



Smart Card
Alliance



Viewpoint On Mobile Payments and NFC Adoption in the United States

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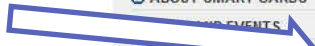


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Commentary



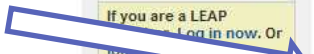
Executive Director's Letter - January 2010



In my December 2009 letter, I tried to summarize what I considered some of the major milestones and accomplishments from the past year based on predictions I made at the start of 2009. As promised, I will again look through my magic "rose-colored" lens into 2010—a year that is expected to be very active and transformational.

I will begin my look forward with payments and with certainly one of my boldest predictions ever—that EMV will finally be coming to the U.S. payments industry. Read more...

Industry News



Smart Card News: Members

- HID Global's iCLASS® Contactless Smart Card Technology Enables U.S. Bank's Award-Winning PayID Card
- INSIDE Contactless Powers 2010 Paybefore Award Winner
- Advanced Bank of Asia Deploys Gemalto's Strong Authentication Solution for e-Banking in Cambodia
- Major Smart Card Market Players Join Forces to Advance Open and Secure Public Transport Smart Card Applications
- HSBC Appoints Gemalto to Facilitate the EMV Migration of its Credit Cards across 19 Markets in Asia Pacific
- Smart Card Alliance To Host Tutorial on Smart Card Security Management Conference 2010
- Sanpaolo Group) Announces Gemalto for Italy's First Large-Scale Rollout of EMV PayPass™ Contactless Payment Card
- Gemalto's Corporate ID Products Enhance Internal Security for the Queensland Police Service in Australia
- Oberthur Technologies—Leading Provider to U.S. Federal Government for 4th Year in a Row
- Oberthur Technologies Acquires Service Center in Colombia to Expand EMV Delivery into Latin America

Smart Card Reports

- January 2010 ISCAN Newsletter
- EMV Migration Study and Market Analysis on Mexico and Brazil
- EMV Chip Cards Expected for Upscale U.S. Cardholders
- Authentication Mechanisms for Physical Access Control Systems
- Fraud in the U.S. Payments Industry: Fraud Mitigation and Prevention Measures in Use and Chip Card Technology Impact on Fraud
- Healthcare Identity Management: The Foundation for a Secure and Trusted National Health Information Network
- Identifiers and Authentication – Smart Credential Choices to Protect Digital Identity
- End-to-End Encryption and Chip Cards in the U.S. Payments Industry
- Issuer and Merchant Best Practices: Promoting Contactless Payments Usage and Acceptance
- Protecting Your Health Information: Raising Public Awareness of the Privacy and Security Challenges of Healthcare Information Management [Play Video](#)
- Smart Card Technology in Healthcare: Frequently Asked

Smart Card Resources

- QUICK LINKS
- Smart Card Talk Newsletter
 - Alliance Publications
 - Alliance Members
 - Events
 - Industry Councils
 - LEAP Professional Development
 - SCA Photo Album
 - Business Opportunities
 - Contactless Payments Resources
 - Government ID Resources
 - EMV Resources
 - NFC Resources
 - Smart Card Reader Catalog
 - Smart Card Security and Career Center
 - Online Smart Card Training
 - Latin America Chapter
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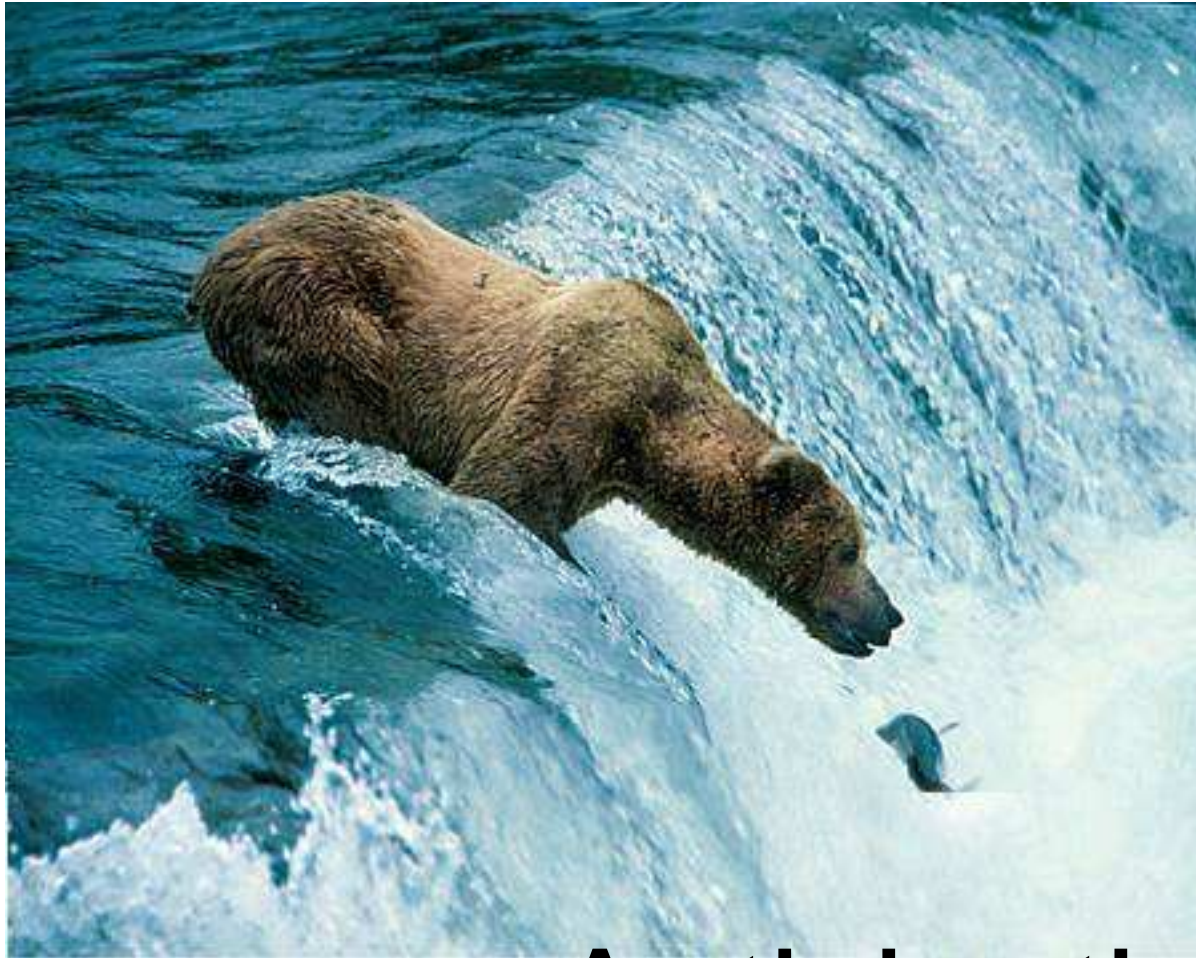
Alliance Publications



Events



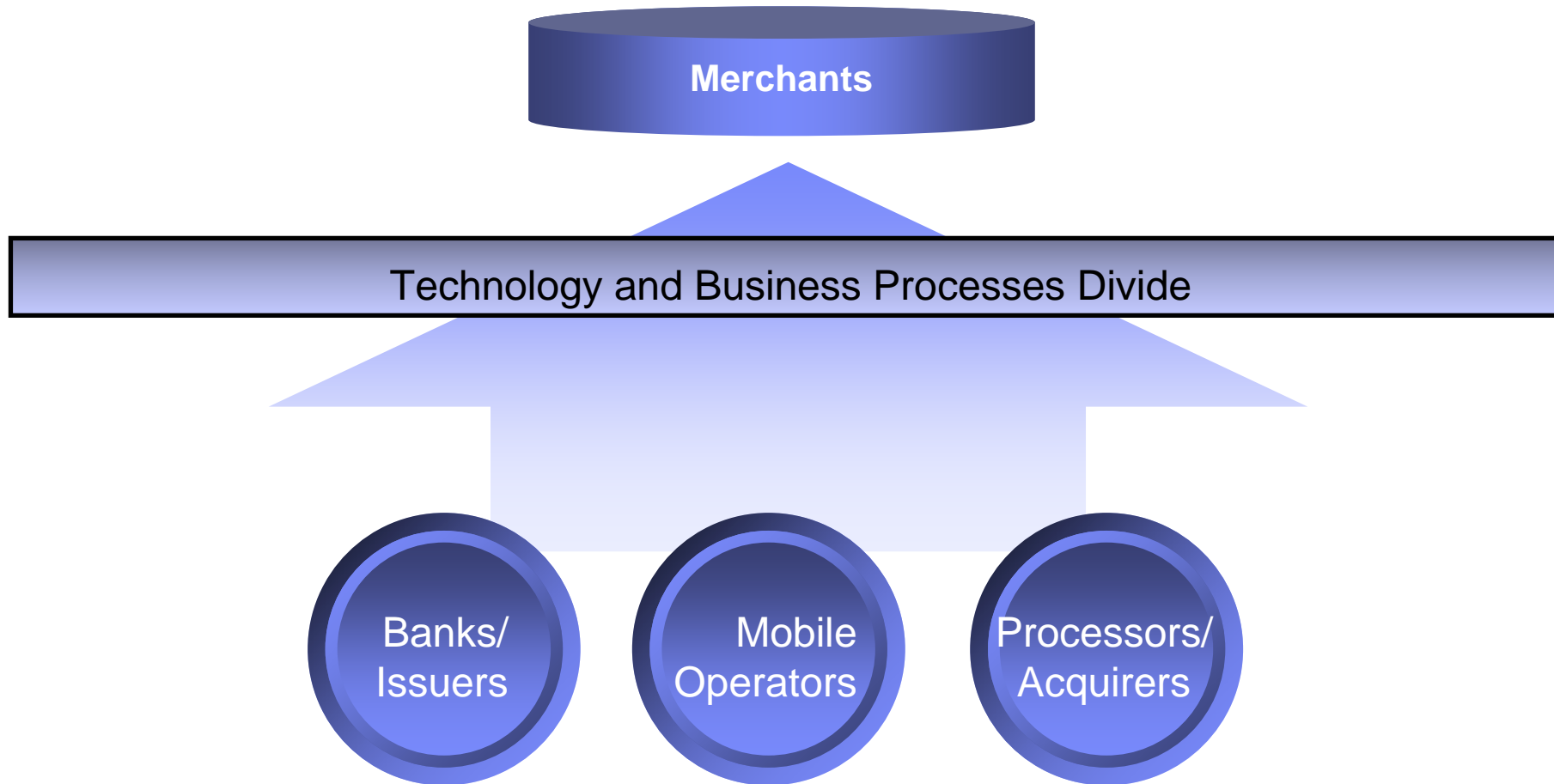
Waiting for Mobile Payments



. . . Anticipation!



The Payments Landscape





Banks/ Issuers

Key Factors Driving/Hindering Innovation

Driving:

- traditional methods no longer apply in current market
- early success in mobile services delivery
- new competition for hearts and “wallets” of consumers

Hindering:

- consolidation efforts slow innovation
- revenue & market size contraction on every level
- fraud stable/low but fraud mitigation \$\$ rising
- adversarial relationship with merchants & regulators

Top Visa/MC Issuers: JPMorgan Chase, Bank of America, Citi, Capital One, Wells Fargo



Mobile Operators and Devices

➤ U.S. Mobile landscape

- Total wireless subscribers in USA will increase from 270.3 million in 2008 to 352.5 million in 2013. (source: IE Market Research)
- iPhone and Blackberry are the dominant smart phone platforms
- Nokia market share has dropped to 7%
- Problems with “stickers” as a bridging technology to NFC
- Verizon Wireless and AT&T are fighting for market dominance
- Consumers locked into 2 year contracts, heavily subsidized handsets

➤ Mobile Payments Activity

- Not operator driven – considered not core to its business
- Motivated by ARPU – hard sell for mobile payments, NFC add-ons
- Without compliance testing, NFC ecosystem is risky

Market Share: Verizon (36%), AT&T (31%) T-Mobile (12%), Sprint/Others (21%)



Processors and Acquirers

- **Not in a position to drive adoption, only react as it happens**
- **Mobile payments replace some cash, but mostly card payments, not adding any new transaction volume**
- **Attention and research on security ROI**
 - PCI DSS, tokenization, and end-to-end encryption
- **Merchant terminal infrastructure slow to adopt contactless**
- **Lowest cost provider wins!**



Where is the U.S. Mobile Payments Market Heading?





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Speaker Contact Information

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