

**Payment Innovation News Update**  
06 March 2012



# Payments Innovation News Update

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## 1. RECENT UK REPORTS

### 1.1 Vodafone and Visa mobile payments partnership

- UK mobile network operator ("**MNO**"), Vodafone, and Visa have announced development of a Vodafone-branded mobile payments platform. It will use Visa's payWave technology to allow smartphones with near field communications ("**NFC**") functionality to be used to make contactless payments, with high value transactions requiring passcode authorisation by the customer.
- A Vodafone virtual wallet, downloaded onto a phone, will draw on a Visa prepaid account for making the payments. The wallet will also be able to host vouchers, loyalty points and other services provided by third parties such as Visa issuing banks and retailers.
- The wallet will initially launch in the UK, Germany, Netherlands, Spain and Turkey in the coming financial year, with later roll out in other countries to bring the total to more than 30 countries across 5 continents.

See press release [here](#)

### 1.2 Payments Council mobile banking database

- The UK Payments Council has appointed VocaLink to create a central database linking mobile phone numbers to bank accounts, so as to enable person-to-person ("**P2P**") payments on the basis of a phone number. The database will be available to any financial institution wishing to offer mobile payments through its own app, and will eventually be expanded to allow retail payments to small merchants.
- The database will be available before the end of 2012, allowing registered users to make or receive "almost instantaneous" payments, after authorising the payments using a passcode.

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

### 1.3 O2 mobile wallet

- O2, the UK MNO, is planning to launch a mobile wallet for P2P payments within the next three months, with bank accounts again linked to mobile numbers. The service will be available to customers of all UK banks and mobile networks.

See report [here](#)

### 1.4 Rewards scheme for Orange Quick Tap

- Orange has launched Quick Tap Treats, a rewards scheme for users of its NFC mobile payments service (provided in partnership with Barclaycard), currently used by around 200,000 consumers. Users will be able to tap their phone onto posters at EAT's outlets for free baguettes, fruit and drinks.

See press release [here](#)

## 2. RECENT REPORTS FROM EUROPE

### 2.1 Tagattitude begins beta launch of "NFC 2.0"

- French electronic transactions provider Tagattitude has announced the launch of beta testing of its "NFC 2.0" technology software developer kit. Despite the name, the service does not use NFC technology, but is instead a software-based solution that uses ultrasonic signals for contactless transactions with no special hardware being required.

See press release [here](#)

## 3. RECENT US REPORTS

### 3.1 Pulse and Obopay partner for P2P payments

- Discover Financial Services' debit/ATM network, Pulse, has announced the launch of a new mobile payments service in partnership with mobile money technology provider, Obopay. A selling point of the service is the ability for financial institutions to authorise payments in real time, and for customers to make instant transfers to debit card accounts – an improvement on existing clearing times.

See press release [here](#)

### 3.2 Boku – launch of white labelled wallets for MNOs, and partnering with WorldPay

- Boku, a mobile payments platform provider with a network available through more than 260 MNOs in 66 countries, has made a couple of recent announcements.
- Firstly, it has launched "Boku Accounts", a mobile payments service based on a prepaid account, which will be available to MNOs around the world on a white labelled basis (an unnamed UK MNO is reportedly in the course of trialling the service). The mobile wallet will be NFC-enabled for contactless payments, using either NFC functionality already in a phone or by the addition of an NFC sticker. Boku will also offer an optional MasterCard debit card linked to the phone's prepaid account. Payments will be possible at any credit card terminal without hardware upgrades being needed (albeit it is unclear how hardware upgrades can be avoided for terminals that are not NFC-enabled).
- Secondly, Boku has partnered with WorldPay, so that Boku's carrier billing platform is now available to WorldPay's global network of merchants. Consumers using the service will be able to make online purchases by entering their mobile number and confirming the transaction via SMS, with the average time to complete a transaction being 3-5 seconds. The transaction is then charged to the customer's mobile phone bill rather than to, for example, a card account.

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

### 3.3 Amex Serve additions and other new launches

- American Express has announced that it will update its Serve digital wallet to include deals and loyalty rewards functionality, and to cover all of its prepaid products. It has also launched an app which allows users to send, receive and request payments through Facebook using their Serve prepaid account.
- In other developments, Amex has announced that customers will be able to make payments from an m-commerce site using a PIN in place of a card number; and that it has launched a new prepaid card with almost no fees.

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

### 3.4 ISIS signs up card issuers

- ISIS, the mobile wallet joint venture between US MNOs Verizon, AT&T and T-Mobile USA, has announced that debit and credit cards issued by Barclaycard, Chase and Capital One will be accessible through the wallet (this is in addition to previously announced tie ups with Amex, Discover, MasterCard and Visa).
- The wallet is expected to begin trials in the summer of 2012, and is supposedly seen by the MNOs as chiefly a means of monetising transactional data, potentially through offering targeted ads and other services.

See report [here](#)

### 3.5 Privacy White Paper

- The White House has issued a White Paper proposing a new US privacy framework. Key proposals include a Consumer Privacy Bill of Rights; a stakeholder process to determine how these rights will apply in specific business contexts; an effective enforcement model; and greater interoperability between the privacy frameworks of the USA and other countries.

See the Hogan Lovells Data Protection Blog [here](#)

### 3.6 Technology companies agree to fuller privacy disclosures on apps

- California's attorney general has reached an agreement with Amazon, Apple, Google, Hewlett-Packard, Microsoft and Blackberry's RIM, which will require fuller data use disclosures before an app is downloaded. It follows concerns over, for example, recent reports of apps uploading a user's contact book to the app provider's server, without a clear disclosure of this to the user.

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

### 3.7 Facebook developments

- Facebook has obtained money transmitter licences in at least 15 US states, and expects to obtain more. The company has been reticent as to the purpose of the licences, with commentators speculating that it is either "out of an abundance of caution" or because Facebook plans a PayPal-style push into the global P2P payments market.
- Facebook derived 15% of its revenue last year from payments. Facebook Credits, which are mandatory for payment of games played through the Facebook platform, provide Facebook with a 30% cut of the games retailer's revenues. A recent announcement by Zynga (with 200m active players of FarmVille, Mafia Wars and other titles through Facebook) that it is setting up its own games platform might indicate a desire to increase its revenue retention.

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

## 4. RECENT REPORTS FROM THE REST OF THE WORLD

### 4.1 WorldPay become an acquirer for China UnionPay

- WorldPay has announced a deal making it the first merchant acquirer in the US and most of Europe for China UnionPay e-commerce transactions. It will allow merchants to sell directly to customers in China and to UnionPay cardholders around the world. China UnionPay is now one of the largest card schemes in the world, and the deal gives WorldPay greater access to the lucrative Chinese market.

See press release [here](#)

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