

Payment Innovation News Update

23 January 2012



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1. RECENT UK REPORTS

1.1 Payments Council to announce detailed plans for mobile money transfer system

- The Payments Council is expected to announce in February its plans to create a database linking mobile phone numbers to bank accounts. This would allow consumers to transfer (by text message or through an app) money to another person's mobile number, and is estimated to take around two years to put in place.
- It will be interesting to see how this fares in parallel with the mobile payments and marketing venture planned by the UK mobile network operators ("**MNOs**").

See report [here](#)

1.2 PwC reports on the "digital tipping point"

- PwC has published a report predicting that the digital medium will become consumers' preferred method of interacting with their banks by 2015, and that they may be willing to pay up to £10 per month for digital banking services.
- According to the research, 33% of consumers currently buy financial products through mobile, and this should increase - particularly among Generation Y customers, who "expect a rich digital experience that is both mobile and social and integrates their banking needs with their digital lives". PwC also comments that traditional financial services providers risk being overtaken by new entrants, and so may need to partner with (or acquire) digital innovators to keep abreast of the market.

See report [here](#)

2. RECENT REPORTS FROM EUROPE

2.1 La Caixa rolls out contactless payments in Barcelona

- Spain's largest retail bank, La Caixa, has begun a huge implementation of near field communications ("**NFC**") contactless payments technology, by upgrading one million cards, 17,000 new payments terminals and 500 new ATMs across Barcelona, making it the first European city in which NFC will be close to ubiquitous.
- The roll out follows trials in which 86% of cardholders stated they preferred making contactless payments, and merchants reported 23% growth in sales. The bank plans to extend the programme across Spain over the next two years.

See report [here](#)

2.2 More details on Swedish mobile payments joint venture

- 4T Sverige, the mobile wallet joint venture between four of Sweden's leading MNOs, should launch by this summer. The platform will support online and NFC contactless payments when it is available in Sweden, and will use PayEx and Accumulate as its payment and security

vendors. The venture partners are also stressing the open nature of the platform, which may be a reaction to competition challenges faced by similar projects in other countries.

See report [here](#)

2.3 PayPal in talks with cable operators

- PayPal Benelux is reportedly in talks with cable television providers in the Netherlands to include its payments system in new digital television services: similar arrangements are already in place with Samsung in Spain. Fellow group company, eBay, is testing services in the USA which lead users through an iPad app to shops selling products they've seen on TV.

See report [here](#)

3. RECENT US REPORTS

3.1 PayPal continues expansion into offline payments

- PayPal has confirmed that it is running pilots for offline payments at point of sale ("**POS**") payment terminals at 20 retailers, including Home Depot. PayPal intends to expand the pilot to all Home Depot stores by March.
- The trials are for customers to pay in-store either using (1) a PayPal card (currently being launched), which will not carry a name or account number, and which draws on the user's PayPal account; or (2) by entering their mobile phone number and a PIN into the POS terminal. PayPal intends to add a rewards function later in 2012. We have found no mention of contactless payments functionality.
- This is part of a wider move by PayPal into offline payments. It is also working with Ingenico to enable PayPal payments at Ingenico POS devices generally; and it is working with AJB Software Design (among other payment middleware providers) to facilitate merchants adding PayPal functionality to their in-store payment software.

See reports [here](#), [here](#), [here](#) and [here](#)

3.2 Growth in PayPal mobile payments

- PayPal has announced that it processed \$4 billion in mobile payments in 2011, significantly exceeding expectations and constituting a huge increase on the figures of \$750 million in 2010 and \$141 million in 2009. This is apparently attributable to a boom in mobile commerce, mobile payment apps and iPad-based e-commerce.

See report [here](#)

3.3 Ingenico and iMobile3 collaborate on new Mobile Retail Platform

- POS terminal maker, Ingenico, is planning to launch a new Mobile Retail Platform, iMRP, which will include a range of mobile POS devices. The company will work with iMobile 3 (a mobile app developer) to develop an open platform, which will allow chip and PIN, swipe card and contactless NFC payments.

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

3.4 DeviceFidelity and Spring Card Systems launch "moneto", a microSD payments app

- Moneto is a mobile payments app sitting on a micro SD card rather than on a SIM. As well as having a secure element, the microSD card has an NFC chip so that contactless payments are possible from handsets without built in NFC capability, such as the iPhone. (Indeed, the initial limited release of moneto is on iPhone (using a handset case), with roll out to a number of Android phones expected from Q2 2012.) Another advantage, from the perspective of a

financial services provider, is that a microSD app avoids use of a SIM card controlled by an MNO.

- Moneto will include a prepaid wallet in the app, allowing contactless payments at MasterCard's PayPass-enabled POS devices. There will be an accompanying prepaid card and online portal for person to person ("**P2P**") transfers. Moneto is now available in the US, with a substantial price tag of \$80 (including \$10 of pre-loaded funds).

See report [here](#), press release [here](#) and website [here](#)

3.5 CSI GlobalVCard unveils virtual credit cards

- CSI GlobalVCard, a MasterCard credit and debit card issuer, has demonstrated its virtual cards which can be generated with bespoke transaction limits, spend type parameters and expiry dates.

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

3.6 American Express announces new collaborations

- American Express has joined forces with RedLaser, an eBay subsidiary, whose mobile app allows users to scan product barcodes to receive price comparisons, special offers and location based marketing. The updated app will link to American Express's rewards programme.
- Amex has also entered a new partnership to provide international payment processing and foreign exchange services to Experian's UK clients. Experian's payments gateway will now link directly into American Express's Foreign Exchange International Payments product.
- Amex has licensed its Serve digital wallet technology to Lianlian Group, a mobile payments provider in China. At present Lianlian mainly serves unbanked consumers, allowing them to pay bills and buy airline tickets using their mobile phones. Amex has made a \$125 million investment in Lianlian, and is opening a new office in Hangzhou to support the company.

See reports [here](#) and [here](#) and press releases [here](#) and [here](#)

4. RECENT REPORTS FROM THE REST OF THE WORLD

4.1 Gate2play launches online payments hub

- Gate2Play, an e-payments and online consultancy business based in Jordan, has launched an integrated e-payment system in the Middle East. The payments hub allows online merchants to accept all types of credit and prepaid cards, bank transfers and other payment transactions either through a website or mobile phone.

See report [here](#)

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