

Payter Expands Its Electronic Wallet

The Dutch company is providing RFID-enabled mobile phones to another 500 participants in its contactless-payment pilot, as well as adding more features.

By Claire Swedberg

Oct. 24, 2007—Payter, a Dutch developer of mobile phone-based payment applications, launched a Near Field Communications (NFC) mobile phone payment pilot in August in Rotterdam. Now, following the success of that trial, Payter has begun doubling its participating consumers from 500 to 1,000. The company also plans to add more features, such as enabling the phone to be used as a loyalty card, and to download info from smart posters and receive parking vouchers.

"We've had a good experience with the first 500 consumers," says Remco Willemse, Payter's development and technology project manager. "So far, the users are pretty happy." Not only are they gaining comfort with the system, he says, but other shoppers watching them use it are showing interest in the technology as well. "That's the really interesting thing."

Payter initiated its electronic wallet pilot in Rotterdam as a first step toward achieving its goal of deploying a Europe-wide system within the next three years. Rotterdam was a logical place to start, Willemse says, because of the structure of its city center and its tradition of being a place where trends begin. The city is also where Payter is headquartered.

"Rotterdam is a good place to start NFC technology," Willemse says, "and it has a pretty centralized shopping center." Within a 2-kilometer area of the city, about 50 participating merchants have RFID interrogators for accepting payments from NFC-enabled phones.

The 1,000 consumers—who have already begun or will be participating in the next few months—are being provided with Nokia mobile phones embedded with NFC 13.56 MHz passive RFID chips from NXP Semiconductors. Each chip is encoded with a unique ID number for transaction purposes, and its 72-kilobyte memory is capable of holding merchant-related data such as discount information or coupons. Other data can be stored on Payter's back-end system.

Participants initially open a prepaid account with Payter, into which they can transfer a specified amount of money from a bank or credit card account. The account balance is stored on Payter's server, and account users can access that information through their phones or on the company's Web site. After a purchase is totaled at a point-of-sale (POS) device, a user shopping at a participating merchant can tap the phone against an RFID interrogator, and the cost of the purchase is automatically deducted from that shopper's prepaid account, managed on the Payter server. Payter is currently supplying merchants with RFID interrogators from QTI, though Willemse says the company is testing other readers as well.

For a user to access the application, the phone must first be turned on. Transaction security can be managed in three ways, Willemse says. In one case, a consumer can set the phone to keep the payment application activated, enabling that shopper to make payments by simply tapping the phone at the POS interrogator. In the

second scenario, a user can set the application to make a single payment only, then deactivate. If the application deactivates, the person must use a unique password to reactivate it for another transaction. In the final option, a user can set the payment application to turn on only during a transaction, which would require entering the password each time a payment is made, and to otherwise remain deactivated. This would add a layer of security for consumers, since no one else could use a participant's phone for payments without entering that person's password.

In December, Payter will add several more features, such as enabling users to utilize the phone as a loyalty card entitling them to discounts at the point of sale. In addition, participating movie theaters will deploy smart posters containing NFC RFID tags. Tapping their phones against the posters will direct users to Web sites where they can download movie trailers or purchase movie tickets at that theater.

NFC readers will also be installed at parking garages in downtown Rotterdam. Users will be able to tap their phones against an interrogator as they enter, and the garage's ticketing device will begin clocking the time their car is parked in the garage. While shopping, the consumers can use the phones to download parking vouchers from participating merchants, storing those vouchers on the phone's NFC chip. When they subsequently pay for parking, they can tap the phones against the reader on the way out. The device captures the vouchers and deducts the amount from the parking fee, and any balance is deducted from the prepaid account.

RELATED_ARTICLES Eventually, Payter hopes to see memberships to tanning salons and health clubs, as well as public transportation tickets, stored on the chip, or at the company's Web site. The pilot is not tied to any particular chip or device, Willemse says, adding, "We are focused on creating an electronic wallet for a broad public, not limited to specific devices, banks or operators but open to all users."

Once the pilot is completed in February, Payter hopes to expand the system to other cities in the Netherlands, and in other parts of Europe. The goal, Willemse says, is to see the system in use across Europe within five years. But before that can happen, he adds, NFC-enabled phones must first become more commonplace, as well as NFC readers at retail sites. "We will need enough phones and infrastructure before we can fully roll out," he says.

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