

**Payment and Related Innovation Update**  
3 October 2012



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## Payment and Related Innovation Update

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### 1. REGULATORY DEVELOPMENTS

#### 1.1 **United States:** Senate Commerce Committee probes corporate cyber security practices

- Senator Jay Rockefeller (Democratic Party) has recently written to the chief executives of the U.S. Fortune 500, asking them probing questions about how their organisations protect against cyber security threats and about their views on legislation. The Senator has requested responses by 19 October.
- The White House also recently confirmed that it is preparing an Executive Order on cyber security.

See a report and a copy of the letter [here](#)

#### 1.2 **United Kingdom:** Information Commissioner's Office ("**ICO**") set to fine text spammers

- The ICO has announced its intention to fine two individuals over £250,000 for sending millions of spam texts. These would be the first fines to be issued by the ICO for spam texting. The ICO has been working with consumers, the Ministry of Justice, Ofcom, the Office of Fair Trading, the Direct Marketing Association and mobile phone networks to gather information and consider whether the senders of spam texts have breached the Privacy and Electronic Communications Regulations.
- This topic seems to have captured the ICO's attention, with a number of other companies said to be under investigation. Under the current regime, non-compliance can result in fines of up to £500,000.

See a report [here](#)

### 2. PAYMENTS MARKET DEVELOPMENTS

#### 2.1 **Canada:** Rogers set to offer Canada its first mobile wallet

- Rogers Communications is set to bring a mobile wallet to the Canadian market for the first time, including a virtual credit card with near field communications ("**NFC**") capability for contactless payments.
- Rogers Communications, Canada's largest wireless carrier, expects to launch the m-wallet and attached credit card later this year. The m-wallet will be a first for the Canadian market, which has been slower than the US in its uptake of mobile payments technology.

See a report [here](#)

## 2.2 **Germany:** Oktoberfest debuts new dongle service

- Payworks, a German start-up, and Austrian payment service provider, PayUnity, launched a phone app with card reader "dongle" to enable beer lovers at this year's Munich Oktoberfest to pay small merchants by card.

See a report [here](#)

## 2.3 **India:** Online merchant network partners up with PayPal

- PayPal has signed up E-Billing Solutions ("**EBS**") as its first channel partner in India.
- With over 5,000 registered online merchants, EBS is one of the largest online payment providers in India. The partnership between the two will enable merchants in India to access a large global market of PayPal account holders, and to take payment in nearly 25 currencies.

See a report [here](#)

## 2.4 **United States:** Bank of America tests QR code payments

- Bank of America is piloting technology that will enable customers to pay for items by using their iPhone or Android phone to scan a quick response ("**QR**") code displayed at a merchant's cash register or on a receipt.
- Bank of America has partnered with start-up Paydiant for the trial, which will be open to the bank's employees in Charlotte, North Carolina, over the next three months.
- Bank of America has previously experimented with NFC, and there is a question mark over whether the QR code trial indicates a switch away from using NFC for contactless payments.
- The article also refers to predictions from consultancy, Gartner, that global mobile payments will exceed \$171bn in 2012.

See a report [here](#)

## 2.5 **United States:** Square raises \$200m in new funding

- Dongle provider, Square, is now valued at a reported \$3.25bn after raising \$200m in its latest funding round. The company is seeking to use the funding to spur its global expansion.
- Square has seen its annualised payments processing grow eightfold over the past year, to \$8bn.

See a report [here](#)

## 2.6 **United States:** SimplyTapp and Inside Secure to store private data in the cloud

- SimplyTapp has developed an alternative to the phone-based storage of sensitive data required to undertake an NFC payment. SimplyTapp's system involves data

being stored in a “secure cloud” until a purchase is made, at which point it is transmitted through the phone to a POS terminal in order to complete the transaction.

- Until now, the most common solution to prescribed NFC security standards has been that private data is stored on a secure element in a user's phone. However SimplyTapp believes that this method is outmoded, and that a cloud-based payment strategy is not only feasible but is superior to the current technology.
- Inside Secure followed SimplyTapp's announcement by making a similar announcement of its own, stating its parallel development of cloud-based data storage, and listing the advantages of storing data in the cloud going forward.

See a report [here](#) and [here](#)

#### 2.7 **United States:** Finish Line installs VeriFone POS system

- The Finish Line Inc., a sporting goods retailer, has announced its intention to install VeriFone POS units in all of its 638 stores by mid-November, following a successful trial.
- The plans include the installation of 3,200 of VeriFone's PAYware Mobile Enterprise devices, which work with all forms of electronic payment (including magnetic stripe, chip and PIN and NFC payment systems).

See a report [here](#)

#### 2.8 **Worldwide:** Bango-Facebook mobile billing partnership goes live

- Facebook's partnership with Bango, which was announced in February 2012, is now live in Germany, UK and US, with more countries due by the end of 2012.
- Bango enables Facebook's mobile web users to purchase digital content without the need to use premium SMS messages or a credit card. Instead, users pay through operator billing, so without needing to register further personal details.

See a report [here](#)

#### 2.9 **Worldwide:** Atos launches mobile wallet

- Atos Worldline, the French electronic transaction and payments company, has launched an NFC mobile wallet solution aimed at card issuers for use worldwide.
- The solution is compliant with both Visa and MasterCard standards and is underpinned by a cloud based architecture. It can be used as a standalone product or in conjunction with other Atos transaction services.

See a report [here](#)

#### 2.10 **Worldwide:** MoneyGram in global alliance with Gemalto

- MoneyGram has announced an agreement with Gemalto to combine its worldwide money remittance service with Gemalto's “LinqUs” secure mobile payment platform and digital wallet solution.

- MoneyGram customers will now be able to securely transfer money internationally from their bank accounts to any of MoneyGram's locations via their mobile phones.
- Gemalto clients (3,000+ financial institutions and 450+ mobile operators in 40+ countries) will be able to connect directly to MoneyGram's worldwide network.

See a report [here](#)

### 3. SURVEYS AND REPORTS

#### 3.1 **United Kingdom:** Olympics boosts contactless payments

- Visa's NFC and contactless usage statistics for the Olympics show a significant year-on-year rise, with six times more contactless payments in the UK during the Olympics than during the same period in 2011.
- Visa stated that it was encouraged by the statistics, and has previously predicted that half of all Visa transactions will be made via a mobile device by 2020.

See a report [here](#)

#### 3.2 **United Kingdom:** Netsuite report shows retailers keen on mobile apps

- Netsuite has published a report which predicts a 23% growth in UK high street sales in 2012, stemming from the use of retailers' mobile apps.
- The report shows that 70% of high street retailers now have a mobile app, with an increase to 80% expected over the next 12 months.
- Surveyed retailers stated that the two biggest problems they currently face in delivering mobile apps are integration issues with e-commerce systems and lack of budget.

See a report [here](#)

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