

All CVS Stores to Offer ExpressPay

Retail pharmacy CVS announced it is becoming the first national merchant partner for ExpressPay, American Express's contactless payment option.

By Mary Catherine O'Connor

Dec. 21, 2004—CVS, a leading retail pharmacy headquartered in Woonsocket, R.I., and American Express announced that ExpressPay, American Express's contactless payment program, will be available to customers at all CVS locations by mid-2005. CVS, which operates more than 5,300 stores in 36 states and in Washington, D.C., is already offering ExpressPay-enabled point-of-sale terminals in 485 stores in Arizona, Texas, Florida, Louisiana, Mississippi, Kansas and Missouri. This will make CVS the first American Express merchant partner to offer the ExpressPay system nationally.

To pay for goods, ExpressPay users wave a contactless payment device, in the form of a key fob or American Express credit card embedded with a passive RFID tag, in front of a reader at the payment counter. American Express cardholders can acquire an ExpressPay account, which is linked either to the cardholder's credit card account or prepaid debit account, from which money is deducted with each purchase.

The passive tag transmits at 13.56 MHz and complies with ISO 14443B. V.C. Kumar, contactless payments strategy manager for Texas Instruments RFID, which supplies RFID-enabled ExpressPay fobs and cards, says the quick data-exchange time and the high data-exchange capacity that the 14443B standard requires make the ExpressPay system attractive to consumers. The 14443B standard specifies a minimum transaction time of 106 kilobytes per second, making average checkout times similar to ones for payments made by other means, such as a credit or debit card or cash. Users do not have to sign for the transaction; if using the key fob payment device, they do not have to access their wallets.

American Express, Visa and MasterCard are all offering RFID-based contactless payment options and are targeting convenience stores, gas stations, fast-food restaurants and other retailers that emphasize quick service and convenience. Providers of point-of-sale systems, such as Vivotech, sell RF readers that can be used with existing point-of-sale terminals and can read contactless payment devices from American Express, Visa or MasterCard.

American Express, which launched its first ExpressPay pilots in 2002, says hundreds of thousands of transactions have been completed through current ExpressPay pilot programs with CVS and other retailers, including Carl's Jr., Dairy Queen, ChevronTexaco and Ritz Camera. During the pilot tests, according to American Express, ExpressPay transactions have been quicker than both cash and traditional credit transactions. The company also says that ExpressPay customers increased their average transaction size by 20 to 30 percent compared with purchases made with cash.

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