS acquiring, get in touch with RS2 at: sales@rs2.com

