

Acquirer Support helps Merchants Achieve Environmental Goals



While it might seem like payments are just a small part of the many ways merchants can achieve their environmental goals, new models are emerging that make transactions more important. Merchants can leverage new solutions to help their customers and the community protect the planet while also growing their business faster. Merchants Initiatives help Mitigate Climate Change

The impact of payments on climate change and the solutions merchants can use to reduce the effects are greater than many acquirers or merchants might expect. Recent initiatives provide examples of what acquirers and merchants can do.

As a framework, payment technology firm Worldline noted that the payment industry has a wide spectrum of environmental impacts, including the environmental cost of manufacturing hardware devices, the printing of receipts that land in the trash and the energy used by data centres. A study by DNB (Dutch National Bank) showed that a surprisingly high 75 percent of the environmental impact of a card transaction is due to point of sale (POS) terminal devices, mainly from their materials (37%) and energy consumption (27%). Along with initiatives underway to reduce the environmental impacts of acquiring, such as eliminating paper-based receipts, Worldline suggests that the industry should support improvements to the manufacturing of electronic acceptance devices such as terminals and smartphones to increase their life span and repairability, develop a more efficient standby mode to reduce the energy consumption of an POS terminals and encourage recycling. “No single company can tackle the problem by itself”, Worldline said, so “collaboration is required between all stakeholders.” POS terminal manufacturers are indeed changing their practices. Ingenico, for instance says it aims to design, develop and offer products that are more environmentally friendly. Along with looking at the environmental impact of manufacturing payment terminals, it also considers their transportation, use, maintenance and end-of-life processing. Some new terminals use 27 percent less energy in idle mode, offer digital receipts and are manufactured with 20 percent less plastic.

Other environmentally positive opportunities acquirers can offer to merchants, McKinsey suggests, include POS products with features such as rounding up each transaction so the surplus can be sent to sustainability projects, lowering acquiring fees for purchases of sustainable goods and purchasing from merchants with higher sustainability scores. McKinsey also said several cross-industry groups are collaborating to develop ways to leverage transaction data to reduce carbon emissions.

Acquirers can also use technology such as the [Aland Index](#) to provide impact data that can help their merchants grow their businesses while reducing their environmental impact.

Opportunities Abound in Ecommerce

While all types of merchants can take action to reduce their carbon footprint, there can be even more options for ecommerce merchants.

One of the biggest initiatives is in China, where more than 200 million customers signed up for Ant Financial's app, which gamifies carbon footprint tracking. Alipay awards points for actions such as offline mobile payments and using public transportation. "Two hundred million people are greening their lives because they are getting immediate information about the environmental impact of their choices in a fun and competitive way," said Erik Solheim, head of UN Environment. "Digital finance holds a huge untapped power to mobilise people in support of sustainable development and the fight against climate change."

Another option is, perhaps surprisingly, subscriptions. Maggie Johnson from Recharge said subscription services lend themselves to ethical and sustainable practices since they allow merchants to predict future demand, allow customers to bundle their products and reduce shipping needs. Merchants can also use eco-friendly packaging, ship items in as few boxes as possible and offer an app that allows customers to offset the carbon footprint of their orders.

A number of ecommerce sites also offer carbon emission offsets that may reduce the environmental impact of shopping. PracticalEcommerce said Shopify merchants can use the Offset app, which enables merchants to offer carbon-neutral deliveries to their customers by calculating the emissions of each order during shipping based on distance, transportation and package weight, and offering an offset. [Climate Partner](#) provides carbon offsets for ecommerce companies, including hydropower and reforestation, and allows customers to track carbon offsets associated with their orders. Etsy offsets carbon emissions from the packing and delivery of orders. And Planetyly offers a [Climate Impact Manager](#) that enables companies to identify their carbon emission hotspots, such as packaging and logistics, so they know where to focus to reduce the impact.

Card Schemes can Help Acquirers and Merchants Achieve Environmental Goals

Card schemes also have a big role to play in enabling acquirers to provide services to merchants that may mitigate climate change. Research by the Cambridge Institute for Sustainability Leadership found that a majority of survey respondents see payment networks as the most influential players in the payments landscape and expect them to play a leading role in enabling the transition to a decarbonised future. Some card schemes actually are taking action.

Mastercard, for instance, has developed [Donate](#) technology that enables consumers to donate directly to restoring 100 million trees by 2025. Mastercard has also enabled merchants to allow cardholders to donate a fixed amount or to round up their purchase so they can donate to the initiative to plant trees.

American Express said small businesses in particular are in a unique position to effect positive change by employing sustainable practices and choosing eco-friendlier options. It suggests that rewarding green choices is one of the best ways merchants can make their business more eco-friendly. Many merchants already offer rewards programmes for their subscribers, so incentives for environmentally conscious behaviour may be a natural extension of what they already do.

Making the World Better

While merchant activities to mitigate climate change are still in a nascent stage, initiatives are starting up around the world. By offering similar services to their merchants, acquirers can support their customers better and make the world a better place.

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