



Smart Card
Alliance



Mobile Payments and NFC

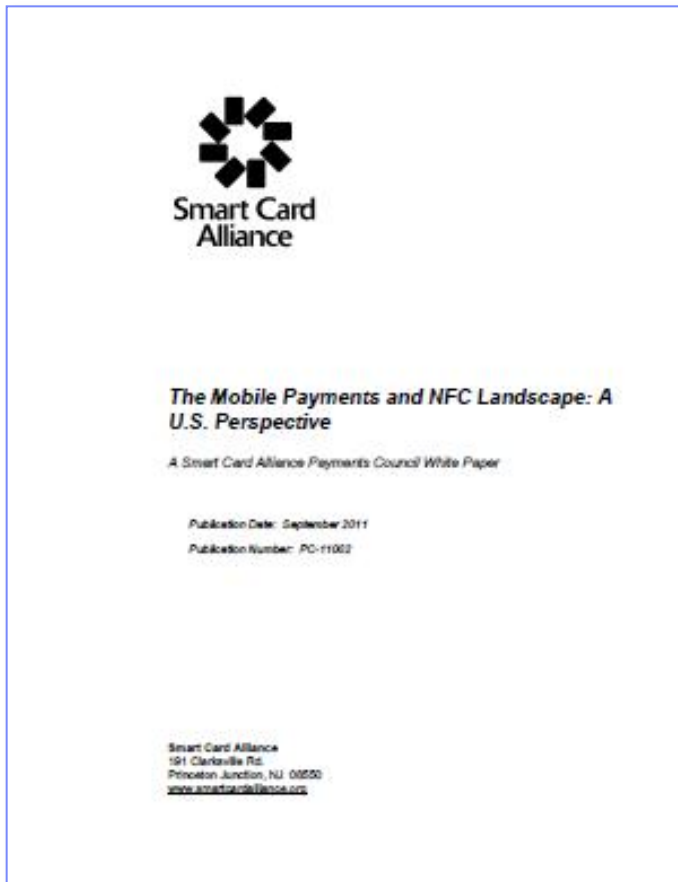
Mobey Forum Member Meeting - NYC

Randy Vanderhoof
Executive Director



September 28, 2011

Resources & Deliverables



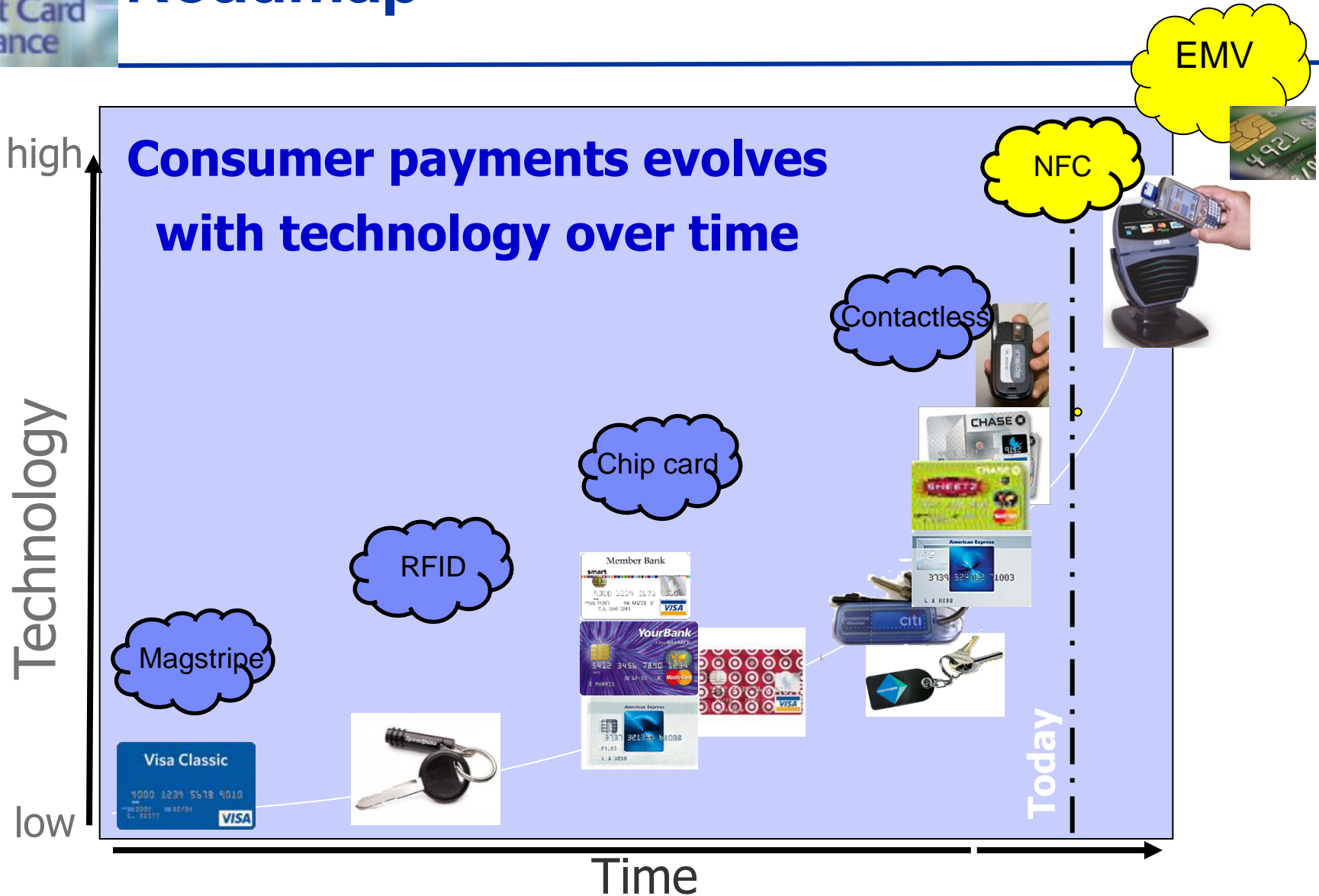
- **Smart Card Alliance Resources on NFC and Mobile Payments**
- **Chip-Enabled Mobile Marketing white paper and slide show**
- **The Mobile Payments and NFC Landscape: A U.S. Perspective**
- **NFC Frequently Asked Questions**
- **Proximity Mobile Payments: Leveraging NFC and the Contactless Financial Payments Infrastructure, Smart Card Alliance Payments Council white paper**
- **Proximity Mobile Payments Business Scenarios: Research Report on Stakeholder Perspectives, Smart Card Alliance Payments Council white paper**
- **Security of Proximity Mobile Payments, Smart Card Alliance Payments Council white paper**
- **Smart Card Alliance Payments Council**

State of the Adoption of NFC Chip-Enabled Mobile Payments



. . . **Anticipation!**
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Evolving Payments Infrastructure Roadmap

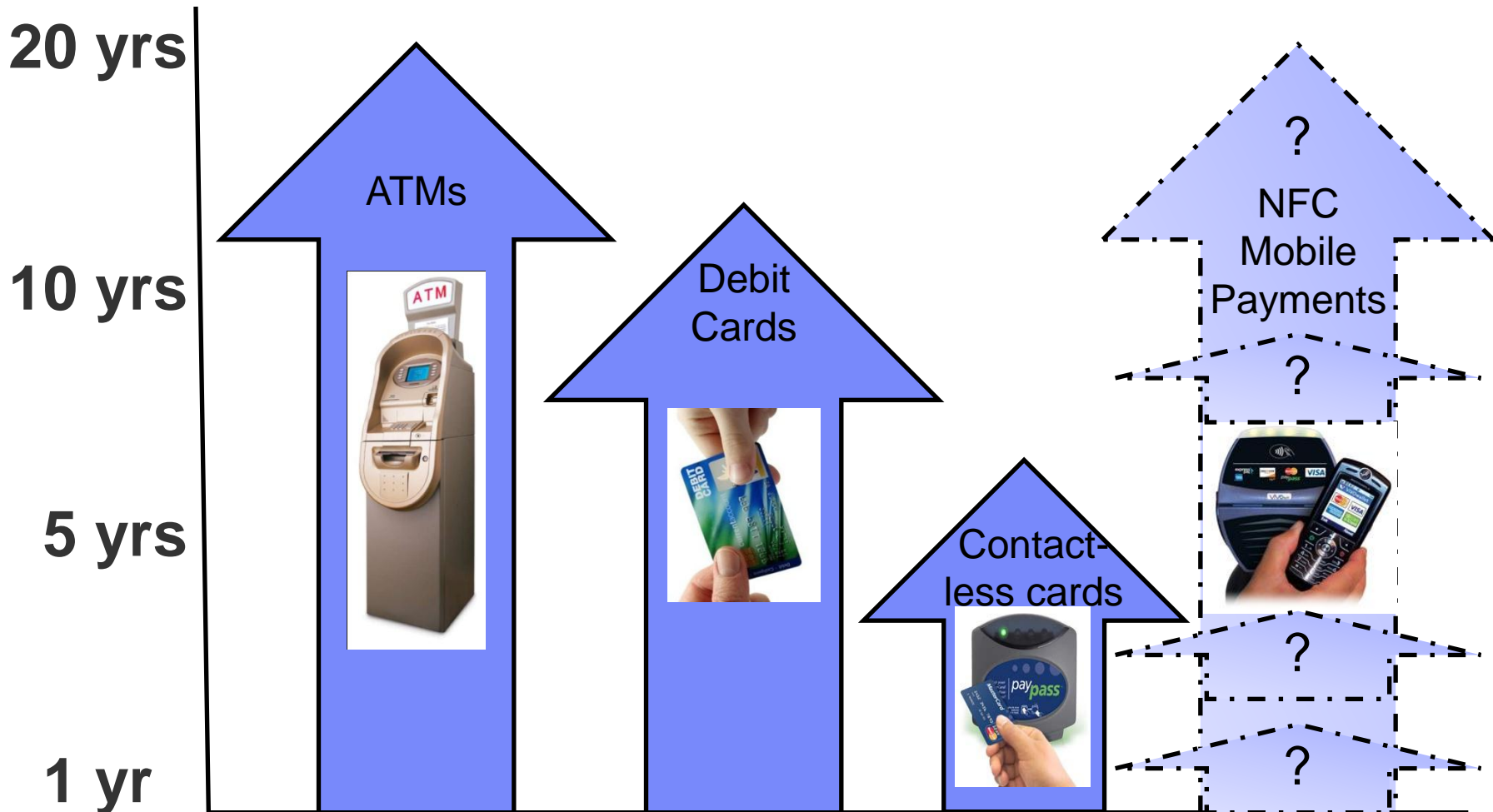


Contactless Payments Continues to Spread

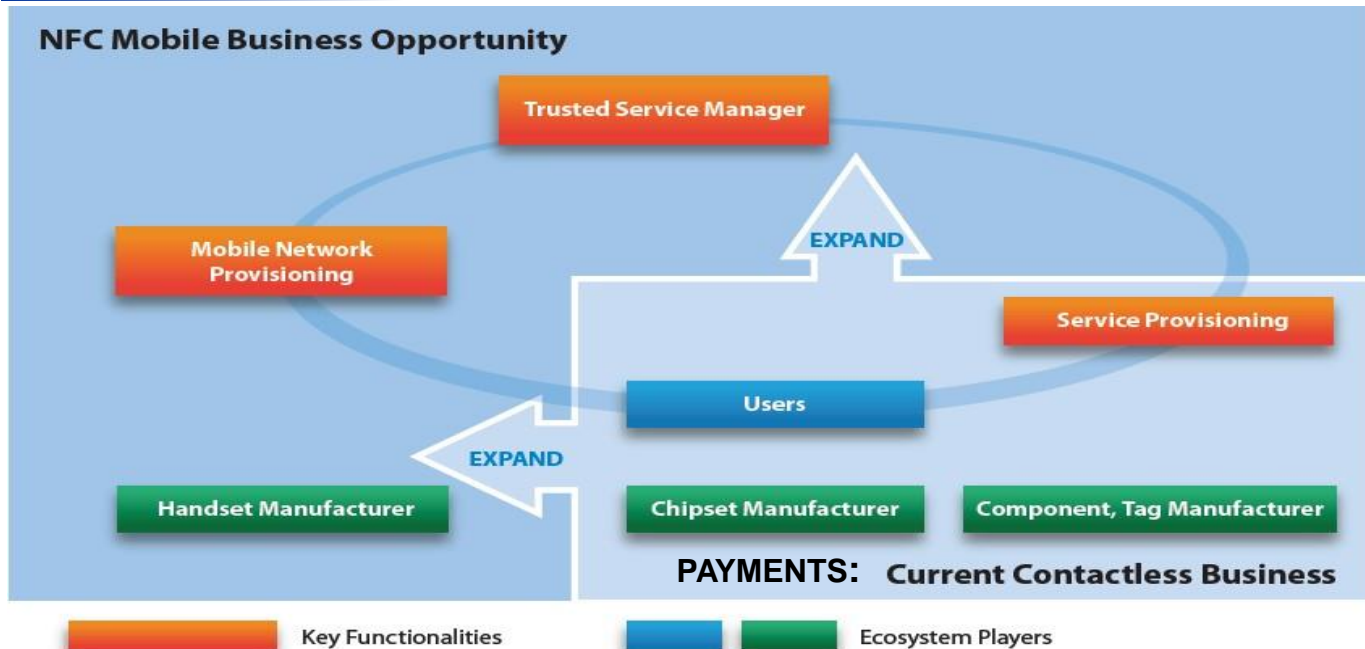


applications

History of payments innovation



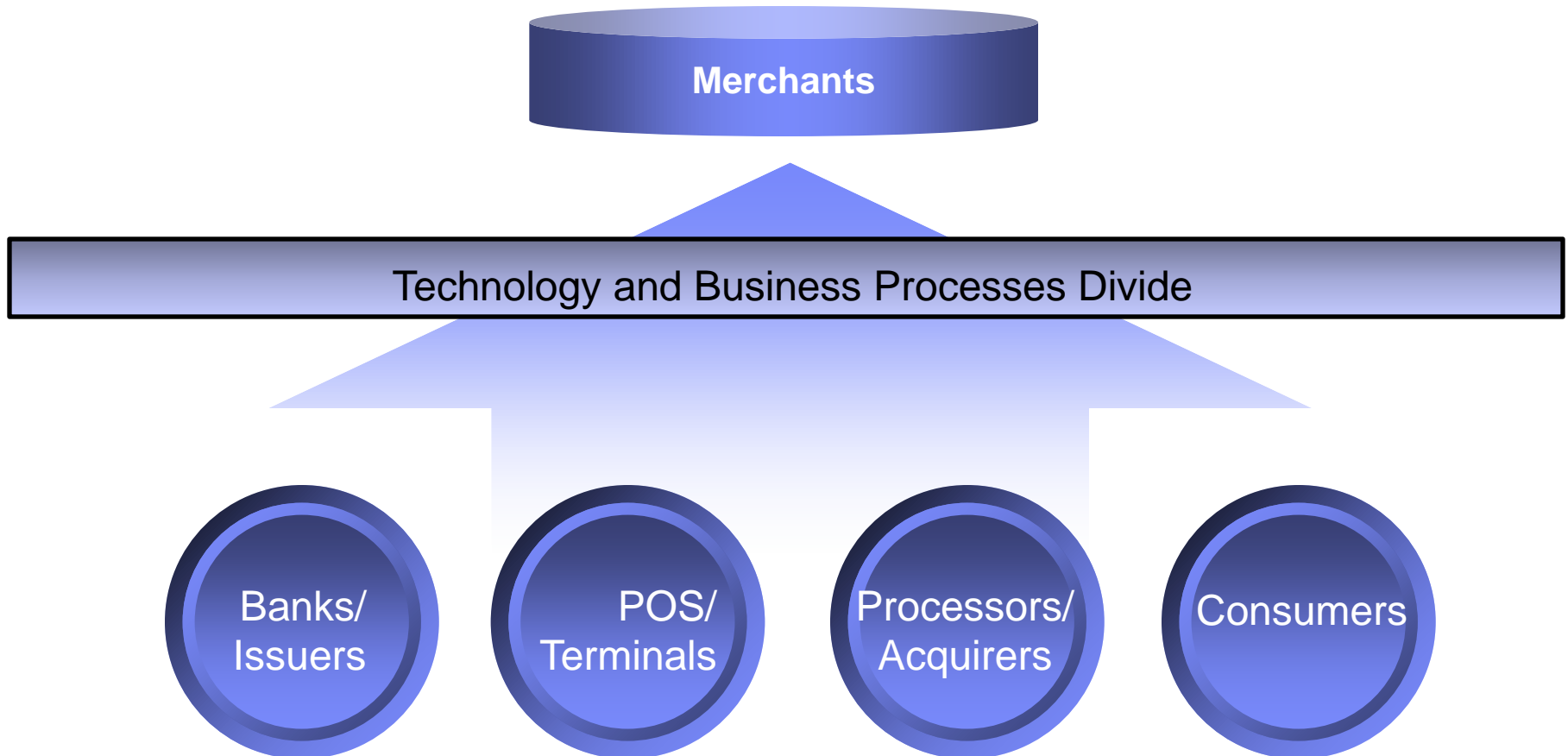
Payments Connection To The NFC Mobile Ecosystem



Requires coordination and shared value for:

- Mobile Network Operators
- Financial Payments Brands
- Financial Institutions/Banks
- Merchants/Retailers
- Trusted Service Managers
- Mobile Handset Manufacturers

The Payments Landscape





What are Merchants Saying?

➤ PCI Angst

- compliance not effective end point in preventing future breaches
- resentful for not having say in PCI rulemaking
- all stick – no carrot!

➤ Terminal Angst

- contactless acceptance business case not realized
- do not want to invest in interim solutions
- want clear migration path to chip & pin

➤ Interchange Angst

- conflicts are clouding debate about payment fraud

Walmart – “we are 100% ready for chip & pin today”

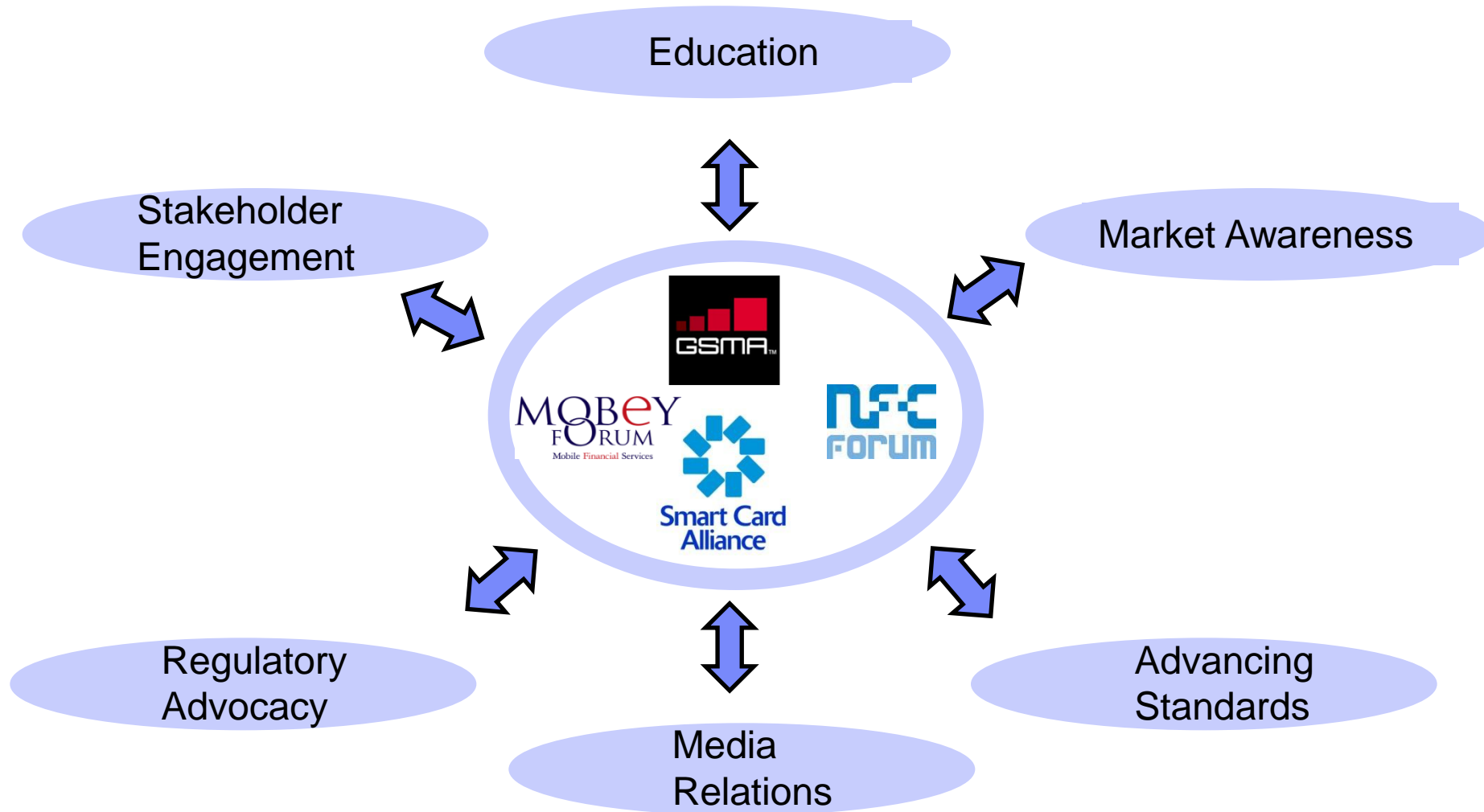
MAG – “merchants are willing to invest, what is the endpoint”



August 8th: Visa's EMV and Mobile Payments Acceleration Plan



- Merchant incentive for re-terminalization based on waving annual PCI audit tied to EMV contact & contactless ----- good for NFC
- Answers the merchant's question "What is my terminal roadmap"
- Ensures more uses for contactless transactions, conditioning behavior for NFC payments
- Issuers have more contactless acceptance points – extending the life for existing cards and new NFC payments
- Consumer adoption gets a lift with more points of interaction for contactless transactions
- Volume will drive costs down

Role of Industry Associations in Emerging NFC Market Adoption



What Is Left To Be Done?

Knowledge Gap Surrounding NFC technology

- Technical:
 - How NFC services work on multiple brands and models
 - NFC security models (USIM, MicroSD cards, Embedded SE)
- Payments and Access Security:
 - Understanding end-to-end security
- Consumer Awareness and Merchant Training
 - How does it work?  or 
 - When & where to use it
 - Where will end-user applications come from?

Will EMV Migration Accelerate Contactless POS?

Satisfy regulators, media, consumers about consumer protections and security



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Thank You

.....Questions?

NFC Solutions Summit 2012
Smart Secure Mobile Payments and Non-Financial NFC Apps
May 22-23, 2012 Hyatt Regency Hotel San Francisco Airport

**2012
Payments
Summit**
February 8 - 10
*Pre-conf. workshops
February 7*
Salt Lake City, Utah



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