

Payments Innovation News Update
19 March 2012



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1. RECENT UK REPORTS

1.1 Government announces plans to roll out smart cards across the UK rail network

- The Government already requires ITSO-compliant cards for new franchises and intends to work with existing operators to introduce ITSO ticketing from 2013. This will enhance interoperability between payments for different public transport networks, including TfL from 2014, and other service providers.
- A wider UK roll-out is likely to have the additional benefit of increasing customer awareness of contactless technology and payments outside of metropolitan areas such as London. The plans could also improve the long-term prospect of NFC-enabled debit and credit cards being used across the UK rail network, with Oyster in London already due to accept bank cards by the end of 2012.

See report [here](#).

1.2 City-wide NFC and QR advertising campaign in Reading

- Advertising experts Kinetic have teamed up with billboard advertising firm JC Decaux to promote 13 brands throughout the city of Reading.
- Passers-by can use NFC-functionality or scan QR codes to access promotions, special offers and links to coupons and free music.
- This is the first extensive out-of-home advertising trial in the UK, following a similar scheme in Australia last year. As with the Government's rail plans, further such projects could help raise awareness of contactless technology and payments throughout the UK.

See report [here](#).

2. RECENT US REPORTS

2.1 Leading payment systems companies to integrate Isis

- VeriFone, Ingenico, VIVOtech and Equinox will integrate the Isis application in current and future payment acceptance products.
- Merchants can upgrade their payment terminals to allow Isis transactions, use NFC add-on devices and software upgrades, or adopt new Isis-compatible payment acceptance systems.
- The announcement reflects the fact that mobile payment solutions using NFC are dependent to an extent on the wider adoption of compatible POS hardware.

See the Isis press release [here](#).

2.2 PayPal releases dongle

- PayPal has launched 'PayPal Here', a mobile payment solution intended to challenge Square in the small business payment acceptance market. PayPal Here is initially available in the US, Canada, Australia, and Hong Kong, with a European launch expected to follow shortly.
- PayPal's dongle will initially attach to iPhones and shortly to handsets using Android. The differentiation point from existing providers (such as Square) seems to be that it allows a greater variety of payment acceptance methods, including swiping cards, scanning cards and cheques, manually entering card information and PayPal payments.
- PayPal has priced the service slightly cheaper than Square, and is also offering small business customers a PayPal debit card to facilitate access to money paid to them through the app.
- The release of PayPal Here is one of a number of recent PayPal initiatives expanding its presence into the physical POS market. PayPal looks well-positioned to do so given the strength of its existing user base.

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

2.3 Square has released a mobile register app aimed at smaller retailers

- The app can process receipts of cash, credit or cheques. It also includes analytical features enabling retailers to produce snapshot inventories and profitability reports.
- The app, available on the iPad, offers some functionality that is similar to the new PayPal Here payment acceptance service (see above). Going forward, it will be interesting to see how Square and other dongle providers, such as iZettle in Europe, respond to PayPal's entry into the market.

For more detail on the app, click [here](#).

2.4 Bank of America and Citi launch personal banking apps on Kindle

- Bank of America's app is specifically designed for the Kindle Fire, while Citi's app leverages its existing iPad app.
- The push to develop new tablet apps partly reflects the different way that customers conduct mobile banking on tablets compared to phones. Citi's research suggests that customers visit more screens and conduct a wider range of transactions, reflecting the fact that tablets are often used at home rather than on the move.

See the report [here](#).

2.5 American Express directs merchant rewards and advertising at customers on Twitter

- Amex consumer and business customers in the US can synch their card account to Twitter and receive discounts and promotions. Then, when they tweet specific hashtags connected to certain merchants products, savings are loaded directly to their synced cards without any specific coupons or print-outs.

- The Amex scheme is set up to make it easy for customers to redeem their rewards, the savings are automatically delivered via a statement credit (reportedly within one to three days) when the synced card is used in accordance with the offer terms.

For a report on the scheme, click [here](#).

3. RECENT REPORTS FROM THE REST OF THE WORLD

3.1 Samsung planning to introduce its own payment platform on NFC-enabled handsets

- Reports suggest that Samsung is developing a payment and wallet platform designed around the embedding of secure chips in its future NFC phones.
- The move is interesting as it challenges recent efforts by MNO and bank backed ventures (for example the Isis joint venture) to position secure elements on SIM cards, and by third parties (such as DeviceFidelity and Spring Card Systems) to offer NFC MicroSD cards that customers can switch between handsets.

For more information, click [here](#).

3.2 Mobile payments available to customers and merchants in Kuwait

- Tagit Partners, a Singapore-based payment services firm, has partnered with Knet, the Kuwaiti national payment systems provider, to offer a mobile payments platform.
- The move reflects continuing attempts by mobile payments providers to invest in markets where there is a significant proportion of unbanked customers.

Click [here](#) for a story about the scheme.

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