

Payment and Related Innovation Update
13 December 2012



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1. REGULATORY DEVELOPMENTS

1.1 **Europe:** European Payments Council ("**EPC**") updates Single Euro Payment Area ("**SEPA**") Rulebooks

- The EPC has produced updated SEPA Credit Transfer, Direct Debit Core and Business to Business Rulebooks and accompanying implementation guidelines, which will take effect in February 2014.
- The updates include changes to align the Rulebooks with the European Union's SEPA Regulation (No. 260/2012), which sets mandatory deadlines for migration to SEPA.

See the EPC's update [here](#)

2. PAYMENTS MARKET DEVELOPMENTS

2.1 **Netherlands/Europe:** Adyen launches Shuttle mobile point of sale ("**MPOS**") service

- Adyen, a Dutch payments processor, has launched its MPOS service, named Shuttle, across Europe.
- Shuttle allows merchants to accept card payments through their iOS or Android mobile device. Instead of a dongle plugging in to the merchant's mobile device, the only hardware necessary is a chip-and-PIN card reader, which connects to the device via bluetooth.
- A chip-and-PIN reader may be more awkward to use, but should meet stringent card scheme security standards in Europe, so it shouldn't face the problems in accepting Visa payments that other companies using dongles (such as iZettle) have been facing.
- Shuttle charges a fee of €99 for the chip-and-PIN device, along with a monthly fee of €10. However, its transaction fees are much lower than those of competitors, at 1.4% for credit cards and €0.13 for debit cards. The pricing structure suggests Adyen is targeting mid-sized and larger merchants, with higher volumes of transactions, rather than small mobile merchants (the primary target for some other MPOS service providers).

See a report [here](#)

2.2 **United Kingdom:** Intuit pilots MPOS service

- Intuit has launched a limited trial of Intuit Pay, its MPOS service, in the UK. Intuit already offers a similar MPOS service, GoPayment, in the US and Canada.
- Intuit Pay will allow merchants to accept card payments (and online payments) on a smartphone through an attached chip-and-PIN card reader accompanied by a mobile app. It is not clear how the card reader will connect to a smartphone, but Intuit has said that it will meet Visa and MasterCard security requirements.

See a report [here](#)

2.3 **United Kingdom:** Visa launches V.me with Royal Bank of Scotland ("RBS")

- Visa has announced that RBS/NatWest will be the first bank to launch its V.me digital wallet in the UK. A pilot is underway, with full roll-out expected in spring 2013.
- Customers will be able to store their Visa, MasterCard and American Express payment card details in their V.me digital wallet. Customers shopping online through their phones will then be able to select V.me as their preferred payment option at participating merchants' checkout screens, and complete the transaction by entering their email address and password, instead of having to enter lengthy card details.
- Following Google's recent update of Google Wallet to offer a similar one-click online ordering service, V.me's launch with RBS demonstrates that market players in this area clearly believe that there is a strong customer demand for a simple mobile payment process.
- V.me is expected to expand, in due course, beyond m-commerce to cover contactless payments and person to person payments by mobile phone.

See a report [here](#)

2.4 **United Kingdom:** Droplet releases mobile payment app

- Start-up Droplet has launched an app which allows users to transfer money via email to anyone (including merchants) for free. The app is currently being trialled in Birmingham, with plans for a wider roll out in due course.
- To use Droplet, iOS users download the free Droplet app, and then add funds to the app using a credit or debit card. Payment can be made to anyone who has downloaded the app and registered their email address (including business to business transfers). Also, users can pay at participating retailers by scanning a special barcode at the till.
- Droplet does not impose any charges for using the app, either for consumers or merchants, instead earning interest on the funds held. The company believes that its no-fee service and lack of hardware could shake up established banking players as well as challenge in the MPOS market.

See a report [here](#)

2.5 **United States:** US Bank to offer mobile photographic bill payments

- From 2013, US Bank is using Mobile Photo Bill Pay, developed by Mitek, so customers can complete bill payments by taking a photo of their bill (or its Quick Response code/barcode) with the camera on their mobile device.
- The Mobile Photo Bill Pay app uses the information captured in the photo to automatically populate the information required to make a payment. The customer can then schedule and authorise the payment through the app.
- Consumers can also use the app to add another payee to their online bill payments, pay both one-time and recurring bills, and set up recurring payments. This should significantly reduce the data entry required, and the simpler process may help attract new users to online banking.

See a report [here](#)

2.6 **United States:** Isis and USA Technologies ("USAT") to offer near field communication ("NFC") payments at vending machines

- Isis, the NFC-enabled mobile wallet by AT&T, T-Mobile and Verizon Wireless, has partnered with USAT to offer a mobile payment option at 7,500 vending machines across Austin and Salt Lake City (the only two cities in which Isis is currently available).
- The selected vending machines will accept payment through USAT's ePort Connect service, which also supports payment options offered by PayPal and Google Wallet. Instead of using cash, Isis Mobile Wallet users will be able to tap their mobile device against the vending machine to complete their purchase.
- Isis supporters will be hoping that this latest development boosts uptake of the service since its launch in October.

See a report [here](#)

3. **OTHER MARKET DEVELOPMENTS**

3.1 **United States:** AT&T launches location-based retail offer service

- Mobile network provider AT&T has partnered with retailers to offer a location-based offer and discount service, AT&T Alerts, to its customers via text message.
- AT&T Alerts is available for free to most AT&T customers, with no requirement to download an app. Customers who opt-in to the service are located via their mobile signal (not GPS). When they step inside a retailer's 'geo-fence' (i.e. a virtual perimeter tied to a real location, such as a retailer's store), they are sent a text message with related promotions and offers, which can be redeemed with that retailer.
- This seems to be another step towards location-based mobile payment tie-ins with retailers becoming more common, as mobile operators seek the added value which may set them apart from mobile payment competitors.

See a report [here](#)

3.2 **India:** Launch of unified mobile banking platform

- India's National Payment Corporation has launched a National Unified USSD platform which will allow access to banking services through a single SMS text number. This number is intended to allow access to all banks regardless of mobile service provider, handset maker or region, and no app is required.
- This development means banks will not need to develop individual solutions and should significantly increase access to banking services across India due to the popularity of mobile phones.

See a report [here](#) and the press release [here](#)

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