

Payments Innovation News Update
16 May 2012

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1. **MOBILE PAYMENTS MARKET DEVELOPMENTS**

1.1 **Worldwide:** MasterCard release PayPass Wallet Services

- The digital wallet service ties in with MasterCard's existing PayPass point of sale payment system that allows users to make online, mobile and in-store payments where near field communication ("**NFC**") contactless payments are available.
- Customers will be able to load up to 25 cards, including brands other than MasterCard, and select the card they want to use at the point of sale. MasterCard will not receive any fee when users select a differently branded payment card, but a spokesman indicated that MasterCard expects its own cards to be used 80% of the time.
- The PayPass digital wallet will allow third parties to customise the platform. Users can either use MasterCard's own service under their own brand, or use the application programming interfaces provided to build their own platform, with the only sign of MasterCard being the company logo built into the PayPass Wallet logo.

See a report [here](#)

1.2 **Worldwide:** Facebook releases a new app store for mobiles

- Facebook's App Centre will provide access to apps that use Facebook regardless of the operating platform (iOS, Android or mobile web) used. Mobile users can browse apps that link through Facebook's online login system, Connect, and are compatible with their smartphone.
- The App Centre will not compete directly with Apple or Google offerings as, if a specific app requires installation, users will be re-routed to Apple's App Store or Google Play.
- However, the App Centre is evidence of Facebook's desire to grow their presence, and increase revenue in the mobile arena, as its users increasingly access their profiles through their phones rather than a computer.

See a report [here](#)

1.3 **Europe:** Visa Europe confirms launch of a cloud based mobile wallet service

- More information has become available on the V.me wallet, which is scheduled for an autumn launch in the UK, France and Spain. The service will be available through member banks, allowing users to upload their card details onto the V.me

cloud and make in-store, online and mobile payments through participating merchants, although the wallet will not be NFC enabled.

- In the UK, Visa is developing V.me in partnership with WorldPay, the online payment systems provider, and it will add to an increasingly crowded mobile wallet market, following the recent launch of O2's Wallet (see previous update) and MasterCard's (see above) offerings.

See a report [here](#)

1.4 **Europe:** Samsung unveils new Galaxy S3 smartphone with NFC capability

- On sale in Europe from the end of May, the S3 runs an enhanced version of Google's Android Beam NFC system, allowing users to make contactless payments.
- Samsung have announced in partnership with Visa that the S3 will be the official phone to showcase the use of contactless payments during the Olympics.
- The announcement follows recent reports that Samsung is developing a payment and wallet platform designed around the embedding of secure chips in its NFC phones; an approach that challenges attempts by third parties, including MNOs, to determine the positioning of secure elements.

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

1.5 **USA:** Payment gateway provider Shift4 releases new "swipe ahead" functionality for smartphones

- Customers using Google Wallet on NFC enabled smartphones can now swipe their cards/phones and enter their PIN (where required) before the merchant has completed the check-out process.
- Once the merchant has completed check-out (thus determining the amount to be debited), the customer just needs to confirm the amount. The idea is that this will allow merchants to considerably speed up the check-out process.

See a report [here](#)

1.6 **USA:** VeriFone release interoperable payment platform Sail

- VeriFone has launched its "Sail" dongle, which can plug into a smartphone (iOS or Android) or integrate with existing VeriFone point of sale devices that support EMV and NFC standards.
- However, its main differentiation point is that it will be provided with software to enable integration with a user's systems and software so as to create a tailored payments platform.
- Sail will compete with Square, PayPal Here and other providers. Sail comes with a basic merchant fee of 2.7%, similar to Square and PayPal (2.75% and 2.7% respectively). It also offers a 1.95% fee with a \$9.95 monthly subscription for merchants processing higher volumes. (PayPal Here offers merchants a 1% discount through use of a business debit card.)

See a report [here](#)

1.7 **USA:** Apple registers NFC patents

- Apple has registered patents that suggest its next model of the iPhone may include an NFC chip enabling both P2P payments from a mobile wallet, and transfers of data and files (the latter known as "gifting").
- The mobile wallet patent includes rules relating to multiple account holders, the management and execution of payments (such as limits and restrictions on product types), and how users receive statements and alerts when approaching a limit.
- For gifting, users will be able to transfer a file by bumping phones. The recipient then acknowledges the gift in a way that charges their account for the value of the file. If a recipient is not nearby, Apple will send a tailored, encrypted file that will allow it to be played solely on the recipient's device. The system is intended to overcome copyright difficulties that have hampered previous similar services.

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

1.8 **USA:** Amex to link its Serve wallet to Isis

- This year, American Express is to link its Serve consumer and small-business e-money accounts to the Isis wallet, so accessing a mobile contactless payments platform jointly developed by mobile network operators AT&T, Verizon and T-Mobile.
- Amex's move to interoperability with Isis will extend NFC payments capability to its users, a feature not currently available with Serve, and is acknowledgement of the need to collaborate with similar payment systems.

See a report [here](#)

1.9 **Japan:** PayPal partners with MNO Softbank to extend reach into Japan

- The joint venture with Softbank, one of the biggest networks in Japan with over 25 million mobile subscribers, is an attempt by PayPal to expand its presence in a developed market dominated by a number of established domestic players. The joint venture is expected to help launch PayPal's products and services in Japan as part of a wider international expansion.
- PayPal also intends to roll out PayPal Here (its new card reader "dongle" that attaches to a merchant's phone) in Japan, which would be the fifth country where the service is available after the U.S., Canada, Hong Kong and Australia. By contrast, competitor Square continues to offer a US-only service.
- The Japanese market comprises a large number of small merchants, has limited credit card penetration and, where cards are used, relatively high merchant fees, making it a good target for mobile payment acceptance services.

See a report [here](#)

2. OTHER PAYMENTS DEVELOPMENTS

2.1 UK: HSBC rolls out NFC debit cards

- HSBC is introducing NFC debit cards, enabling customers to make contactless payments. In the UK, maximum transaction value is currently £15, with the limit set to rise to £20 on 1 June 2012.
- HSBC is introducing the NFC cards as part of a rolling programme of replacements as customers' existing cards expire.
- The expansion of NFC payments remains, however, more constrained by the speed of adoption by merchants of point of sale hardware than by the issuing of payment NFC-enabled payment instruments by banks and other providers.

See a report [here](#)

3. OTHER RELATED INNOVATION

3.1 USA: Co-op bank unveils ATMs with customer video support

- Co-op is testing a service enabling ATM customers to speak to a customer services representative via a two-way video connection. The service will provide 24 hour support to solve customers' problems and process their transactions through a more visible and personal medium.
- The technology could be used for a wider range of services than has traditionally been offered at ATMs and allow more active cross-selling in the future.

See a report [here](#)

3.2 Scandinavia: Swedish airline SAS to release a new NFC boarding app

- Following its recent successful launch of NFC stickers that attach to the back of a phone or wallet, SAS will this summer release a new app that enables to check in using smartphones with integrated NFC capability.
- SAS appears to believe that the potential for NFC stickers is limited because they are hard to remove and reapply when customers change phones and because their signal could interfere with a NFC enabled smartphone's own contactless signal.
- Given the relatively low prevalence of NFC smartphones to date, the popularity of the new app may be limited until the release of greater numbers of smartphones carrying NFC chips, such as Samsung's Galaxy S3 (see above).

See a report [here](#)

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