

# U.S. Cellular Phone Provider Tests NFC

Cellular South is conducting a two-city trial in which customers can buy goods using RFID-enabled, biometric Kyocera phones.

By Mary Catherine O'Connor

June 26, 2007—[Cellular South](#), a privately held wireless telephone service provider in Jackson, Miss., has launched a summer-long technology trial. Throughout the pilot, 75 customers are making purchases at participating merchant locations in Jackson and Memphis, Tenn., using cell phones containing high-frequency (13.56 MHz) RFID modules compliant with the near-field communication (NFC) specification.

NFC technology is designed to enable consumers to purchase goods, download information and establish device-to-device communications using cell phones and other mobile electronic devices. The [NFC Forum](#), founded by [Nokia](#), [Philips](#) and [Sony](#) to promote the technology's adoption, is working to standardize NFC protocols. At the same time, a number of wireless providers and handset manufacturers have been deploying technology trials in the United States and Europe (see [NFC Scores High in Atlanta](#), [MasterCard and 7-Eleven Launch NFC Trial](#) and [French NFC Payment Trial Kicks Off](#)).

San Diego, Calif.-based handset manufacturer [Kyocera Wireless](#) is providing the handsets used in the Cellular South trial. The NFC-enabled prototype phones are the first to include a biometric authentication function, says Dave Carey, Kyocera's vice president of strategic planning.

According to Carey, users have the option of utilizing either the phone's integrated fingerprint scanner or a personal identification number to authenticate themselves before making a purchase via phone. The fingerprint scanner—which can double as a scroll bar for navigating the phone's functions—was added to the NFC prototype phone, he says, because "consumers are more concerned with the security of NFC phones for making payments than anything else."

Using the fingerprint authentication function prevents anyone other than the phone's owner from using it to complete an NFC transaction. Carey says Kyocera is also involved in two other NFC pilots involving different handsets, about which he declines to provide details. Kyocera will consider consumer feedback from all three pilots, he adds, before making any plans to include NFC capabilities in future phone models.

Seventy-five Cellular South customers are currently using Kyocera NFC-enabled phones to make purchases at a total of nearly 50 merchant locations in Memphis and Jackson. Six Memphis merchants are participating, including the Memphis Zoo, as well as eight in Jackson—McDonalds and CVS Pharmacy among them.

These merchants have added RFID-enabled payment terminals made by [ViVOtech](#) to their existing point-of-sale systems. Cellular Wireless programmed the phones to enable testers to spend up to \$100 over the course of the trial, by creating [MasterCard](#) credit card accounts for each tester and linking each account, with a \$100 spending limit, to Wireless Wallet, a Cellular South payment application running on each phone.

Wireless Wallet includes a mobile commerce service from [Obopay](#), which lets Cellular South customers

receive, send and spend money over their phones using Obopay's wireless network service. ViVOtech provides the NFC payment software residing on each handset, and is part of the Wireless Wallet application. It also contributed the over-the-air provisioning of credit cards utilized to ready each card for use.

As part of the trial, participants can use the NFC phones to interact with NFC-enabled posters installed at the pilot locations. The phone acts as a reader, allowing the owner to download a URL encoded to an NFC tag embedded in the poster. Cellular South hosts the web interface that allows the phones to pull information relevant to the poster onto the phone's web browser. Mpact, a ViVOtech reseller, installed the terminals and smart posters at the test locations.

"We're testing NFC technology as part of our overall strategy to become a mobile commerce leader," says Jason Jolly, director of consumer technology for Cellular South. "We think mobile wireless functionality is all about being able to leave your wallet at home," and relying on a cell phone for making purchases or other financial transactions.

According to Jolly, the trial will last until mid-August, at which point the participants will return the phones and complete feedback surveys, which will help Cellular South determine its next steps. He says participants were pulled from a large pool of Cellular South users, from which the company often recruits for new technology deployments.

RELATED\_ARTICLES The NFC trial is not targeted at a specific demographic, because Cellular South is interested in gathering feedback from a cross-section of its customer base. "We want to judge the reaction to the technology from everyone," he says, "from a teenage user to a 65-year-old man, for example."

It's too early to say when Cellular South might roll out NFC phones and services to its entire customer base, Jolly notes. If the trial leads to a permanent rollout, however, he says Cellular South would like to offer the NFC payments and other NFC services to its clients for free, rather than making them fee-based services. "We'd like to work with card issuers and other partners to find ways of making money from the technology rollout."

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