

Mobile Payment Skins is embedding RFID inlays into the cell phone skins it offers, providing a new, cashless way to pay for goods.

By Mary Catherine O'Connor

July 6, 2009—[Mobile Payment Skins](#), a new company based in Knoxville, Tenn., believes it has found a viable business model that will prove popular among consumers, while also helping to foster the adoption of mobile payment options using radio frequency identification.

The company will begin issuing consumers personalized vinyl mobile phone wraps—also known as skins—that contain an RFID inlay, which can be used to process payment transactions. Consumers will utilize the skins to pay for goods at merchants offering RFID-based (contactless) payments using specialized, RFID-enabled point-of-sale terminals. The RFID inlay embedded in the skin is a passive, high-frequency (HF) 13.56 MHz tag that follows the ISO 14443-B air interface protocol and is certified for payment card applications. It is the same type of inlay used in RFID-enabled credit and debit cards issued by [Visa](#), [MasterCard](#) and [American Express](#).

While Mobile Payment Skins will initially offer skins for making payments from prepaid accounts, the firm's co-founder, Doug Yeager, says its longer-term goal is to collaborate with credit card companies, as well as banks that issue credit and debit cards. He hopes these parties will use the skins to provide cardholders with a new, convenient form factor for payments, by linking the inlays to credit or debit payment accounts.

The idea to embed RFID inlays in stickers is not new. This past spring, MasterCard announced it is offering prepaid PayPass RFID-enabled payment cards in a sticker form factor, which cardholders can stick to their phones. And some merchants, including [Dairy Queen](#) and [Sheetz](#), have begun offering RFID-enabled stickers to their customers.

Dairy Queen's program (see [Dairy Queen Serves Up Personal Discounts With RFID](#)) enables patrons to use the stickers to redeem coupons, while the sticker from Sheetz, known as the GO-Tag, is linked to a prepaid account. But Mobile Payment Skins' Phoolah would be the first such platform to offer stickers linked to credit or debit accounts.

Just how would the personalized, RFID-enabled phone skins land in consumers' hands? Most likely, Yeager says, a cardholder would submit an order for skins to his credit card provider, after which Mobile Payment Skins would create the skins to that person's specification (which could include the use of a photograph or other graphic that the cardholder would submit with his order). The skin would then be shipped to a certified producer of payment cards, which would encode the RFID inlay with the account data before shipping the finished product to the cardholder. "Our process will allow us to fit that into the standardized card distribution channels," he says.

Jonathon Collins, principal analyst with market research firm [ABI Research](#), says Phoolah could help

spur consumers to make more RFID-based payments. "Phoolah brings together payment stickers and mobile-phone personalization skins," he states. "Although both markets already exist, the launch reflects a growing interest in contactless payment and marketing. As contactless uptake increases, the technology won't be the preserve of large banks, mobile operators and nationwide merchants. There will be many startups that will look to launch new services and products that leverage the technology."

Contactless stickers, Collins notes, could act as a bridge for consumers, to get them more interested in employing mobile phones with Near Field Communications (NFC) technology. NFC is a 13.56 MHz wireless technology that allows for the exchange of data between two NFC-enabled devices, such as mobile phones, over a distance of a few centimeters. It also enables mobile phones to communicate with payment terminals using the same type of secure data transaction (based on the ISO 14443 protocol) that occurs between an RFID payment card or sticker and a payment terminal.

A few years ago, analysts predicted that more than half of all mobile phones worldwide would carry NFC technology by 2010. But those predictions were later scaled back (see [NFC Taking Off More Slowly Than Expected](#)). This was due, in part, to the fact that the various partners necessary to form an NFC infrastructure (manufacturers, banks, card issuers and telecommunications companies) are still determining and testing business plans around the technology—with mobile payments being the most promising application.

Yeager agrees that Phoolah may pique consumers' interests in NFC phones, and that adoption of such phones will be slow and, therefore, will not squeeze Phoolah out of the marketplace any time soon.