

# Gift Cards Go Contactless

Contactless payment solution provider ViVOtech unwraps a contactless gift card system for retailers.

By Jonathan Collins

Jan. 21, 2004—RFID has now entered the gift card market: At the National Retail Federation Convention & Expo show last week, contactless payment solution provider ViVOtech showed off its ViVOgiftcard system, claiming it to be the first contactless gift card to reach the market. The company says that its ViVOgiftcard gives retailers a way to link the contactless payment cards into their existing point-of-sale system and offers them a variety of formats and shapes for their gift cards.

Estimated to be \$50 billion a year, the U.S. gift card market is booming, according to ViVOtech. As the use of gift cards grows, however, retailers face a new challenge—winning "wallet share" for their gift cards, according to Jorge Fernandes, CEO of ViVOtech, which is based in Santa Clara, Calif., and was cofounded by Fernandes in May 2001.

Fernandes maintains that consumers are being inundated with gift and loyalty cards that they have to carry in their wallet. To combat the issue, ViVOtech is enabling retailers to offer a self-branded gift card in a range of shapes and styles including a key fob and an attachment to consumer cell phones. A retailer can even customize the form factor to create a payment tool that relates to its business, so that a fast-food restaurant might sell burger-shaped cards, or a musical instrument store, guitar-shaped cards.

In addition, ViVOtech believes that gift cards will increasingly be shared among a number of retailers—something that contactless cards could support. "Contactless cards will help accelerate a number of retailers onto a single card. There will soon be gift cards with any number of retailers logos on them," says Fernandes.

The new ViVOgiftcard system will use the same ViVOpay reader and ViVOplatform that the company has already deployed in trials with American Express's ExpressPay RFID payment product trials in the Phoenix area (see [AmEx Expands RFID Payment Trial](#) and MasterCard's similar PayPass trial of contactless payment system trials in Orlando, Fla. The company says it provided 90 percent of the readers for these two trials.

ViVOtech's reader connects directly or wirelessly to a retailer's existing POS system to enable contactless payments without requiring the retailer to invest in a new infrastructure to add contactless payments. The reader, which the company says is priced at around \$110, receives a unique card number and a security code from the contactless gift card and transmits that data to the retailer's POS system in a format identical to what is generated when credit cards and gift cards with magnetic stripes are swiped at a POS device.

The new ViVOgiftcard adheres to ISO standard 14443B and can operate over multiple frequencies, including 134 KHz, the same frequency used by ExxonMobil Speedpass system. The only information stored on the ViVOgiftcard is the customer's card number and a security code that changes at each reading. The monetary value on the card is stored centrally on a retailer's back-end server. The company says that the gift cards' data storage capacity—which ranges from 64Kbits to 4kbytes—can be expanded to accommodate additional user

information. After a card is used to make a purchase, consumers can reload value in any of three ways: either at the register, at a store kiosk placed in or near the store, or over the Internet using a debit or credit card. ViVOtech hopes to someday to add a fourth option, using mobile phones.

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