EMV Contact and Contactless Payment Acceptance for Restaurant Merchants

Understanding Tip and Gratuity Options

Nearly all U.S. financial institutions issue EMV contact cards, and many are beginning to issue EMV contactless cards. Market segments that accept tips and gratuities via card payments must consider how to best serve their customer base without disrupting current acceptance practices. Tips can be added to transactions either before the authorization is attempted, or submitted as part of the transaction settlement.

Accepting tips and gratuities when using EMV contact and contactless cards at restaurants can be accomplished without affecting current acceptance practices.

The most common practice in the U.S. is to add a tip or gratuity after the authorization has occurred. This practice can continue since EMV supports the same process. There are two basic models for authorizing tips and gratuities added to a Visa EMV contact and contactless card transaction.

Consumer Experience

The consumer experience does not need to change when presenting a contact or contactless EMV card in a restaurant.

1. Tip Allowance

The merchant requests authorization for the transaction amount only. A tip can be added by the customer and included in the amount deposited by the merchant.* This approach is most commonly used when the server processes the transaction away from the customer.

Tip Allowance after Authorizations (up to 20%)

	$100 check presented to consumer	Card put in check presenter	Electronic read of card in terminal	Authorization amount	Check goes back to consumer	Consumer adds <= 20% tip	Adjust tip in settlement
EMV	✔	✔	Tap/Insert	$100	✔	✔	<= $120
MAG-STRIPE	✔	✔	Swipe	$100	✔	✔	<= $120

* The following merchant category codes are allowed to add up to 20% to the authorization amount with no liability for authorization-related disputes: MCC 5812—Eating Places and Restaurants; MCC 5813—Drinking Places (Alcoholic Beverages); MCC 5814—Fast Food Restaurants.
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2. Include the Tip in the Authorization Amount

The merchant can include the amount of the tip in the total authorization amount. This is generally used when the client is present with the terminal, such as at a counter or when a portable terminal is brought to the table.

Exact Tip Authorization (Counter Pay or Table Pay)

	$100 check presented to consumer	Electronic read of card in terminal	Consumer adds 20% tip	Authorization amount	Settlement amount
EMV	✔	Tap/Insert	✔	$120	$120
MAG-STRIPE	✔	Swipe	✔	$120	$120

Note: With both of these options the merchant knows the exact amount to be authorized. It will either be the transaction amount, or the transaction amount with the approved tip amount. Merchants must not add an estimated tip amount to the authorization request. If the tip is added after the authorization and submitted as part of the transaction settlement, Visa allows for an adjustment to add a tip. If the tip amount exceeds 20% of the authorized amount, it is recommended that an additional authorization be obtained.

Portable Terminals

While a restaurant merchant may decide to add portable terminals to their inventory, they should not do so solely on their decision to accept EMV contact and contactless cards. Instead, they should consider all of the following:

- The costs associated with deploying additional terminals.
- The overall disruption to the cardholder payment experience (pay-at-table solution versus authorize-at-server station).

Note that restaurants and quick service restaurants (QSRs) can also benefit from Quick Chip implementations when accepting EMV contactless payments.

Merchant Experience

Employee inserts or taps the consumer's card.

Card does not need to be present for final settlement amount (authorization + tip), just like today.

Merchants will need to educate employees on how to use EMV contact and contactless cards.

For More Information

For more information about EMV contact and contactless payment acceptance, please contact your acquirer merchant relations representative, or visit www.visa.com.

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