

Courier Mail

Phones that pay spark retail rush

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USERS BEWARE: Phones were not built with the security they need to handle critical secure transactions.

Source: Supplied

AS soon as this Christmas, you could be paying for your shopping with your mobile phone.

And your phone will be helping you to find the best prices and collect the maximum rewards points and petrol discount vouchers.

Your new digital wallet will be an app on your phone that will link your bank account, payment card and supermarket chain.

You will download it because it promises big discounts on everyday staple grocery items at the supermarket where you shop anyway.

Plus you will get rewards points, targeted specials, possibly cheap credit, as well as quick payment at the checkout with a wave of your mobile phone.

In return, the big retail chains will get to know what you like, how much you spend and where you are at any given time. They will even know when you are entering their competitor's shop.

But beware, criminal groups already are targeting your phone with new malware and viruses designed to

capture your financial and personal data.

Right now, Coles and Woolworths and the big banks and telcos are rushing to join up with global payments brands Visa, MasterCard and American Express, as well as phone manufacturers like Nokia and Apple, to grab first mover advantage on the new payment apps.

Even Google and Microsoft are moving now to be key players in the rollout of the new smart phone payment applications and payment-enabled phones.

Jost Stollmann, chief executive of independent Eftpos provider Tyro Payments Limited, said consumers and small businesses should feel threatened by the possibilities broadband and new payment technologies give to retailers and banks.

"There is a battle on right now for control of our phones - the one thing we have with us all the time," he said. "The biggest brands and companies in the world are jostling to sit on our smart phones. If the big retailers grab control of the digital wallets of most Australians, they can grab control of more of our spending and that kind of domination can take years to unfold."

This week global corporate giants Google, MasterCard and Citibank launched a new Android smart phone with payments capability built in.

That means shoppers can make purchases by waving their smartphones in front of a small reader at the checkout counter.

Google reportedly does not plan to make money from muscling in on the payments chain but will collect information for retailers on how we spend our money.

"Soon your phone with its Visa or Mastercard app and GPS will send you outbound marketing messages when you pass by a favourite big retailer," Mr Stollmann said. "Your phone will tell you: come in and get 20 per cent off right now!"

And if you enter one shop, their competitor up the street may send you a text message offering you a discount to leave.

"Customers will be lured away from owner-operated stores and into the big retailer's format outlet three blocks further on. This is what small businesses are up against. It is a matter of survival," he said.

Queensland University of Technology adjunct professor in science and technology, Bill Caelli, said criminal groups were very happy about the migration of payments to mobile phones.

"Phones were not built with the security they need to handle critical secure transactions," he said.

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