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Mobile wallets may not be open to all providers
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The payments industry sees its future in contactless technology linked to smartphones that will host electronic wallets. However, the industry received a warning this week that wallet developers, such as Google, may not be prepared to provide open access to all comers.

The managing director of Eftpos Payments Australia, Bruce Mansfield, said the emerging mobile payments technology was a challenge.

Speaking at the Payments Australia conference, held in Sydney this week, Mansfield said: "The best option would be for the consumer to have one wallet on their phone, with all their payment services linked.

"But will the wallets carry all those things? Do we know if the Google wallet will be open, and what does open mean?"

"It could mean: 'You can be on it, but I am always first.' That is not open."

Contactless payments "break the form factor", which means payment no longer needs to be made with a plastic card. Any device that carries an EMV chip and an antenna can do the job, but everyone's first choice is the mobile phone because so many other related services can be offered at the same time.

MasterCard's vice president for mobile in the Asia-Pacific region, Andrew Smith, said: "Because the smartphone is a computer it can be used to combine loyalty, rewards and other services with the transaction.

Smith, who was speaking at the same conference, said it would be a couple of years, or longer, before smartphones with built-in EMV chips and antennas that could connect to point-of-sale devices came on the market. In the meantime, stickers and sleeves, and other add-ons have been used in trials.

Visa and ANZ completed a four-week trial of a contactless mobile phone payment system in June. Eighty per cent of the participants (all ANZ and Visa staff) said they would consider getting a system if it became commercially available.

Visa's country manager for Australia, Vipin Kalra, said: "The pilot demonstrated that there was an appetite for the service and that the technology works."

Kalra said that in the US the clothing store company, Gap, had trialled a program that allowed it to identify when a customer was near a store and send a message alerting them to any discount offers.

Mansfield said contactless smartphone payment systems would bring a group of new players into the market – Google, Apple, Facebook and others – at a time when the development of financial network services was moving from being a co-operative to a competitive activity.

Mansfield is not the first to make this observation. Earlier this year, the chief executive of the Australian Payments Clearing Association, Chris Hamilton, said payment networks were being transformed from utilities into competing services.

Hamilton cited the growing competition between debit and credit, scheme debit versus Eftpos, and ATMs losing their share of cash transactions to cash-out at point of sale, as

well as Bpay taking over from cheques as the primary tool for bill payment.

The emergence of mobile payments adds another dimension to this competitive dynamic.

"Mobile is straightforward – you can put in place a virtual form of any type of payment you already have," he said

"What is interesting is that you have all the apps on the screen. Everything is on one device. We don't have anything like that now."

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