

Startup tries to 'Poynt' stores in new direction

October 29 2014, by Michael Liedtke



This product image provided by Poynt shows the new Poynt "smart" payment terminal. Poynt is hoping an upcoming transition to smarter credit and debit cards will persuade millions of U.S. merchants to buy savvier payment terminals for their stores, too. (AP Photo/Poynt)

A Silicon Valley startup is hoping an upcoming transition to smarter credit and debit cards will persuade millions of U.S. merchants to buy savvier payment terminals for their stores, too.

That's the point of Poynt, a versatile terminal built to take advantage of rules requiring stores to be equipped to handle payment cards with

computer chips by October 2015 to avoid financial liability for fraudulent transactions. The chip-based cards are considered to be more secure than the ones with magnetic stripes that have been the U.S. standard for decades.

U.S. merchants are expected to spend \$6.75 billion replacing their payment terminals to comply with the chip-based requirements, based on estimates by financial consulting firm Javelin Strategy & Research.

Many of the replacement terminals are already being made by long-time industry leaders such as VeriFone Systems Inc. and First Data Corp.

The shift is also expected to spur more innovation from opportunistic newcomers such as Poynt, the Palo Alto, California, startup behind the new terminal with the same name. Although Poynt's terminal won't be available until early next year, Wednesday marked the first day that merchants could pre-order the \$299 machine.

"We are going to be a category changer, not just another payment-terminal company," pledged Poynt CEO Osama Bedier, who played a pioneering role in digital payments at eBay Inc.'s PayPal. He defected from PayPal over eBay's protests to join Google Inc., where he helped create the Google Wallet payment service in 2011. Wallet still hasn't proven to be as revolutionary as Google envisioned.

Poynt is concentrating its initial marketing efforts on neighborhood merchants with annual sales ranging from \$50,000 to \$1 million.

To broaden the terminal's appeal, Poynt payment-processing extends beyond chip-based cards.

Poynt can also process sales through the wireless chip technology powering systems such as Apple Pay and Google Wallet on smartphones,

as well as payments made through Bluetooth signals or a QR reader. It will also be accommodate customers still carrying around cards with magnetic stripes.

The terminal features a 7-inch screen that resembles a tablet computer on one side for merchants to ring up sales and a wallet-sized, 4-inch screen on the other side for customers to navigate. Poynt's Android software is also set up to get regular updates and install apps for customer loyalty programs, accounting and customer management.

Poynt is being backed by investments from Matrix Partners, Google's venture capital arm and Webb Investment Network, a fund created by former eBay executive and current Visa Inc. board member Maynard Webb. The amount of their Poynt investment isn't being disclosed.

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