FAQ - QR CODES

INTRODUCTION

The FAQ's purpose is to provide information on QR Codes based on questions within the U.S. payments industry ecosystem. This list of questions and answers is not an exhaustive list that covers all QR Code use cases, questions and answers, implementation options, etc. The target audience is merchants, providers, and consumers.

1. WHAT IS A QR CODE?

• A QR Code ("QR" is short for "quick response") is a type of barcode that contains a matrix of dots. It can be scanned using a QR scanner or a QR scan capable mobile device with built-in camera. Once scanned, the device converts the dots within the code into numbers or a string of characters.

• Below is an example of a QR Code that points to a URL (in this example, to the English Wikipedia mobile main page)

2. REGARDING A QR CODE USED FOR PAYMENTS: WHAT IS "CLOSED LOOP" VERSUS "OPEN LOOP"?

• **Closed Loop**

    • An implementation where a QR Code is only valid for users within the QR Code provider's environment. Example: a merchant provides an app that can produce QR Code for consumers to present.

• **Open Loop**

    • An implementation where a QR Code is eligible for use by users both inside and outside of the QR Code provider's environment. Example: a wallet provider gives a QR Code to be used across multiple merchants' environments.

3. WHAT IS THE DIFFERENCE BETWEEN "MERCHANT-PRESENTED" VERSUS "CONSUMER-PRESENTED"?

- The difference: who is scanning vs. who is presenting?

  - Merchant-Presented QR Code: The merchant displays the QR Code. The customer then uses their smartphone to scan the QR Code.

  - Consumer-Presented QR Code: The consumer generates a QR Code using their mobile device and the merchant scans the QR Code.

4. WHAT ARE THE DIFFERENCES BETWEEN STATIC AND DYNAMIC QR CODES?

- Static QR Code: A static QR Code is displayed by the merchant.

  - The static QR Code can be displayed at the payment counter on a decal.

- Dynamic QR Code: A QR Code is generated for every transaction.

  - The dynamic QR Code is generally generated and displayed on a screen.

  - The dynamic QR Code can have additional information, such as transaction amount.

5. DO PAYMENT NETWORKS SUPPORT PAYMENT QR CODES?

- Most payment networks support various implementations of QR Codes.

- Multiple domestic and global payment brands and mobile wallets can be supported within a single QR Code.

6. WHAT ARE SOME OF THE PAYMENTS USE CASES FOR QR CODES?

- Some of the use cases are in-store and e-commerce through scan and pay, scan and go, pay at the table, merchant pay, P2P transfers, ATM transactions, bill payment, transit, and parking.

7. WHAT ARE SOME QUESTIONS A MERCHANT SHOULD CONSIDER WHEN DECIDING IF A QR CODE IS RIGHT FOR THEM?

- What problem are you trying to solve?

- What would be the value-add to your payment solution?

- Do you want to switch POS systems or integrate this capability into your current POS system? Is this easily supported?

- How would you like to incorporate QR Code into your current business processes?

- Would the QR Code impact the consumer experience (positive or negative, improved checkout times, increase loyalty options, etc.)?

- What impact might QR Code have on disputes and liability?

- Can my current POS system support QR Codes? Does merchant-presented or consumer-presented fit better into my business processes?

- If using merchant-presented, who will create the QR Code? What will the QR Code do?

8. HOW WOULD A MERCHANT IMPLEMENT QR CODE FOR PAYMENTS?

- You should reach out to your acquirer and/or service provider for specifics on what you will need to do to start processing these types of transactions.

9. HOW SECURE ARE QR CODES?

- With QR Codes being a one-way channel, there are further potential security challenges, such as screenshots of an already used QR Code. Merchants should talk to their QR provider to learn how these are mitigated.

10. HOW DO YOU MAKE YOUR CONSUMERS AWARE THE QR CODE PAYMENT IS ACCEPTED?

- Customer awareness campaigns

- Employee training and awareness

- Display POP (Point of Presence) on counters and/or window decals from payment provider indicating QR Code payment acceptance.

- Guidelines are available from payment schemes and providers to give direction on how to communicate QR Code acceptance at the POS terminal.

ABOUT THE U.S. PAYMENTS FORUM

The U.S. Payments Forum is a cross-industry body that fosters open dialogue between industry stakeholders to enable efficient, timely and effective implementation of emerging and existing payment technologies through education, guidance and alternative paths to adoption. The Forum is the only non-profit organization whose membership includes the whole payments ecosystem, ensuring that all stakeholders have the opportunity to coordinate, cooperate on and have a voice in the future of the U.S. payments industry.