

# Chase Offers Contactless Cards in a Blink

The global financial services firm will issue MasterCard and Visa credit cards embedded with RFID tags to enable a contactless payment service called blink.

By Mary Catherine O'Connor

May 24, 2005—Last week, Chase's credit cards division became the first credit card issuer to announce a contactless payments program. Beginning this summer, it will issue MasterCard and Visa credit cards embedded with RFID tags used to make transactions via radio communication with an RFID-enabled payment terminal. Chase calls the contactless functionality 'blink,' and plans to begin sending blink cards to millions of MasterCard or Visa cardholders in two undisclosed U.S. cities in late June, according to Scott Rau, senior vice president of payments at JPMorgan Chase & Co, which owns Chase credit cards.

The cards contain an ISO 14443-compliant RFID tag, used to process payments through an RFID-enabled point-of-sale terminal. Blink cardholders will be able to make payments at select retailers by tapping or holding their cards 4 inches or less from an RFID-enabled terminal, rather than swiping or handing their cards to a cashier. Chase's efforts to raise consumer awareness of the blink cards will include television, radio, newspaper and billboard advertising, as well as mailings to cardholders.

"We're very focused on trying to figure out new opportunities for Chase customers to use their cards," says Rau. He explains that Chase conducted a pilot program in Orlando, Fla., in 2003 to develop the blink program. Chase also participated in a MasterCard PayPass pilot (see [MasterCard to Test RFID Card](#)). Rau claims that results from the blink pilot and other research shows that consumers consider contactless technology to be "simple, fast and convenient," and that "consumers enjoyed the added security from retaining possession of their cards while paying."

Pilot programs have found as much as a 20-second reduction in transaction time using contactless payments, and the results of pilot tests point to higher per-transaction spending when consumers use contactless payment devices instead of cash. Contactless payment systems are being promoted, both by Chase and other credit card companies, as a convenient alternative to cash payments. Contactless cards can be linked to debit and checking accounts, credit accounts or prepaid accounts. The Chase blink card, however, is linked only to credit accounts.

In parts of Asia and Europe, RFID-enabled cards and cell phones to pay for goods and services, including mass transit, are more widely used than in the U.S, where consumer exposure to contactless payment methods has been limited to pilot programs launched by MasterCard for its PayPass program, and by American Express for its ExpressPay program. Some U.S. transit systems are starting to deploy RFID-based fare systems, as well, but these are still uncommon. MasterCard, AmEx and Visa, which has piloted the Visa Wave contactless card in Asia, have established an infrastructure of retailers that have retrofitted their payment terminals to accept contactless payments, or are in the process of doing so. All three credit card companies have endorsed ISO 14443 as the most appropriate air interface protocol for contactless payments because it supports encryption and a very short read range between the chip and reader, both of which allow for secure transactions. This standard allows retailers to install single terminals that will accept contactless

payment cards from American Express, MasterCard or Visa.

Because consumers apply for, are issued and manage their credit card accounts through providers such as Chase, Citibank and MBNA, however, it is up to credit card issuers to make contactless payment devices available to consumers. There are currently 94 million Chase-issued credit cards in circulation in the U.S. That makes this Chase announcement a significant development in the adoption of contactless payments.

In addition to distributing the cards at the two undisclosed cities, Chase says that its Visa and MasterCard cardholders in other markets will begin to receive new cards with blink, but did not specify when that will happen or the location of those other markets.

Chase is issuing all its blink cards in the traditional plastic credit card (3.375 inches by 2.125 inches) form factor. The blink cards are embedded with an RFID tag but also have a magnetic stripe and the account number and cardholder's name printed on the card, so they can still be used at retailers that accept only the magnetic stripe payment method. A blink payment device is not available in any other form factor, such as a key fob or SIM card for insertion in mobile phones, at this time.

7-Eleven announced that it would accept the blink cards at 170 of its stores by the end of the year. Sheetz, a convenience store and gas station chain based in Altoona, Pa., will be the first retailer to cobrand a blink MasterCard credit card. Account holders of the cobranding Sheetz/MasterCard cards will receive rebates on Sheetz purchases and loyalty-based incentives, and will pay no annual card. Sheetz announced in January that it would begin accepting MasterCard PayPass devices at all of its more than 300 locations. Blink cards linked to MasterCard accounts are treated the same as PayPass cards. (In March, Sheetz announced that it would also accept the American Express ExpressPay contactless card.)

According to MasterCard, cardholders with MasterCard accounts will see the PayPass logo on the back of their blink cards and will be able to use them at any retail location that accepts PayPass cards. The payment terminals the consumers use will have the PayPass logo. As more credit card issuers launch contactless credit cards, they might re-brand PayPass cards with a different logo, as Chase has done with the blink cards, or they might keep the PayPass brand on the face of the card.

MasterCard further announced this year that PayPass cards are being accepted at select McDonald's and Ritz Camera locations. Regal Cinemas, United Artist Theatres and Edwards Theatres throughout the United States will accept PayPass payments, and some in New York already do. In February, MBNA began offering PayPass-enabled NFL Extra Points MasterCard credit cards (see [MasterCard PayPass Beefs Up NFL Lineup](#)). Because PayPass is based on the same standards as blink, any retailer that accepts PayPass cards—which have only been issued to participants of MasterCard pilot programs in the U.S.—will also accept blink cards.

Aside from the method of collecting the cardholder's account information, contactless payments are processed in the same way as traditional credit cards that are swiped. The account information, which is encrypted, is sent to and processed by the retailer's merchant processing partner. If the account is valid, then an authorization number is issued, a signature is collected if required and the transaction is completed.

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