

Payments Innovation News Update
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1. REGULATORY DEVELOPMENTS

1.1 United Kingdom: Cookies grace period expires and informed consent now required

- As of 27 May 2012, websites must now obtain "informed consent" from visitors before using cookies on their personal computer or mobile device.
- This follows expiry of the UK Information Commissioner's enforcement holiday, which had been aimed at giving companies time to prepare for compliance with the new cookies requirements in the UK's Privacy and Electronic Communications Regulations, which implement changes to the European Union ("EU") Privacy and Electronic Communications Directive.
- For the first time, the Information Commissioner has confirmed that companies can rely on implied consent, provided they are satisfied that customers understand their cookies policies; however, for cookies collecting sensitive personal data, explicit consent may be needed.

See a summary report from the Hogan Lovells Data Protection Blog [here](#)

1.2 Europe: proposal for EU e-signatures Regulation published

- On 4 June, the European Commission adopted a proposal for a Regulation on "electronic identification and trust services for electronic transactions in the internal market".
- As an EU Regulation, it would be directly effective across the EU without needing to be implemented through national legislation in each EU member State.
- The proposal intends to ensure mutual recognition and acceptance of electronic identification across borders and to establish a common framework for essential electronic trust services, namely electronic signatures, electronic seals, time stamping, electronic document acceptability, certified electronic delivery and website authentication.

See the proposal [here](#)

2. MOBILE PAYMENTS DEVELOPMENTS

2.1 United Kingdom: PayPal release InStore app for iPhones and Android

- The app enables users to pay at check-outs using mobiles synced to their PayPal accounts in 230 UK stores, including retailers like Coast and Karen Millen.

- The app produces one off barcode and transcode numbers for shops to scan to take payments directly from the customer's account. Refunds and discounts are also managed via the app.
- In order to address security concerns, no personal data is stored on the app.

See a report [here](#)

2.2 United Kingdom: HSBC Merchant Services upgrades card payment terminals with Near Field Communications ("NFC") capability

- HSBC Merchant Services, a large merchant acquirer in the UK, is giving contactless enabled card acceptance terminals to all new merchants, and is also offering to upgrade existing merchants' terminals to contactless (in some cases for a small additional fee).
- The move should help add momentum to the use of NFC payments. A key hindrance to consumer uptake has been the relative scarcity of merchants with contactless payment terminals.

See a report [here](#)

2.3 United Kingdom: New survey suggests widening appetite for NFC, but ignorance and security fears persist

- 89% of people who have used their phone to make an NFC payment would do so again, according to the first Mobile Payment Index study by eDigital Research.
- A third of people, however, had never heard of the technology, and a third again said they would not use their phone to make payments because of fears over security.
- The early adopters were a small subgroup of the 2,000 UK consumers surveyed, but nonetheless the study supports the potential for NFC payments provided that the industry can surmount the hurdles of lack of awareness and security fears.

See a summary, and access the full report, [here](#)

2.4 United Kingdom: Post Office to become "biggest user of contactless payments acceptance technology in Europe"

- From June, 30,000 NFC terminals will be installed in 11,500 Post Office branches across the UK.
- This roll-out should, again, help raise awareness of NFC payments and widen the pool of potential users.

See a report [here](#)

3. OTHER PAYMENT DEVELOPMENTS

3.1 United Kingdom: Foursquare join with Amex to offer voucher-free discounts

- The Foursquare social networking site will alert Amex card users to in-store discounts offered by participating merchants. This is at a time when other firms

are moving toward mobile payments rather than traditional plastic card based payments.

- American Express is well suited to providing the targeted offers due to the closed loop nature of its scheme, which gives it broad data visibility. Amex is stressing, however, that it will not be sharing data on its customers' spending habits with Foursquare.

See a report [here](#)

4. OTHER RELATED DEVELOPMENTS

4.1 **United Kingdom:** Silicon Valley Bank opens first branch in UK

- The bank, whose clients in the US include Mozilla and Cisco Systems, will provide a range of banking services to UK tech companies, including loans of between £300,000 and £30 million to help them expand and introduce innovative new products and services.
- UK clients already signed up include Shazam and The Foundry. George Osborne, the UK's Chancellor of the Exchequer, has welcomed the bank's expansion, hoping that it will fuel investment, innovation and job creation in the UK's technology sector. The London launch follows recent expansions into Israel, China and India by the California-based bank.

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

4.2 **United Kingdom:** Fujifilm tests NFC enabled photo kiosks

- Customers can select photos on their NFC enabled smartphones and transfer them to kiosks for immediate printing via Bluetooth.
- The trial, using technology from SMARTRAC N.V., is taking place in around 15 locations across the UK. Plans are to upgrade a further 9,000 kiosks outside of Europe later in 2012.

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

4.3 **United Kingdom:** Reading's outdoors NFC advertising trial a success

- During March, a total of 13 brands took part in an NFC advertising scheme across Reading city centre. The trial was run by technology firms Kinetic and Zappit in conjunction with traditional advertising firm JCDecaux (see previous updates).
- Users with NFC enabled devices who passed by the enabled poster and bus stop sites could download information, coupons and games designed especially by the participating brands.
- A survey of the trial has shown that 87% of those with NFC-enabled phones would access similar content in the future, while 80% of those without NFC phones said they would like the opportunity to use the technology.
- There were also strong download rates and a significant increase in coupon use over the trial period, particularly for those ads that had a "combination of relevance, dynamic content and a strong call to action".

See a report [here](#)

4.4 **United Kingdom:** Virgin Media offering free wi-fi at London underground stations

- By the end of July, 80 stations, including Kings Cross, Oxford Circus and Euston, will have wi-fi access at ticket offices, escalators and platforms.
- The service will become pay-as-you-go after the Paralympic Games although Virgin Media mobile and broadband customers will be offered access as part of their subscriptions. There will also be limited content for non-paying users.

See a report [here](#)

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