

Visa and Wells Fargo Testing NFC Payments

The two companies have started with internal tests involving Wells Fargo employees, but plan to involve consumers in the fourth quarter.

By Mary Catherine O'Connor

July 2, 2007—[Wells Fargo](#) and [Visa](#) are currently running a three-phase pilot project in the San Francisco Bay area. The pilot is intended to test consumer interest in using cell phones to function as contactless credit or debit cards.

The project will employ phones containing a module that employs RFID technology to transmit and receive data at 13.56 MHz, using the near-field communication (NFC) specification. NFC technology is designed to enable consumers to purchase goods, download information and establish device-to-device communications via cell phones or other electronic devices, such as personal digital assistants, computers and home entertainment equipment.

The [NFC Forum](#), founded by [Nokia](#), [Philips Semiconductors](#) (now known as NXP) and [Sony](#) to promote the adoption of near-field communications technology, is now 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 [U.S. Cellular Phone Provider Tests NFC](#), [MasterCard and 7-Eleven Launch NFC Trial](#) and [French NFC Payment Trial Kicks Off](#)).

This isn't the first time Visa has tested NFC-enabled mobile phones. The credit-card association conducted a six-month trial in Atlanta's Philips Arena last year (see [NFC Scores High at Atlanta Arena](#)), but this project is its first involving a large number of retailers.

The initial phase of the pilot was completed this spring, and involved issuing Nokia 6131 handsets to roughly 15 Wells Fargo employees. The participants used the phone's RFID module to make purchases at simulated merchant locations at a Wells Fargo test site, while also testing the handset's mobile banking application, which they could use to perform such functions as checking their account balances. The banking application does not use RFID, however; rather, it utilizes the cellular phone network to carry out banking transactions.

Michele Janes, Visa's director of product innovation, says the company deliberately sought out Wells Fargo employees who were very savvy with personal electronics, along with others who seldom use technological devices. "Everybody found that it was easy to use," she says.

But when it came to questions involving data security, feedback from the testers was varied, as was consumer opinion. The testers who are accustomed to using their phones for things other than just making calls, she explains, tended to dislike having to enter passwords to access account information or make payments with their phones. Less tech-savvy testers, on the other hand, usually preferred to enter passwords when accessing their accounts.

"This supported our theory that the [mobile payments and banking] platform needs to be designed for

consumer choice," Janes says. "Those who want to use security need to be able to so." Additionally, she adds, Visa learned that consumers want to have their mobile banking and mobile payments applications linked together on their phones so they need not navigate separate menus to access either one.

The second phase of the pilot, scheduled to commence in late summer, will involve 30 to 50 Wells Fargo employees testing mobile payments at merchants that accept Visa payWave credit and debit cards; the phones work just like cards for making payments. The participants in this phase, some of which will be drawn from the first group, will also test an over-the-air account-setup process that Visa has added to its mobile payments application.

Pilot participants will be able either to configure their Nokia 6131 phones to require a password (in the form of a PIN) before initiating payment, or to leave that feature turned off. This portion of the test will also take place in the San Francisco area.

RELATED_ARTICLES According to Janes, Wells Fargo and Visa will use feedback collected from the second-phase testers to develop specifications for the third and final phase, slated for the fourth quarter of 2007. This will involve 300 to 500 Wells Fargo Visa cardholders, and will include additional pilot partners. Janes says neither the geographic location of these testers, nor the partners that will take part in the third phase, have yet been determined.

The trial may involve an NFC-enabled handset from a cell-phone manufacturer other than Nokia, Janes notes, or another wireless service provider. For the first two phases of testing, Ztar Mobile provided the required wireless services.

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