

WIRELESS TRANSFERS

Payments via mobile POS terminals gain currency

The system is still around 30% more expensive than a traditional point of sale terminal

By Gopal Sathe
gopal.s@livemint.com

NEW DELHI

The next time you're watching a movie and the intermission rolls around, you don't have to get out of your seat and get into a long line just because you want a soft drink or some popcorn, if you are at a DT Cinemas hall at least. In most theatres now, ushers come to your seat to take orders but this is usually a big hassle, as you either don't have change (and neither do they) or you're not carrying enough cash. In a DT Cinemas hall though, you can pay using your card, because the chain has switched to mobile point of sale terminals for cards.

Pooja Kalra, a second-year Delhi University student, was one of the many people to avail of this service Wednesday night.

"It's really convenient—we all have cards anyway and I can't believe that every hall isn't doing this," she said. "I always have to find an ATM before watching a movie because you can buy the tickets using a debit card but you need cash inside; this is so

much better."

Anirudh Saini, manager (information technology) at DT Cinemas, DLF Utilities Ltd, said, "It allowed us to improve customer service in innovative ways. We can facilitate counter booking and on-seat personalized card acceptance."

By using this technology, they are able to take food orders from customers who want to pay by card, right at their seats.

"Customers don't want to give their card to someone else, and usually aren't carrying much cash so they restrain themselves," Saini said. "There was a customer demand, and the number of food orders has gone up a lot because they can pay by card without having to wait in a line."

As credit and debit cards become more widespread, businesses are also finding ways to help customers pay without having to manage wads of cash. Some of the early users are predictably e-commerce companies, but even small amounts—a dozen eggs, some bread and milk from the local grocery store—could soon be paid with a card.

A future where everyone—from neighbourhood stores to an autorickshaw driver—accepts payments using credit or debit cards seems unlikely, but the technology is already in place and is being used by a wide variety of businesses.

The way it works is simple—



Wider access: A Plutus GPRS point of sale terminal manufactured by Pine Labs. The firm says demand for portable terminals is growing.

instead of a wired line for the information, data is sent using a cellular phone connection, but the swipe terminal remains largely unchanged. Pine Labs Pvt. Ltd, one of the companies that makes point of sale (POS) terminals in India, said demand for portable terminals has been growing steadily.

"Our existing customers in organized retail had already shown an interest in getting this kind of solution," said Kushi Mehra, vice-president and business head, payment solutions, Pine Labs. "Fast-food chains had also been talk-

ing to us—they had been asking us to create portable handsets for delivery boys, and so we set about making something that would be smart, speedy and totally secure."

Pine Labs introduced the Plutus Mobile POS around a year ago. Just over 700 businesses around India are using it so far, Mehra said. The first industry this could have an impact on is online retail.

For companies such as Jabong.com, offering the option for card-on-delivery payments is a big selling point, as it adds another convenient option for

buyers. But there's another side to this which makes it a good idea—cash on delivery has been repeatedly identified as one of the biggest problems facing the e-commerce industry in India, with returns and delays in getting funds being critical issues that these companies face.

"Today, Jabong is my customer, and the POS terminal not only enables payment using a card, but also enables recording of the entire transaction even if it's in cash," Mehra said. "So they know all the time exactly how much cash a delivery boy is carrying, and the terminal also sets up things like EMIs (equated monthly instalments) and multibank payments, making it easier for people to buy expensive products."

Some fast-food outlets such as KFC and Costa Coffee have also adopted the technology for deliveries at outlets near offices, Mehra said.

"The system is more expensive than a fixed-line terminal, so people are only using it where it adds value," he said. "So an area where there is high usage, such as office deliveries, they are obviously interested in getting this system."

As of now, the system is still around 30% more expensive than a traditional POS terminal, which is why it's not become very widespread. Mehra admitted the current business model is better justified for organized retail than for smaller

merchants.

Ebony Gautier spokesperson Deepak Chaudhary said, "We have adopted Plutus Mobile POS at all locations of Ebony Gautier as it is very efficient and connects multiple banks on a single mobile terminal, making it easy for our customers to make payments as it suits them."

As adoption increases, Pine Labs will also build simpler models for people lower down in the value pyramid, Mehra said. "In the smaller segment, it needs to be worth every penny, but we already have a good foothold in the segment," he said. "Today, there are 5 million mom-and-pop stores filing service tax, and these guys are the next opportunity."

For a small store, the biggest benefit is that it resolves cash handling, taking away the chance of both fraud by employees, and risk, Mehra said.

"If they have to handle less cash, it's safer, and also helps them with better bookkeeping," he said.

But there are other segments that can be addressed first.

Insurance sellers are one target area for Pine Labs. The other focus is on pathology labs. "These guys send agents to take samples from your house, and this can be quite expensive, but they have to take cash payments," Mehra said. "Tying up with a chain of path labs is also simpler for us, since they have the same kind of requirements as retail."