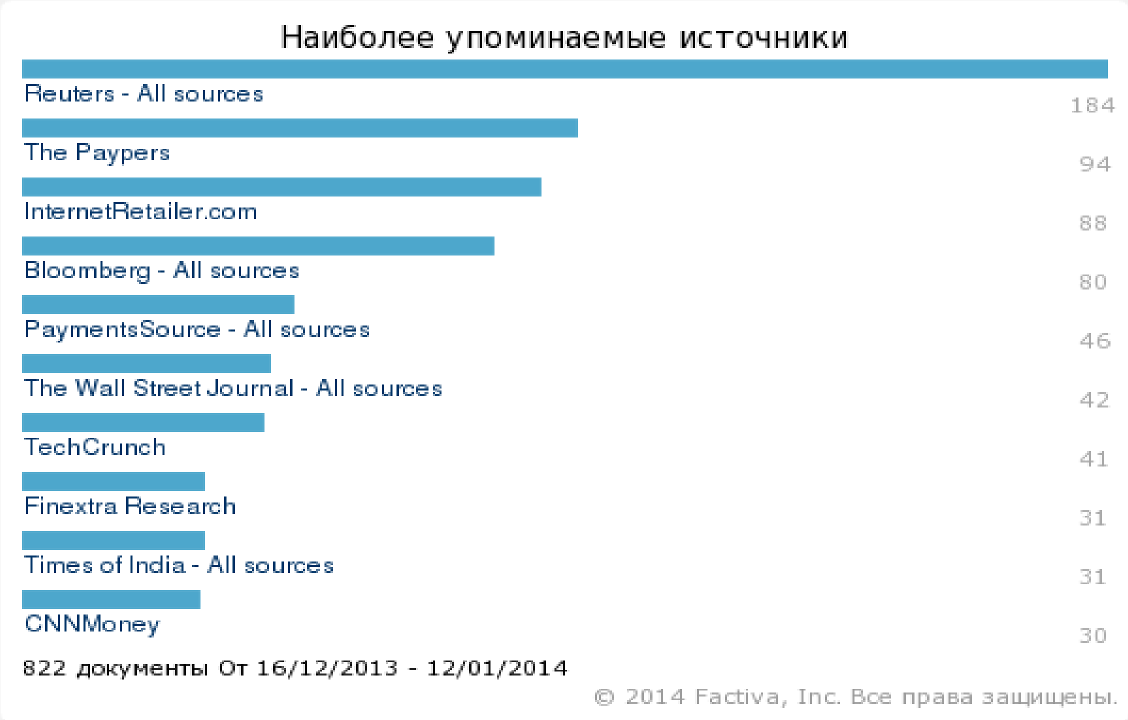
Отраслевой мониторинг специализированных зарубежных СМИ по теме: «Рынок безналичных платежей, платёжные системы и технологии»

16.12.2013 - 12.01.2014 (№23)

СТАТИСТИКА:

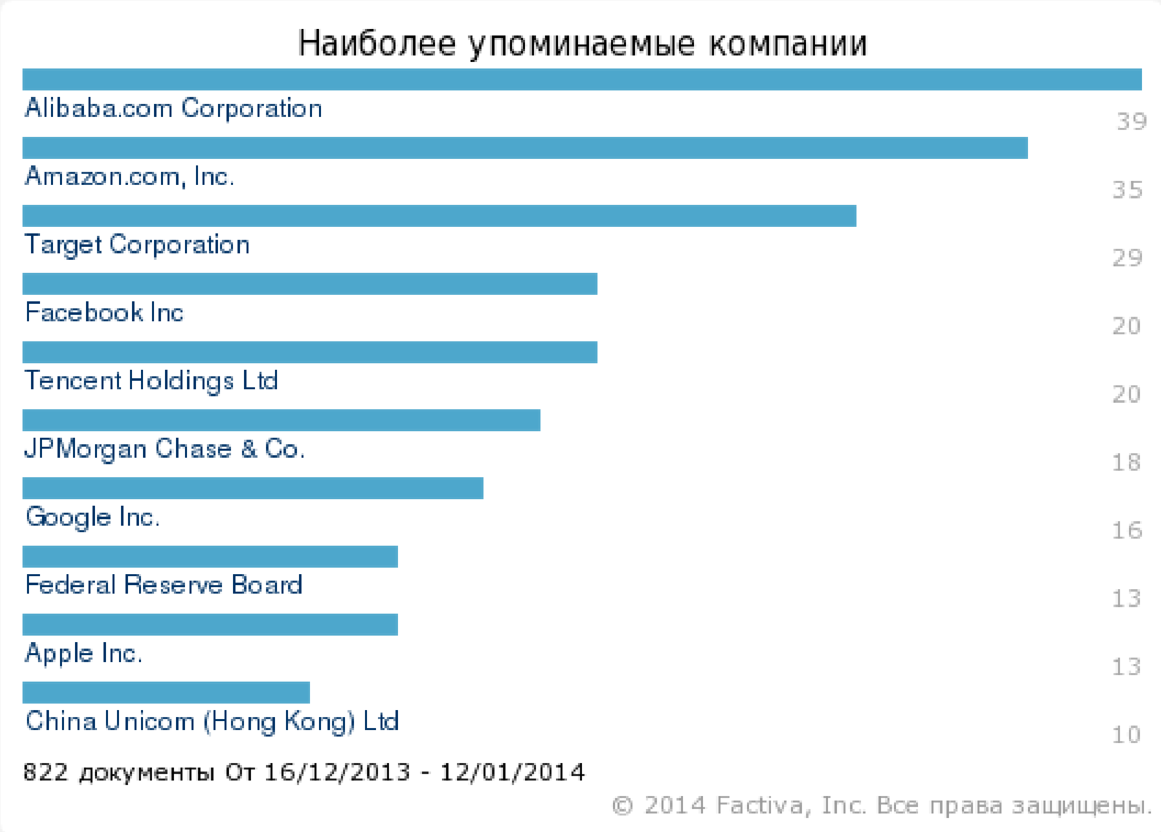
Всего публикаций за исследуемый период – 822

Распределение публикаций по источникам

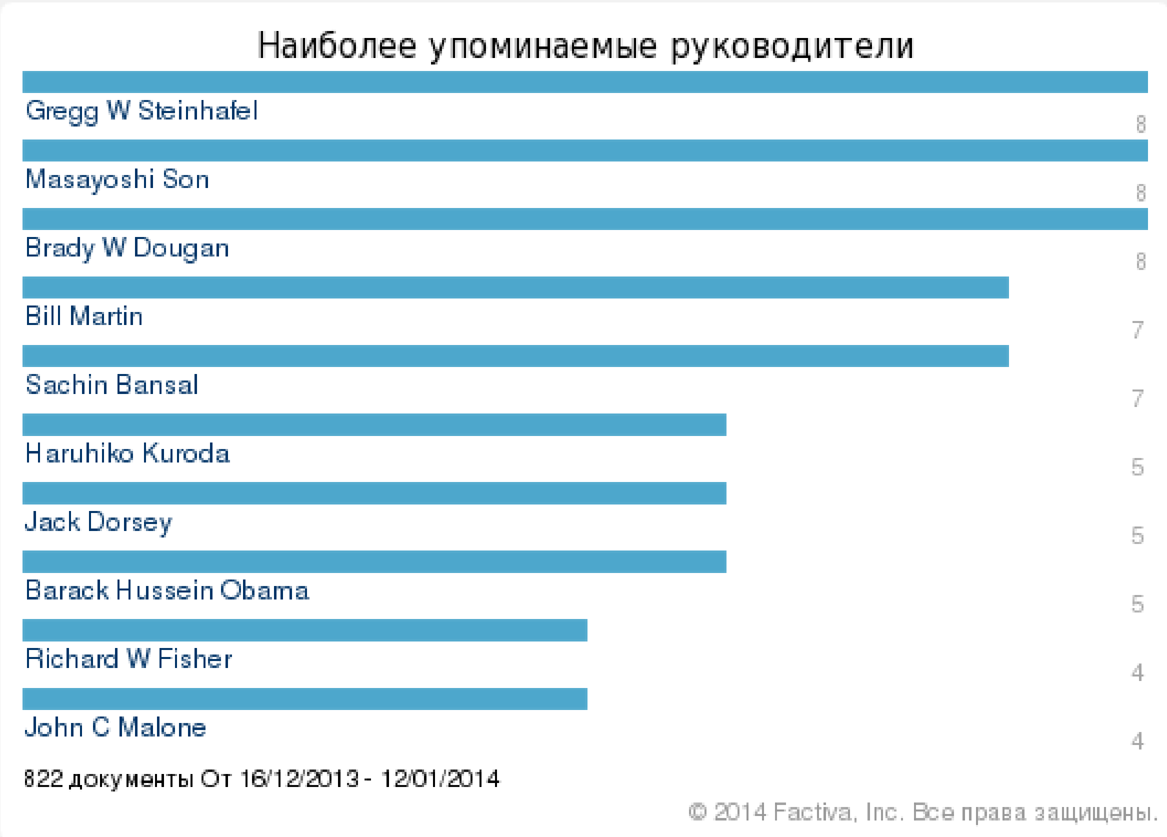


Распределение публикаций по регионам

Упоминание компаний



Персоны



СОДЕРЖАНИЕ:

Исследования, аналитика и прогнозы

ПЕРЕВОДЫ ИЗБРАННЫХ ПУБЛИКАЦИЙ:

Исследование показывает, что владельцы смартфонов слабо вовлечены в мобильную коммерцию

16 декабря

mobile COMMERCE NEWS
WORLD LEADING NEWS ON MOBILE COMMERCE TRENDS

www.qrcodepress.com

Исследование показывает, что потребители почти не вовлечены в мобильную коммерцию на своих смартфонах.

Новое исследование от Marketing Land и SurveyMonkey предполагает, что потребители больше используют свои смартфоны для поиска и сопоставления товаров, нежели для их оплаты с помощью мобильных платежей. Мобильная коммерция все еще слишком новая сфера потребительского поведения для большинства людей и их участие в мобильной коммерции все еще ограничено. Многие люди не чувствуют себя комфортно от мысли оплатить продукты с помощью мобильных устройств в большей степени по соображениям безопасности.

Смартфоны предлагают отличную поддержку для шоппинга.

Исследование показывает, что почти 66% респондентов используют свои мобильные телефоны в магазинах. Сопоставление цены и поиск наилучших предложений является наиболее распространенной практикой среди владельцев смартфонов. Некоторые ищут обратной связи в случае конкретной покупки в социальных сетях или ищут пользовательские обзоры. По мнению участвовавших в исследовании респондентов поддержка шоппинга является одной из лучших возможностей использования смартфонов.

Безопасность является одной из самых главных проблем для мобильной коммерции

Рынок мобильной коммерции растет очень быстро, но все же он пока не стал мейнстримом. В мобильных платежах потребители видят серьезный риск для своей персональной финансовой безопасности, так как сектор мобильных платежей сильно подвержен атакам со стороны хакеров и мошеннических групп. Серьезные провалы в области безопасности у нескольких крупных платформ мобильной коммерции показали уязвимость этого инструмента и оттолкнули большинство потребителей от мобильной коммерции.

Рынок мобильных платежей продолжает расти, несмотря на проблемы с безопасностью

Несмотря на наличие у потребителей серьёзных опасений в отношении безопасности, мобильные платежи становятся все более популярными. В частности, наибольший интерес потребители проявляют к сервисам, не использующим технологию NFC. Это связано, прежде всего, с тем, что технология NFC получила негативную оценку из-за своих проблем с безопасностью. Также большая популярность сервисов, не связанных с NFC, связана с тем, что для осуществления платежей потребителям не обязательно иметь мобильное устройство поддерживающее NFC технологию.

Оригинал публикации:

http://www.qrcodepress.com/survey-shows-smartphones-popular-mobile-payments/8524635/

Почему банки проиграют лидирующим сотовым и интернет компаниям

17 Декабря

Forbes

www.forbes.com

Хайден Шонесси

Если Ваша работа связана с рынком смартфонов, то тогда вы в курсе всех новостей о патентных войнах. Речь не только про Apple и Samsung. В реальности, патентные войны - часть повседневной жизни этого высококонкурентного рынка. Каждый производитель смартфонов использует чью-то чужую технологию, и интеллектуальная собственность находится в ядре их продуктов.

В будущем смартфоны будут много значить, уже сейчас они значат для нас все больше и больше, потому что слишком много видов человеческой деятельности будет сопряжено с использованием ручных или нательных устройств передачи данных. Мы уже читаем книги таким способом, покупаем все больше и больше товаров, смотрим рекламу, определяем свое местоположение, строим маршруты, создаем и поддерживаем сети общения и отправляем деньги.

Чтобы стать частью этого процесса вы должны иметь хорошую стратегию в отношении интеллектуальной собственности. IBM, Samsung, Microsoft – все эти компании каждый год регистрируют тысячи патентов. Они являются глобальными игроками, защищающими свои права на интеллектуальную собственность везде и всюду, где вэтом возникает необходимость. В прошлом году Бюро по регистрации патентов и торговых марок США зарегистрировало за компанией Samsung более 5,000 патентов.

Но, как насчет банков или, более широко говоря, финансовых институтов? Неминуемо электронная коммерция будет осуществляться с помощью телефонов, просто даже как канала обмена сообщениями. Такие компании как Alibaba в этом смысле уже, по сути, стали банковскими организациями. Alibaba уже сейчас предлагает микрозаймы, услуги по управлению активами, страхование и платежные сервисы, а также рассматривает возможность выхода на рынок с услугами по управлению благосостоянием, дистанционному банковскому обслуживанию и выпуску кредитных карт. Платформа народного кредитования Google предлагает систему пиринговых или децентрализованных займов. Amazon не сильно от них отстает в этом процессе.

Банкам необходимо конкурировать в этих областях с голодными до патентов конкурентами. Им также крайне необходима сверхнадежная система безопасности. Они должны быть вовлечены в работу платформ управления учетными записями (аккаунтами) пользователей, войти в пространство пиринговых платежей, фиксировать новые способы социальной коммуникации, и может быть даже системы обработки заказов и финансирования полного цикла.

Это все необходимые банкам компоненты для конкурирования со стартапами и мейджорами на рынках смартфонов и электронной коммерции. Если банки готовы конкурировать, или еще готовятся, их готовность должна отражаться в их стратегиях в отношении интеллектуальной собственности.

Инфографика, представленная ниже, подготовлена Deltasight.com – компанией из сферы бизнес разведки, которая специализируется на защите интеллектуальной собственности и развитии инноваций. Некоторым банкам будет обидно узнать, что американские банки ушли далеко вперед от своих европейских коллег.

Представленное ниже исследование отвечает всего на два простых вопроса: как много патентов было зарегистрировано за упомянутыми банками, и какие сферы интеллектуальной собственности эти банки стараются защищать?

В исследовании представлены три крупнейших финансовых корпорации США: American Express, Citigroup и JP Morgan. Также в исследовании представлены три ведущих европейских банка: британский Barclays, немецкий Deutsche Bank и французский BNP Paribas.

Лидером в исследовании стал American Express зарегистрировавший более 800 патентов в различных странах. Кстати в 2010 году American Express смог закрепить за собой лишь 174 патента, поэтому эту инфографику следует оценивать именно в этом контексте – количество регистрируемых патентов ежегодно увеличивается.

JP Morgan закрепил за собой 500, а Citi – 400 патентов. Сравните это с результатом компании IBM, зарегистрировавшей в Бюро по регистрации патентов и торговых марок США в прошлом году более 6000 патентов. Хорошо, учтем, что IBM отдает более чем от 45% патентов ежегодно. IBM также принадлежит к т.н. группе «суперпатентовщиков» - сотне компаний , владеющих 30% всего портфолио действующих патентов ,зарегистрированных в Бюро по регистрации патентов и торговых марок США.

Тем не менее, портфолио из менее чем 1000 действующих патентов для глобальной финансовой корпорации говорит о слабом фокусе компании на сфере интеллектуальной собственности. Хотя даже для таких компаний как Microsoft стратегия защиты интеллектуальной собственности, также как и стратегия получения роялти за использование патентов, является прекрасным способом получения дохода от «умных мыслей».

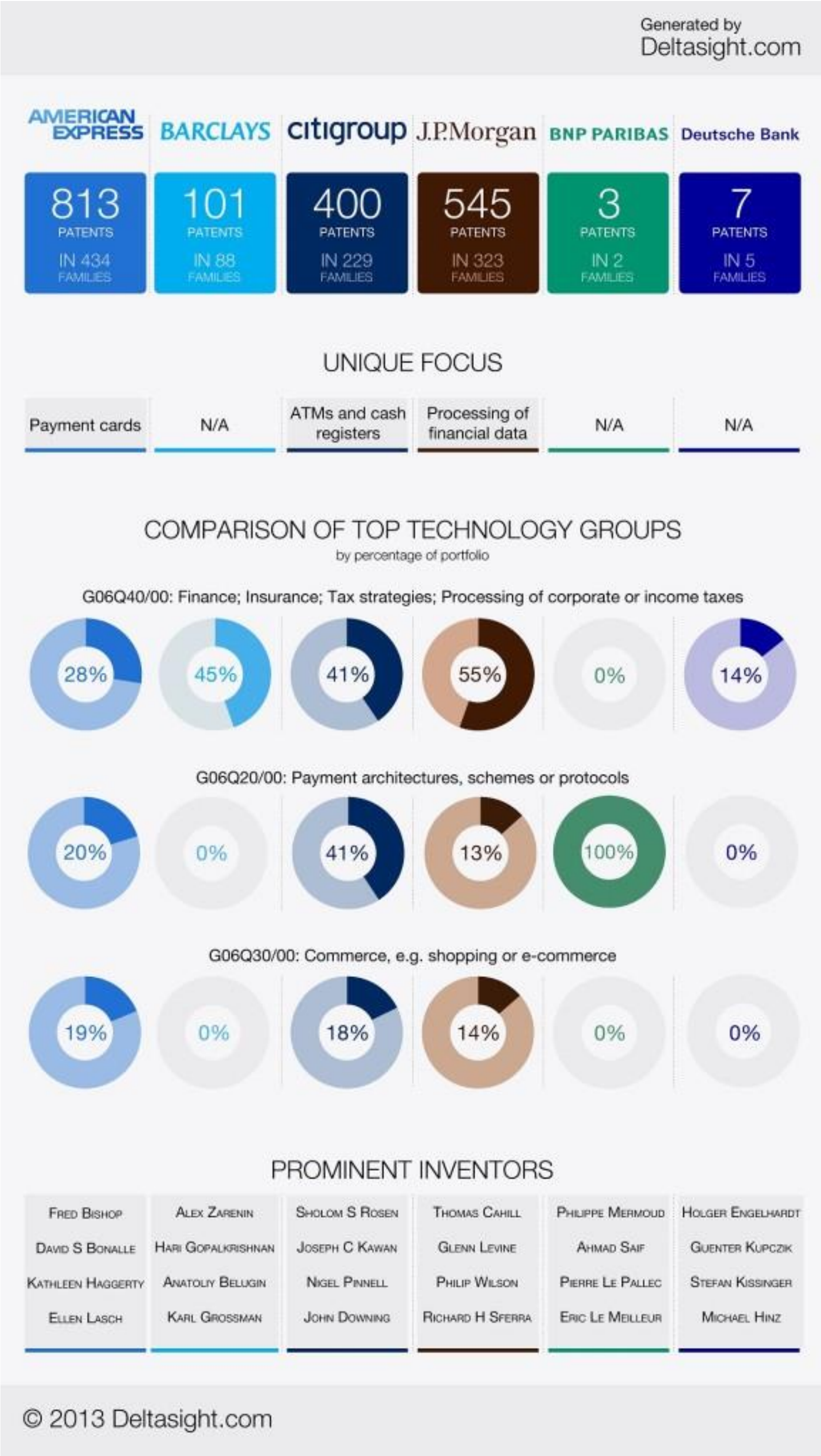
Как бы там ни было, JP Morgan наряду с Citi выиграл первенство в сфере патентования и защиты интеллектуальной собственности в рейтинге Ocean Tomo – инвестиционной компании работающей в сфере интеллектуальной собственности. Обе корпорации лидируют в рейтинге Ocean Tomo Index. Все эти компании вместе с Bank of America также являются лидерами на финансовом рынке по получению дохода от продажи прав на использование патентов.

Действительно мрачная картина наблюдается у европейских банков, у которых, по-видимому, нет заинтересованности в развитии и защите прав на интеллектуальную собственность.

Необходимо немного сказать о тех областях, которые банки выбрали для защиты интеллектуальной собственности. В то время как American Express ориентирован, прежде всего, на карты, как и следовало ожидать, CITI исторически фокусируется на сегменте банкоматов и кассовых аппаратов, а для JP Morgan в приоритете сегмент обработки финансовых данных.

Вторая по приоритету группа интересов лежит в той области, где конкуренция со стартапами и IT-компаниями наиболее вероятна: архитектура платежей, процессинг и электронная коммерция.

Вкратце, у вас может возникнуть вопрос о том, достаточно ли в принципе развита работа по защите интеллектуальной собственности и что нужно сделать для улучшения ситуации? Для американских финансовых компаний важно начать бенчмаркинг против технологических компаний, их будущих конкурентов. В Европе банкам следует сначала подумать о том, что будет означать для них внедрение долгосрочной интеллектуальной собственности в их будущие бизнесы.



Оригинал публикации:

http://www.forbes.com/sites/haydnshaughnessy/2013/12/17/why-banks-will-be-losers-in-mobile-and-ecommerce-infographic-and-what-to-do-about-it/

ФРС США выпустил отчет «Платежные тренды США» об индустрии платежей за 2013 год

19 Декабря

PAYMENTS NEWS

www.paymentsnews.com

Федеральная резервная система опубликовала отчет об исследовании, которое рассматривает тенденции в сфере безналичных платежей в Соединенных Штатах. В 2013 году область исследования была расширена, чтобы добавить в отчет новую информацию, связанную с различными способами проведения транзакций и сферой несанкционированных платежей. Для формирования целостного представления о тенденциях в потребительском и корпоративных сегментах рынка в исследовании были использованы данные из аналогичных отчетов за 2004, 2007 и 2010 годы.

Отчет за 2013 год показывает, что карточные платежи – по кредитным и дебетовым картам – сейчас занимают уже более двух третей рынка безналичных платежей, в то время как доля платежей по чекам продолжает снижаться. Другие данные включают в себя:

Общее количество безналичных транзакций за исключением денежных переводов составило 122.8 миллиарда и росло ежегодно в среднем на 4.4% с 2009 по 2012 год. Темпы роста снизились по сравнению с предыдущим периодом (2003-2009), когда рост составлял в среднем 4,7% ежегодно. Общий объём безналичных платежей в денежном выражении вырос с 72,2 триллиона долларов в 2009 году до 79 триллионов в 2012 году.

Количество платежей по кредитным картам, которые показали снижение в отчете за 2010 год, выросли в годовом исчислении на 7,6% с 2009 по 2012 годы. Платежи по дебетовым картам выросли на 7,7% за тот же период.

Темпы роста платежей через Палату автоматизированных расчётов (Automated Clearing House (ACH) снизились в годовом исчислении до 5,1% с 2009 по 2012 годы, со средних 10,9% за предшествующие 10 лет. Доля платежей, совершенных через Палату автоматизированных расчётов, в количественном выражении от объема всех безналичных платежей выросла всего на 1%, в то время как доля подобных платежей от суммарного объема всех безналичных платежей в денежном выражении выросла почти на 10% с 51,5% до 61,3%.

Количество платежей по чекам продолжило уменьшаться, упав в количественном выражении до 18,3 миллиарда транзакций, что составило только половину от показателя десятилетней давности (37,3 миллиарда).

Согласно отчету в 2012 году было совершено предположительно 31,1 миллиона несанкционированных транзакций общей стоимость в 6,1 миллиарда долларов.

Проведение исследования стало возможным благодаря поддержке со стороны отрасли и активному информационному обмену.

Оригинал публикации:

http://www.paymentsnews.com/2013/12/federal-reserve-releases-new-2013-payments-study-of-us-payment-trends.html

ТЕКСТЫ ПУБЛИКАЦИЙ:

Исследования, аналитика и обзоры

Fed Report: Plastic Strengthens Its Grip on Payments As Credit Cards Resume Growth

19 December

DIGITAL TRANSACTIONS
TRENDS IN THE ELECTRONIC EXCHANGE OF VALUE

http://digitaltransactions.net

More than ever, plastic dominates the business of electronic payments in the United States, with two-thirds of all noncash transactions in 2012 occurring on a card, up substantially from 60% just three years earlier. That's according to the Federal Reserve System's triennial payments study, released Thursday.

The sweeping research report, which covers payments by check and the automated clearing house as well as by credit, debit, and prepaid card, also unearthed a number of more granular results, including a rapid runup in card-not-present volume and a count of total chip-based card transactions.

Overall, "The 2013 Federal Reserve Payments Study" estimates there were 122.8 billion noncash transactions last year, up 14% from 2009, the last year for which the Fed released similar research. Card-based payments grew 28% in that brief span, to 82.3 billion, while the ACH accounted for 22.1 billion transactions, up 16%, and checks paid plunged 25%, to 18.3 billion. "The growth picture is with cards, debit, credit, and prepaid," James M. McKee, senior vice president in the Atlanta Federal Reserve's Retail Payments Office, tells Digital Transactions News.

Growing at a torrid pace are general-purpose and private-label prepaid cards, which registered a 56% jump in transactions in just three years, from 5.9 billion to 9.2 billion. Roughly two-thirds of these transactions occur on private-label prepaid cards, which include electronic benefit transfer cards and gift cards, according to the report.

Credit cards have resumed an upward growth path after languishing during the sharp downturn that started in late 2007 and extended into 2009. Transactions on general-purpose cards grew 22% over the three years through 2012, to 23.8 billion, while even store-issued charge cards saw volume increase a healthy 60%, from 1.5 billion to 2.4 billion transactions. By contrast, the two types of credit cards combined had dropped to 21 billion transactions from 21.7 billion over the three years from 2006 to 2009.

"Last time [in 2009], we were in the throes of the Great Recession, and credit card growth had leveled off or was slightly negative," notes McKee. "But credit cards did return to a steady growth pattern."

As for the ACH, check conversion is in decline along with the volume of checks, according to the report. The business of converting paper checks to ACH e-check codes peaked in 2009 at 3.3 billion transactions, declining to 2.7 billion last year. As a fraction of all ACH traffic, check conversion peaked in 2006 at 18%. That's now down to 12%.

Direct deposit activity, transactions that are electronic from start to finish, such as Web-based bill payments, and other ACH traffic account for the other 88% of the network's transaction volume.

The Fed report also shows on-us activity picking up steam on the ACH. On-us volume, which represents cases where the bank controlling the sender's account and the institution controlling the recipient's account are one and the same, has steadily climbed from 14% of ACH transactions in 2003 to 24% in 2012.

McKee attributes the on-us growth to increasing merger activity among financial institutions. "Consolidation in the banking industry is going to create larger payment processors within the banks," he says. "It's just a natural phenomenon."

U.S. consumers and businesses wrote 21 billion checks last year, the report estimates, but because 2.7 billion were converted to ACH e-checks, some 18.3 billion were paid as checks. That volume of paid checks is slightly less than half the volume measured in 2003, the first year for which the Fed conducted its payments study

The impact of Check 21, a 2003 law that encouraged the exchange of check images rather than the original paper, continues to be felt. Nearly all banks now are capable of receiving check images, but what is less well documented is how many checks arrive at the bank of first deposit as an image. Some 17% of all checks deposited in 2012 came as images, compared with 13% in 2009, the report says.

For this latest edition of its payments report, the Fed includes data on unauthorized transactions, which is fraud committed when a payment instrument is used without the authorization of its owner. These data show that, while card transactions are the growth champion among payment types, they also carry the most risk. Some 3.6 out of every 10,000 general-purpose credit card transactions are unauthorized, compared to rates of 0.72 and 0.45 for ACH and checks, respectively.

The report also includes numbers for card-present versus card-not-present (CNP) transactions, of particular interest as battles over interchange continue, and for chip-based transactions, again of interest as the industry struggles to introduce chip cards on the EMV standard in the U.S.

CNP transactions now account for nearly one-quarter of all general-purpose credit card transactions, up from 19% in 2009, or 5.8 billion vs. 3.8 billion transactions. Merchants pay higher interchange rates for CNP transactions because they are seen as posing higher fraud risk.

As for cards embedded with contactless chips, there were 29.8 million chip-based general-purpose debit transactions last year, along with 13.4 million chip-based general-purpose credit card transactions. Prepaid cards with chips generated 50,000 transactions.

The Fed report, the fifth produced so far, is based on two surveys covering financial institutions, networks, processors, and issuers, and a third survey that looks at check samples from 11 banks. A more detailed report is expected to be released in the spring.

By John Stewart

http://digitaltransactions.net/news/story/4435

Western European e-commerce to reach EUR 173.8 billion in 2013

19 December

THE PAYPERS

www.thepaypers.com

Western European B2C e-commerce is expected to reach EUR 173.8 billion in 2013 with a growth of almost 10%, a recent study unveils.

According to the Western Europe B2C E-commerce Report, published by Ecommerce Europe, the total Western European e-commerce economy of online sold goods reached EUR 158.1 billion in 2012 and is expected to grow to EUR 173.8 billion in 2013.

The Western European region, including Belgium, France, Ireland, Luxembourg, The Netherlands and the United Kingdom, is now in first position for e-commerce size, with a 51% European market share. In 2012 the total B2C e-commerce economy of Western Europe reached EUR158.1 billion, a 20%+ growth compared to 2011.

The mature online markets of Western Europe are France, the Netherlands and the United Kingdom. The UK leads the way with total online sales of EUR 96.2 billion. Projections for 2013 indicate that the United Kingdom will maintain its position with total sales of EUR 103 billion. France and Netherlands rank second and third with total sales of EUR 53 billion and EUR10.5 billion in 2013.

Ireland is in fourth place and will reach total sales of EUR 4.6 billion in 2013 and is one of the fastest growing e-commerce markets in Europe. Irish consumers are buying online above the curve with 25% sales growth year on year. However, in 2012 25% of Irish online spending went overseas due to lack of choice.

Belgium is showing relatively the lowest online sales, respectively EUR 3.0 billion in 2012. However, Belgium is expected to grow with 20% in 2013 and is therefore an upcoming e-commerce market.

Netherlands has an internet population of 94%

In 2012, the Western European population was estimated to be 162.3 million (19.8% of Europe's population). Internet penetration in Western Europe (83%) has been above the European (66%) and EU28 average (76%) in 2012. The top three tier having internet access is being led by the Netherlands with 94%, followed by Luxembourg and the United Kingdom with 93% and 83% respectively.

Western European e-household spend EUR 2,625 online in 2012.

Ecommerce Europe's research reveals that 90 million consumers in Western Europe bought goods and services online in 2012.

The average Western European e-household spends a total of EUR 2,625 online in 2012. This is far above the European average of EUR 1,400 and EU28 average of EUR 1,696. The United Kingdom leads the way with EUR 4,010 on e-household expenditure. The United Kingdom has the biggest online spenders in Europe. Western Europe Ireland and Luxembourg follow with EUR 2,861 and EUR 1,955 online expenditure respectively.

Meanwhile Belgium (EUR 836) and The Netherlands (EUR 1,365) have a considerable gap when it comes to online expenditures per e-household. In Belgium e-commerce is still growing strongly and the country is expected to catch up quickly.

http://www.thepaypers.com/e-commerce/western-european-e-commerce-to-reach-eur-173-8-billion-in-2013/753575-25

Transport for London celebrates 6.5 million contactless journeys in its first year

17 December

SecureIDNews

http://secureidnews.com

Transport for London (TfL) has celebrated its first successful year of accepting contactless payments cards on all of the Capital's 8,500 buses.

Since it was launched in December 2012, more than 6.5 million journeys have now been made using an American Express, MasterCard or Visa Europe contactless payment card. Usage continues to rise, as an average of around 33,000 bus journeys a day are paid for using the debit, credit or charge cards; with around 1,300 new cards tapped each day.

Acceptance on London Underground, London Overground, DLR and trams will launch next year when London will become the first city in the world to fully integrate contactless payment cards into the fare system.

A controlled pilot on London Underground, London Overground, DLR and trams will take place over the next few months to test the system, including additional customer messages, to rectify any operational issues before the full launch.

TfL continues to remind customers about presenting their Oyster or contactless payment cards separately to the yellow card readers to ensure the right card is charged for the journey. This message has been widely published at bus stops on the real-time information displays, via emails to customers and through the media.

Since launch refunds requests for the incorrect card being charged have averaged less than three per day, out of around 4 million daily bus journeys paid for on Oyster. There have been no technical issues since the system launched and TfL continues to work closely with the payments industry to prepare for the next phases.

By Ross Mathis

http://secureidnews.com/news-item/transport-for-london-celebrates-6-5-million-contactless-journeys-in-its-first-year/?tag=contactless

Tablet conversion rate hits 8.7% on affiliate networks

19 December

internet© RETAILER portal to e-commerce intelligence

www.internetretailer.com

Nearly one in three clicks in November were mobile, Affiliate Window reports. Retailers must offer mobile-optimized sites to convert this traffic, an affiliate expert says.

Mobile commerce activity on the U.S. and U.K. affiliate networks of Affiliate Window was hopping in November and early December. Nearly one in every three clicks originated from a mobile device, mobile traffic as a percentage of total web traffic peaked at 38.3% the Sunday before Thanksgiving (Nov. 24), and conversion rates hit record highs of 3.66% on smartphones (the day after Cyber Monday, Dec. 3) and 8.7% on tablets (on Cyber Monday, Dec. 2), Affiliate Window reports.

On Black Friday (Nov. 29), the average order value for purchases on smartphones originating on the affiliate networks peaked at $139.65, almost identical to the networks' desktop PC average order value, Affiliate Window says. Average order values dropped on both smartphones and desktops during the heavy discounting on Cyber Monday and registered at $107.40 and $117.41, respectively, Affiliate Window says. The average order value on iPad tablets peaked early, on Nov. 3, at $153.79.

“The growth of mobile commerce has accelerated over the past few months and shows no signs of slowing down,” says Matt Swan, client strategist at Affiliate Window. “With almost one in every three clicks originating from a mobile device, it is important that retailers be optimized to be able to convert this traffic. We typically see mobile usage peak on the weekends, so retailers should plan their promotions to maximize mobile exposure accordingly.”

Growth will continue beyond the build-up to Christmas, as millions of consumers likely will receive a smartphone or tablet as a gift and immediately activate their new mobile devices, Swan adds.

“We expect to see record traffic volumes through mobile devices on Christmas Day and Boxing Day,” he says. Boxing Day, the day after Christmas, is celebrated in the U.K. and some other countries previously part of the British empire. “Retailers should be prepared for this activity and plan their post-Christmas sales now.”

In November on the affiliate networks, mobile accounted for 25.6% of total web sales (up from 14.8% in January 2013) and 31.5% of total traffic (up from 21.8% in January 2013).

For the month, 72.3% of smartphone sales occurred on Apple Inc. iPhones, 24.5% on Android phones, and a measly 3.2% on smartphones running other mobile operating systems including BlackBerry and Windows Phone, Affiliate Window says. In November, a massive 86.2% of tablet sales occurred on iPads, 11.8% on Android tablets, and 2.0% on tablets running other mobile operating systems. As is generally the case in m-commerce, Apple continues to pound Android when it comes to mobile shopping.

By Bill Siwicki

http://www.internetretailer.com/2013/12/19/tablet-conversion-rate-hits-87-affiliate-networks

Will non-banks own digital wallets?

19 December

www.mobilepaymentstoday.com

Financial institutions can't afford to sit back and let non-banks such as Amazon, PayPal, Google and the Merchant Customer Exchange dominate the fast-evolving digital wallet market, according to a new Forrester Research report.

Banks traditionally don't move first when it comes to new technologies, Forrester Research senior analyst Denée Carrington told Mobile Payments Today. She authored the Forrester Research report "Craft The Right Digital Wallet Strategy For Your Financial Institution."

"They tend to follow behind consumer adoption of new technologies," she said.

To that point, most banks have remained on the digital wallet sidelines, she said, but they now need to establish their digital wallet strategies as the market shifts from first movers to fast followers. "Banks need to realize that merchants are going to take an active interest in issuing digital wallets," she said.

Awareness

The frenzy of activity in the mobile payments and digital wallet market is beginning to pay off in terms of growing consumer awareness and interest, Forrester Research said. According to its 2013 North American Technographics Financial Services Survey, 26 percent of U.S. online adults who use a cellphone are interested in and 5 percent already use in-store mobile payments in 2013.

That contrasts to figures from 2011, when only 17 percent of U.S. online adults who own a mobile phone were interested and 1 percent already used in-store mobile payments.

However, Forrester said, while 61 percent of U.S. consumers in 2013 have heard of digital wallets, only 11 percent use one. That indicates wallet providers still have work ahead to enable easy adoption, Carrington said.

Competition

Banks that want to offer digital wallets face stiff competition from market leader PayPal, Carrington warned.

In Forrester Research's July 2013 North American Technographics Retail Online Benchmark Recontact Survey, 38 percent of U.S. online consumers said PayPal is the firm they most trust to provide a secure digital wallet. Banks and credit card issuers came next, named by 35 percent of consumers, followed by payment card networks (30 percent) and Amazon.com (23 percent).

Banks can either issue their own branded digital wallet, Carrington said, or partner with one of the existing digital wallet providers such as PayPal, Isis, Square, Visa or MasterCard.

American Express, JPMorgan Chase and Wells Fargo have each opted to work with Isis, the mobile wallet joint venture between AT&T Mobility, T-Mobile USA and Verizon Wireless.

In April, BMO Bank of Montreal launched a mobile wallet connected to MasterCard's MasterPass platform, while PNC Bank is using Visa's V.me digital wallet technology.

Branded wallets

Banks choosing to issue their own branded digital wallet have greater potential flexibility and control over the wallet experience for their customers, Carrington said.

Banks that want to issue a digital wallet but avoid the cost of developing it in-house should consider partnering with a wallet enabler such as FIS, Fiserv, Gemalto, Monitise, MasterCard or Visa. "There are a growing number of potential partners with good experience of developing digital wallets who can support banks' digital wallet initiatives," Carrington said.

She cautioned banks against adopting a "silo" approach to digital wallet strategy. "They need to think about the digital future of their bank," she said, which involves aligning digital wallet strategy with broader digital strategy, for example by integrating a digital wallet with online and mobile banking platforms.

Merchants

Carrington's report "Understanding Digital Wallet Options For Your Business" concluded that merchants, like banks, need to seize the opportunity to create a digital wallet strategy.

She said digital wallets have moved beyond merely providing virtual coupons and promotional offers. "Coupons and offers are now 'status quo' in digital wallets," she said. "The goal now for merchants' digital wallets is to provide value-added services that improve retailers' economics by increasing their revenues and lowering their costs. These value-added services will also take the friction out the customer's payments experience, for example by enabling rapid checkout or by providing a mobile storefront for pre-ordering and in-store pick-up."

PayPal and Paydiant each offers digital wallets that consumers can use to speed up payment at restaurants, rather than wait for a server to take their card, Carrington noted. The mobile wallet being developed by MCX, a cross-industry consortium of U.S. merchants, is expected to offer value-added services such as streamlined checkout, coupons, loyalty rewards, mobile order/in-store pickup and pay at the table, Carrington writes in the "Understanding Digital Wallet Options For Your Business" report.

According to Forrester Research's 2013 North American Technographics Financial Services Survey, 60 percent of U.S. online adults would like the ability to place a food order through a mobile wallet before arriving at a restaurant. Also, 61 percent would like the option of requesting the final bill and paying through their mobile wallet while seated in a restaurant.

Omnichannel wallets

Carrington said the most prevalent form of digital wallet remains the remote-only wallet, which enable consumers to make e-commerce and m-commerce payments. But she expects proximity-only wallets, which enable in-person payments in stores, and omnichannel wallets, which enable e-commerce, m-commerce and proximity payments, to show the fastest growth going forward.

Examples of omnichannel wallets include Google Wallet, MasterCard's MasterPass, Paydiant, PayPal and MPayMe's Znap. Proximity-only wallets include Isis, Apple Passbook, Square Wallet and the bank-branded bPay wallet issued by Barclaycard U.S., Carrington said.

"The advantage of an omnichannel wallet to a merchant is that, if a retailer can link the customer's in-store purchasing behavior with its knowledge of the customer's online shopping, it can have a 360-degree view of the customer," Carrington said. "The benefit to a consumer is that omnichannel wallets provide consistency between their online and in-store shopping experience."

MCX

Then there's MCX, which Carrington described as an example of merchants banding together to build an alternative, lower-cost payments infrastructure that bypasses the card networks. "By building their own infrastructure, MCX participants will be able to avoid paying card network interchange fees," she said. "This infrastructure will create a direct connection between the merchant and the customer's funding source that competes with the existing card networks."

She believes the emergence of non-card-based, merchant-led networks that bypass the card brands' infrastructure will be a major theme in 2014.

According to a blog post by Celent senior analyst Zilvinas Bareisis, MCX plans to attract consumers by leveraging the relationships its members have with their customers through their private-label cards and rewards programs. "Those same private-label cards will also be a starting point as a funding source, although MCX is also believed to be in discussions with banks to connect directly to (customers') bank accounts," Bareisis wrote.

"The MCX merchants share a belief that mobile commerce should improve a payments system that is rife with inefficiencies that result in unnecessary costs for all stakeholders," MCX senior executive Dodd Roberts wrote in a Mobile Payments Today blog post.

"Yet most of the current mobile-commerce options not only leave these costs in place but also have the potential to layer new costs on top of them, both for merchants and issuers. MCX intends to help change the payments status quo with a secure, customer-focused mobile platform that has a common set of standards."

By Robin Arnfield

http://www.mobilepaymentstoday.com/article/225083/Will-non-banks-own-digital-wallets

NFC: It's hiding in plain sight

17 December

www.mobilepaymentstoday.com

The holiday shopping season is in full swing; we've survived Black Friday and Cyber Monday and are rapidly approaching the after-Christmas sales.

This year a key part of that shopping experience has involved mobile payments — the use of a mobile device such as a tablet or smartphone to pay for goods and services. What once was just a concept in the minds of technologists is fast becoming reality and, in the process, providing consumers and vendors alike with greater ease of payment and more efficient tracking.

As a result, the number of merchants accepting mobile payments continues to climb at a dramatic rate, as does the number of consumers trying mobile payments for the first time. The last thing either of these camps wants to worry about as they explore this brave new world of shopping is security. Luckily, a number of emerging technologies may now hold the key to making mobile payments much more secure.

One such technology, Near Field Communication, enables the transfer of data between devices like smartphones, chip cards (a card with an embedded, unique microchip that encrypts or "scrambles" user data, making it virtually impossible to copy) and other similar devices, by simply touching them together or bringing them close to one another (usually just a few centimeters). Unlike Bluetooth, NFC requires no pairing, which makes device authentication easier. Also, since NFC is very low power, a battery is not required in the device being read (e.g., the chip card).

With just a tap of your NFC-enabled smartphone or chip card against an NFC-enabled point-of-sale terminal, a merchant could easily take your payment and even identify things like your specific shopping preferences or apply a customer loyalty program reward. Companies such as Samsung and Visa are certainly working to promote this concept by making mobile payments through smartphones commonplace, but would it surprise anyone to know the technology is already in use today?

For a prime example, look no further than the closest McDonald's; the chain has already installed contactless payments infrastructure in most of its POS systems worldwide, and now offers mobile contactless payments to NFC-enabled handsets.

Consumers not yet aware

In truth, many consumers currently have NFC technology embedded in their phones and credit cards and don't even know it. That's because the technology has advanced well ahead of its consumer awareness and usage models. Consumers are waking up to the technology and its benefits, however. With smaller, more energy-efficient NFC chips in development, and with the full gamut of handset manufacturers, POS terminal manufacturers and payments technology providers making the technology available to their customers, it's only a matter of time before consumers everywhere will be equipped with NFC-enabled devices capable of interacting with other NFC infrastructure devices for the purposes of mobile payment.

One area where NFC will play a key role is as an enabler of contactless chip cards. Chip card technology comes in two variations. Contacted chip cards, also known as chip-and-pin cards, are slid into a slot in a POS terminal and require a personal ID number or secret numeric password for authentication. In contrast, contactless chip cards rely on NFC technology to securely exchange information. Both chip card variations promise to provide consumers with a mobile payment experience that is simple, quick and highly secure.

One reason chip cards offer better security is their use of dynamic authentication. Essentially, dynamic values are introduced into each transaction, reducing a criminal's ability to use stolen payment card data. Even if criminals manage to get their hands on this data to create a counterfeit cards, they would be unusable without the original cards' unique elements. By comparison, modern magnetic strip cards are relatively easy for thieves to duplicate or replicate.

EMV is coming

Like NFC technology, chip cards are already in use today around the world. Just this year, Visa began supporting contactless chip card payments. Most consumers remain oblivious to this fact. Also, many of the POS systems, through which those contactless payments would be made, now feature a dual interface, meaning they can accept both contacted and contactless chip card devices. But the terminals are often shipped with this feature turned off because up to now, security has not been a motivating factor for merchants.

What merchants do care about is complying with industry standards, and the deadline they face for that compliance in the United States is October 2015. That's the date by which the payment industry must comply with new EMV (an acronym derived from Europay, MasterCard, Visa) standards or be forced to assume liability for fraudulent purchases.

EMV is a global standard governing security and interoperability of chip-based payment cards, and it will be a formidable tool in helping to combat the high rate of card cloning fraud with current magnetic stripe technology. For those merchants who adopt it earlier than October 2015, by deploying dual-interface POS terminals, the benefit will be not only safer customer transactions but also the possible elimination of their requirement to re-certify PCI validation with the payment card industry every year.

Any merchant accepting credit cards today is required to be in compliance with PCI standards, which ensure all payment terminals and companion devices contain the encryption technologies needed to provide the highest level of security for cardholder data. That puts added demands on POS terminal and companion device manufacturers, as well as suppliers of "the brains" into those systems, to continue developing the advanced technologies necessary to help ensure these systems achieve PCI compliance.

Mobile payments are now a reality and gaining traction with each passing day. Thanks to advanced technologies like NFC, chip card devices and compliance to evolving standards like EMV and PCI, today's consumers can be more assured of the security and reliability of their mobile payments.

By Edward Doe

http://www.mobilepaymentstoday.com/article/224907/NFC-It-s-hiding-in-plain-sight

Airlines see mobile revenue potential

19 December

www.mobilepaymentstoday.com

Airlines see a potential for driving revenues from mobile payments, according to research from London-based processor WorldPay. For its "Alternative Payment and Distribution Landscape: Airlines and Alternative Payments - The Facts" report, WorldPay questioned 56 global airline carriers worldwide on their use of alternative payments methods, their plans for the future and the reasons for their choices.

The acceptance of mobile payments by airlines has grown from 10 percent in 2012 to 25 percent in 2013, WorldPay said. Airlines are looking to mobile payments to drive revenue, with 57 percent of airlines saying mobile has the greatest potential to do that over the next two years.

Reaching new customer segments was the top reason cited for offering a range of online payment options, given by 63 percent of airlines. This was followed by lower payment processing fees (61 percent) and lower fraud rates (50 percent).

Top payment methods accepted by airlines in 2013 were credit cards (96 percent of respondents), charge cards (86 percent), debit cards (64 percent), air miles/loyalty points (54 percent) and e-wallets (38 percent), the survey found.

Looking to the future, a third (32 percent) of airlines said they plan to offer mobile payments in the next two years, with e-wallets (29 percent) and online bank transfers (29 percent) also on the development radar.

"Airlines have recognized the revenue opportunities of mobile," Mike Parkinson, WorldPay's VP of Airlines, said in a statement. "Over the next two years, we can expect to see new innovations in the ways consumers purchase tickets and services via mobile devices from airlines. Eventually, services offered via mobile devices will become inherent to the airline experience, from booking to check-in."

However, implementing alternative payment systems has its challenges. "Direct integration with a payment type is too complex both from an IT aspect as well as from an accounting and reconciliation perspective," Maarten Rooijers, KLM's senior manager of e-payments, said in a statement.

Parkinson recommended that airlines work with a payments partner who can manage the integration with current processes.

http://www.mobilepaymentstoday.com/article/225115/Airlines-see-mobile-revenue-potential

What is privacy worth to mobile users?

15 December

www.mobilepaymentstoday.com

How much would you pay for privacy when it comes to mobile phone usage?

A recent study by two University of Colorado economists found that users were willing, on a per-app basis, to make one-time payments of $2.28 to conceal their browser history; $4.05 to hide their contacts list; $1.19 to conceal their location; $1.75 to conceal their phone's identification number; and $3.58 to hide the contents of their text messages. (Ever hear of Snapchat?) And they would pay $2.12 to eliminate advertising.

Those figures are cited in an article in The Guardian, which looked at AT&T's latest Internet service offering in Austin, Texas. The company is running a test there to offer two plans; the cheaper one includes a discount for users who agree to be targeted more intrusively than ever by user-specific advertising, according to the newspaper.

As the story notes, it's well established that users are the product being sold to others, with little recourse. But those issues are especially acute when it comes to mobile; app developers, for example, take liberties with personal privacy by demanding various "permissions" for downloading digital products.

That raises a need for tough laws to prevent people from being treated like mice in experimental labs, the author concludes, as well as end-to-end encryption of everything people do online.

http://www.mobilepaymentstoday.com/article/224865/What-is-privacy-worth-to-mobile-users

With mobile payments growing, European Parliament debates interchange

16 December

mobile payments today
transactions, technology & marketing

www.mobilepaymentstoday.com

The European Parliament is likely heading for a spirited debate this week as it considers the latest proposed updates to its Payment Services Directive, according to Euractiv.com. The rule changes are designed to introduce more competition and update the credit and debit card payments landscape, and to cover regulatory and security challenges posed by a range of existing card and new mobile payments services that are expected to grow significantly in Europe over the next couple of years.

A key issue involves multilateral exchange fees that are paid by retailers to a cardholder's bank as part of an electronic transaction. The current European Commission proposal would set new capped levels at 0.2 percent for debit card transactions and 0.3 percent for credit cards.

Some critics contend that proposed rules revisions would water down merchant and consumer benefits, the site said, while card companies also object to a "one-size-fits-all" approach to interchange across Europe.

http://www.mobilepaymentstoday.com/article/224823/With-mobile-payments-growing-European-Parliament-debates-interchange

Survey shows smartphones are not popular for mobile payments

16 December

www.qrcodepress.com

Survey suggests that consumers do not enjoy mobile commerce on their smartphones

A new survey from Marketing Land and SurveyMonkey suggest that consumers primarily use their smartphones for in-store research rather than for mobile payments. Mobile commerce is still a relatively new concept to many people and consumer participation in mobile commerce is quite limited. Many people do not feel comfortable with the idea of paying for products with their mobile devices, mostly due to security concerns that they have regarding the mobile space.

Smartphones provide excellent shopping support

The survey shows that approximately 66% of respondents claimed that they used their smartphones in stores. Comparing prices and looking for deals were the most common practices among smartphone users. Some used their devices to consult with social media platforms concerning a particular purchase and find product reviews. Respondents considered shopping support to be one of the best features of their smartphones.

Security remains a major problem for mobile commerce

Mobile commerce has been growing rapidly, but it has yet to become mainstream. Mobile payments are often seen as a serious risk to a person’s financial security due to the attention that mobile commerce has attracted from hackers and malicious groups. Several security setbacks associated with some of the most popular mobile commerce platforms have emphasized certain threats, making consumers much less eager to participate in mobile commerce in any significant way.

Mobile payments continue to grow despite security fears

Despite security concerns, mobile payments are becoming more popular among consumers. Notably, services that avoid the use of NFC technology are gaining the most attention. This is due to the negative stigma that has come to surround NFC technology and its security merits. Services that do not use NFC are also more accessible to consumers, as they do not require a person to have an NFC-enabled device. These types of services must still compete with many security challenges, but consumers appear to favor them over more conventional mobile payments platforms.

http://www.qrcodepress.com/survey-shows-smartphones-popular-mobile-payments/8524635/

Banks go branchless to reach the unbanked

18 December

ISLANDS BUSINESS

www.islandsbusiness.com

Bankers see it as key driver in financial inclusion

It might be the woman market stall holder in a city like Port Moresby, who needs security for her daily takings, or the rural Solomon Islands school teacher who must spend up to half his wage in boat fuel travelling to a bank to collect his pay. Both could use a mobile wallet to solve their problems.

Branchless banking, mobile banking, mobile “wallets”, innovations in financial services are seeing thousands of poor and low-income people use their mobile phones to enter the financial system for the first time; to open accounts, get paid, save money and begin to move out of poverty.

And so they came to Sydney last month for the first-ever Pacific Branchless Banking Seminar. From Timor Leste to Tonga, the Philippines to Fiji, from all over the Pacific and beyond. Bankers large and small, central and commercial, were joined by financial service providers, mobile network operators and technology providers to share new approaches to fostering financial inclusion in our region. Sponsored by the Asian Development Bank’s Pacific Private Sector Development initiative and the US-based Consultative Group to Assist the Poor (CGAP), the event was the first of its kind for the Pacific. Representatives from six Pacific Islands Central Banks were joined by about 30 more delegates ranging from small commercial banks such as BNCTL (the National Commercial Bank of Timor Leste), to global giants like Visa International. The meeting sought to identify policies, innovations and practices that are strengthening the enabling environment for branchless banking in the region. Central bankers and the private sector—being the regulators and the regulated—don’t usually interact in this way, but such was the open exchange of knowledge and views, is unlikely this will be the last meeting of its kind. This was a working meeting and leading discussions were experts Gane Simbe, (Deputy Governor of the Central Bank of Solomon Islands), Pia Roman (Head of Financial Inclusion at Bangko Sentral Ng Filipinas), and Steve Rasmussen (Head of Technology at CGAP).

Let's take a closer look at some of the issues identified:

• Continuing to increase the different uses for people's branchless banking accounts is crucial to increase the number of transactions—e.g. enabling people to buy mobile phone credit, pay electricity bills, pay for goods in shops with their account etc.

• The need to build sustainable agent networks. The service provider (such as a bank or mobile phone company) needs to supply both customers and agent's easy and reliable access to banking products to attract customers. Trust in the product and provider is key - people need to believe that their money is safe, and that they can access their accounts when they want/need to.

• The more we embrace technological solutions to financial inclusion the less opportunities exist for human contact—which in the past has been critical for building relationships and trust between the consumer and the service provider. As many consumers are new to (or uncomfortable with) mobile banking technology this highlights the need to build trust. It also highlights the need to have effective consumer protection measures in place—such as transparent pricing and effective redress mechanisms for consumers that have a complaint.

• There is an opportunity to bring together the regulators of the financial and telecommunications sectors in the Pacific. There is some uncertainty at the regulatory level with regards to who is responsible for supervising the providers of mobile money services, if there are competing priorities of each respective regulator this could compromise the efforts of the financial services industry to promote financial inclusion and the expansion of branchless banking.

• Applied Product Innovation (API) was a popular concept shared at the seminar. Essentially it is taking the concept of user-centered design principles and applies them to the design and implementation of financial products. The main difference with other design philosophies is that user-centered design tries to optimise the product around how users can, want, or need to use the product, rather than forcing the users to change their behaviour to accommodate the product.

• There seems to have been the myth that if technology is there to provide access to financial services, use of it will happen automatically. There is actually quite a lot of technology available in the Pacific but usage does not follow automatically which brings back the human factor into the equation. People do not automatically use services only because they are available. Financial education/client awareness integrated in product implementation was mentioned as a crucial activity.

• New Australian Foreign Minister Julie Bishop has said "microfinance is the best form of aid", and recently at CHOGM she identified "financial inclusion" as one of three priorities for the new government heading towards the G20 meeting next year in Brisbane.

The Australian government was represented at the Sydney seminar and actually facilitated the staging of the event through Australian Aid's major funding support for PSDI, (which is also co-financed by New Zealand and ADB). (see: www.adbpsdi.org)

By Michael Hutak

http://www.islandsbusiness.com/2013/12/business/banks-go-branchless-to-reach-the-unbanked/

Why Banks Will Be Losers To Mobile And Ecommerce Leaders, Infographic

17 December

Forbes

www.forbes.com

If your day job involves the smartphone sector then you know all about patent disputes. It's not just about Apple v Samsung. Patent battles are a part of the lifestyle of what is, in reality, a highly collaborative field. Every smartphone maker uses somebody else's technologies and IP at the core of their products.

In future smartphones will matter, at least devices will matter more and more, because so much human activity will be mediated through a piece of hand-held or body-worn technology. We already read books that way, buy more and more products, watch ads, find our way around, track our bodies, establish and maintain our networks, and transfer money.

To own a part of this action you need a good IP strategy. IBM, Samsung, Microsoft, these are all companies that register thousands of patents each year. They are global players, enforcing their IP rights wherever the opportunity arises. Last year he USPTO awarded Samsung over 5,000 patents.

So what about banks or, more generally, financial services companies? Increasingly e-commerce will flow through the phone, even if only as a messaging channel. Companies like Alibaba have already become banks in the making. Alibaba now offers small loans, securities investments insurance and payment services, and is exploring wealth management, direct banking and credit card services. Google's purchase of Lending Club promises some action in peer-to-peer loans too. Amazon can't be far behind.

Banks need to compete in these areas with patent hungry challengers. They also need ultra-high performance security. They need to be involved in identity management. The peer-to-peer space. New types of social messaging. Maybe even in end-to-end product financing and fulfillment.

These are all prerequisites if banks are to compete with start-ups and incumbents in the smartphone sector and e-commerce. If they are prepared, or preparing, well then their readiness should be reflected in their IP strategies.

The infographic below was prepared by Deltasight.com, a business intelligence data company that specializes in tracking IP and innovation performance. It makes sorry reading for some banks, though American banks are way ahead of their European counterparts.

The research behind the infographic answers two simple questions – how many patents have been granted to these major bank; and what key areas of IP do they try to protect?

Three major American financial service companies are represented in the study, American Express, Citi and JP Morgan. Three European banks are also represented: Barclays from the UK, Deutsche Bank of Germany and BNP Paribas of France.

Way out in the lead, American Express has had over 800 patents granted in different countries, according to the study. In fact as of 2010 American Express claimed a "live" portfolio of only 174 patents, so it is important to read the infographic in that context. patents do expire.

JP Morgan has been granted over 500 and Citi 400. Compare that with IBM who last year was granted over 6,000 patents from the USPTO. Ok, there is evidence too that IBM abandons up to 45% of its patents within a year. And IBM belongs to a group of super-patenters – the 100 biggest portfolios hold over 30% of active USPTO grants.

Nonetheless an all time collection of well under 1,000 patents for a global financial services firm might indicate a lack of focus on IP. The point is that patenting is a defensive strategy as well as a royalty earning strategy and companies like Microsoft have turned it into an invaluable way to exploit smart thinking.

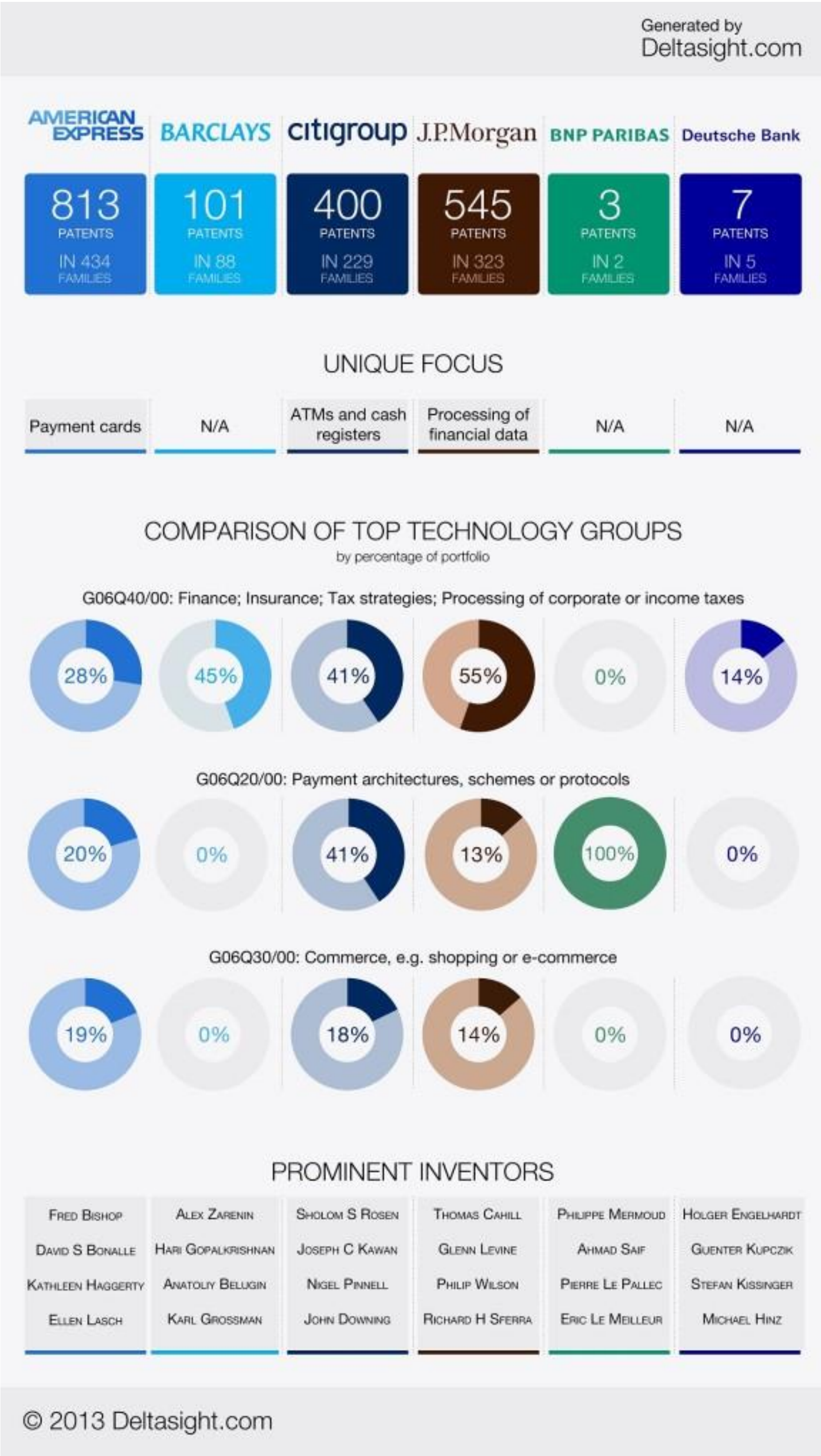
JP Morgan, however, has won praise for its patenting and intellectual property, for example from Ocean Tomo, an investment company based around an IP Index, as has Citi. Both are in the Ocean Tomo Index. These companies along with Bank of America are leaders in US financial services patenting, at least in terms of value derived from patents.

The really dismal picture though hangs over European banks who appear to have next to no interest in developing and protecting IP.

There is something to be said also about the areas where banks have chosen to protect IP. While American Express is primarily focused on cards, as might be expected, CITI's focus historically has been on ATMs and cash registers, while JP Morgan's has been on the processing of financial data.

Their secondary focus is in areas where competition from the start-up and IT community could be most expected: payments architectures and processing and e-commerce.

In short, though you have to question whether this level of intellectual property development will be enough. In the US financial services companies need to start benchmarking against tech companies, their future competitors. In Europe they need to start thinking about what it means to incorporate long-term intellectual property into their future businesses.



By Haydn Shaughnessy

http://www.forbes.com/sites/haydnshaughnessy/2013/12/17/why-banks-will-be-losers-in-mobile-and-ecommerce-infographic-and-what-to-do-about-it/

Mobile Myth-Busters: 5 Common Myths About Marketing on Mobile Devices

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AdvertisingAge

http://adage.com

If "following the money" gives a pretty good indication of where an industry is trending, then mobile marketing has more than just "arrived." Mobile budgets surged 142% between 2011 and 2013, according to a recent Interactive Advertising Bureau survey of 300 brand marketers. But a few inevitable misconceptions have taken hold at the same time, getting in the way of smarter and more successful campaigns. With this in mind, let's bust a few myths:

Consumers primarily use their mobile devices on the go. Fueled by the media focus on location-based advertising, in-store apps and now Apple's iBeacon tech, one of the biggest myths about mobile marketing is that it's all about reaching people on the go. But when AOL Networks and the University of Virginia School of Engineering and Applied Science conducted an in-depth study of how consumers engage with content across multiple devices, they found that most mobile ad impressions weren't being delivered while device users were out and about. Rather, a whopping 75% of all mobile impressions were viewed within the home. So if you want to reach mobile audiences on a large scale, a campaign that targets users on the sidewalk outside of Macy's may not (yet) be your best bet.

Consumers will buy on mobile only if the response required is simple. For too long, marketers have assumed that the only responses they could expect from a mobile campaign are basic actions, such as "click to call" or "click to download." At its face, this seems reasonable: Are people going to bother with navigating 15 fields and entering their credit card info to purchase a sweater on a smartphone when they could do it more easily on a desktop? It turns out that they do indeed bother to do that, and often. The AOL-Virginia study found that nearly one-third of digital conversions across travel, retail, automotive and telecom occurred on a mobile device. IBM just reported that mobile transactions accounted for about 26% of total online sales on Thanksgiving and nearly 22% on Black Friday.

My mobile campaign must be a great success -- it's getting tons of views/downloads/clicks. Plenty of vendors love to crow about how many impressions they are generating for clients. But in mobile, more is not always better. Yes, large scale is important, but it can be misleading without accurate data about who is being reached, when and what happens next. Millions of impressions for an ad appearing on

Angry Birds may simply mean that you're hitting a whole lot of 4-year-olds who have commandeered their mom or dads' phones.

The same goes for app downloads. Got a retail app? It's better to invest $10 per download for 10,000 people who make over $100,000 a year and will use the app a few times a month to make a purchase than to spend $1 per download for a million people who never open their wallets. Be clear about what you are trying to accomplish and focus on results. (And, no, an impression is not a result.)

Longer visits mean better engagement. Another important variable is session depth, a measure of how many mobile pages a consumer has opened at a stretch. When we analyzed mobile data across a variety of retail campaigns, we found that engagement dropped precipitously after a consumer had been browsing on a mobile device for a while and had clicked on multiple levels of content. But ads viewed by consumers on the first few pages of content that they open during a session result in deeper engagement and higher conversion rate.

That should impact ad-placement strategies. Movie studios that targeted people visiting entertainment sites, for example, may get better results trying to reach audiences when they first fire up their smartphones to check morning headlines or e-mail. Strike the right balance between where and when. Impressions paired with great content will be wasted if the viewer is already deep into a web surfing session.

You need a mobile-only strategy. In a world where the lines between how people access, view and engage with content continue to blur, it doesn't make sense to develop a siloed mobile strategy or to rely too much on mobile specialists who can provide insight into only one aspect of the digital pie. We know that cumulative impressions are often required to realize a conversion. A consumer might view an ad on her mobile phone in the morning, and see one on her desktop at work before making a purchase on her iPad that night.

As mobile marketing continues to evolve, growing pains are inevitable. The marketers that learn to separate myths from reality will come out ahead.

By: Chad Gallagher

http://adage.com/article/digitalnext/5-common-myths-marketing-mobile-devices/245718/

Best Practices On NFC Mobile Payments Issued In Hong Kong

18 December

www.mondaq.com

Keywords: NFC mobile payment services, Hong Kong, payment method, security, best practice

Near field communication (NFC) mobile payment services are on the rise in Hong Kong, and are offered in many retail outlets as a payment method. To facilitate the growth of such technology whilst balancing the security concerns of the public, the Hong Kong Association of Banks (HKAB), in consultation with the Hong Kong Monetary Authority (HKMA), has recently issued a Best Practice on NFC Mobile Payments in Hong Kong (Best Practice). The Best Practice is intended to provide the minimum security requirements and other best practices for the development of NFC mobile payments in Hong Kong.

Background

NFC mobile payment services are already offered in Hong Kong by, amongst others, HSBC, Hang Seng Bank and the Bank of China. The Octopus Group is also set to introduce NFC mobile payments as an alternative to its widely popular Octopus card, and Jetco recently announced that it will team up with several banks to build an NFC mobile payment platform. With the growing popularity of NFC mobile payments, concerns have arisen as to the security and infrastructure of this new payment method.

In March 2013, the HKMA released the results of a consultancy study aimed at identifying an effective NFC mobile payment structure designed to achieve the following four long-term development objectives for NFC mobile payments:

- the ability of users to use multiple payment services from different banks and service providers on a single NFC-enabled mobile phone;
- the continuity of payment services despite users switching to different mobile network operators;
- the continuity of payment services despite users changing phones; and

- a high level of security that is consistent with international standards and regulatory requirements.

One of the recommendations of the study was to develop a set of standards and guidelines that dealt with the implementation of NFC mobile payment services in Hong Kong. To achieve this goal, the HKMA established an NFC task force under the HKAB to formulate the standards and guidelines in consultation with the HKMA. On 25 November 2013, the Best Practice was issued by the HKAB.

The Best Practice

The Best Practice applies to banks that are members of the HKAB as well as other stakeholders of mobile payment services. This includes mobile network operators, phone manufacturers, etc. The Best Practice covers three areas: security requirements, technical standards and operational processes.

Security requirements

The security requirements are the minimum that must be implemented. They cover the security of the backend infrastructure, the frontend device and software applications installed on the mobile phone. They include, amongst other things, the following:

Management of Secure Elements – NFC payment credentials must be adequately segregated from each other, by creating secure domain structures and hierarchies.

Card Issuance and Provisioning – measures must be implemented to ensure that the connections and data within the NFC environment are secure.

Mobile Payment Services Management:

Mobile Wallets – a mobile wallet, which is the software application installed by a customer onto their handset, acts as an interface to manage the NFC services in the secure environment. The safety and security of a mobile wallet is essential.

Management of Multiple Payment Credentials – measures should be implemented to ensure that access controls and authentications in the secure element are put in place, so that only authorised mobile wallet applications can access the assigned payment credentials stored in the secure element.

Authentication Codes – mobile wallets must include PIN protection, which should be stored inside the secure element. Customers may be given the option of turning this PIN protection off, but the default position should always be for the PIN protection to be on.

Access to Sensitive Information – access to sensitive information should only be allowed upon correct PIN entry. Sensitive information should also be adequately segregated where the mobile wallet has multiple NFC payment credentials linked to different issuers. Measures should be implemented to ensure that access to and use of transaction data is restricted to the authorised end-user or the entity that owns the data.

Payment Transactions:

Audit Trail and Record – effective procedures and audit trails must be implemented to prevent and detect any unconfirmed transactions. Refunds should promptly be made upon the detection of any unconfirmed transactions.

Transactions Through Contactless Interface – all payment transactions should only be allowed via contactless interfaces, unless effective security measures have been put in place to prevent any potential attacks through a contact interface.

Transaction Limit – NFC mobile credit card payments should be restricted to the same transaction limit that applies to no-signature contactless credit card payments. This is currently set at HK$1,000 per transaction. For transactions that are higher than the current limit, additional security measures must be in place, e.g., provision of a PIN.

Cardholder Authentication:

Know Your Customer – the existing KYC due diligence process for normal payment card products should be followed in order to identify the customer. This is mandatory for financial institutions.

At Service Activation – cardholder authentication is mandatory during the activation process. The activation process involves the installation of the mobile wallet application onto the phone, and the insertion of the customer's payment credentials into the application. If an activation code is used as part of the authentication process, then the activation code should be given through a different means from the one used to activate the service, e.g., via SMS.

Mobile Pin Management – mobile PINs should be used in the NFC mobile payment service.

The HKMA will take the Best Practice security requirements into account during its continual supervision of NFC mobile payment services offered by authorised institutions, to ensure that they maintain a high level of security.

Technical standards

For the technical standards, the aim was to establish principles with reference to industry and international standards, in order to assist in the interoperability of different NFC infrastructures, mobile devices and terminals. As such, the Best Practice requires the adoption of widely accepted standards set by industry and international organisations. This includes the ISO, ETSI, GlobalPlatform, and EMVCo standards.

Operational process

The Best Practice introduces a standardised operational process, in order to improve user experience. For example, it recommends that for transactions that exceed the current limit of HK$1,000, and for which additional authentication is therefore required, a mobile PIN should be adopted as the method for additional verification.

Other Developments

The HKMA is clearly focused on developing the legal structure in relation to retail payment systems (e.g., mobile payments, stored value payment facilities, etc.) in order to protect the public and, in so doing, inspire consumer confidence which will help further promote the use of new innovative payment methods. Whilst the Best Practice is only a guideline, and does not have the force of law, it may not be long before other measures come into place.

In May 2013, the HKMA and Financial Services and the Treasury Bureau released for public consultation, a proposal on the introduction of a regulatory regime for stored value facilities and retail payment systems in Hong Kong. In brief, under the proposed regime:

all issuers of multi-purpose stored value facilities (SVF) in Hong Kong (whether device or non-device based) would be required to obtain a licence from the HKMA before issuing the SVF;

issuers of multi-purpose SVFs would be required to keep the float separate from its own funds, which must be fully protected by safeguard measures; and

the HKMA would have the power to designate certain retail payment systems which would be subject to the HKMA's continuous oversight.

The consultation period ended on 22 August 2013, and a bill is expected to be introduced to the Legislative Council in the first half of 2014 for its consideration.

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Mobile Predictions for 2014

19 December

UNIFIED COMMUNICATIONS STRATEGIES

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Well it's that time of year we pundits start cranking out our predictions for the coming year. Of course those of us who follow the mobile space shudder at that prospect given our industry's undiminished ability to surprise and confound. Be that as it may, here's what I'm expecting in the coming year.

Smartphones: The Apple-Android duopoly will continue, though the Android share will continue to dwarf Apple's and even surpass the 4-to-1 advantage we see today as smartphone sales in developing countries take off. Apple will remain the premier brand, and will continue to command a premium price, even for "economy" models like the iPhone 5c. Given its hardware roots, Samsung will continue to struggle on the software front, though it should work out its Knox difficulties and offer a platform with enterprise security capabilities equivalent to Apple.

Windows Phone will have another frustrating year trying to attract app developers and establish a meaningful foothold in the consumer space. Unfortunately, the consumer market is the only market that matters, so failure there equates to failure across the board, and you need more than a solid platform to break the logjam. With a new CEO in place BlackBerry becomes a bit of a "wild card," though I'm afraid the hand they're holding is "Aces-and-eights."

Tablets: Clearly, tablet sales will continue to eat into laptops, and like we've seen in the smartphone segment, lower-cost Android models will outsell iPads – though Apple will remain the "premium brand." The interesting area to watch will be Windows tablets like the Microsoft Surface Pro and similar offerings that can offer an attractive touch interface for "fun" activities like web surfing, media consumption, and email – well, maybe that one's not so much "fun." However, as they run a Windows operating system, they can also be used to do "real work" with a full Office suite, so they could become the combo-device of choice for Windows desktop users – they're not winning over any Mac users. That will further eat into laptop sales, particularly as more organizations move to BYOD, but the question is how big a factor they'll be in the market. Finally, I don't see Apple following suit with an iPad running OS X.

BYOD: The surge continues, and we will start to see "standard" reimbursement plans adopted. Shifting the cost of a smartphone from the organization to the user is a human resources issue, and companies will have to determine how far they will be able to push. Many have already cut the smartphone stipend to zero, but others still continue to underwrite part of the cost. And for the time being, the majority of mobile devices accessing corporate email is still company-provided. While we've heard the idea of a COPE ("Company-Owned, Personal Enabled") plans bandied about, I don't see it happening. With the exception of those with intense security requirements, the move to personal ownership continues, but companies will have to assess how much of the financial burden they can push onto the employee. A word to the wise, when the economy is weak and people are fearing for their jobs, companies are in a strong position to tighten the screws, When the economy improves, some of those people will be looking for more accommodating places to work.

MDM/EMM: Mobile device management (that now includes mobile applications management and mobile content management) has morphed into enterprise mobility management (EMM), and will continue to be a growth area as companies come to recognize the need to secure data and applications on this increasing population of employee-owned mobile devices. However, just as SAP bought Sybase, Symantec bought Nucona and Odyssey Software, BlackBerry bought ubitexx, Citrix bought Zenprise, and IBM bought Fiberlink, the acquisitions will continue, and we will likely see AirWatch and MobileIron go the same way this year. Research tells us that only about 40 percent of enterprises have invested in an MDM solution (though over 60 percent have BYOD policies in place), and roughly a third rely on the rudimentary MDM capabilities inherent in Exchange ActiveSync; in short, there's still room for growth. However, MDM will likely disappear as a standalone market in the very near term, so the remaining specialty outfits will have to partner up with one of the "big boys" to survive.

Mobile Payments: In the US, mobile payments will continue to sputter as consumers and merchants alike are befuddled by the array of technology options before them. Probably the single biggest obstacle is Apple's continued refusal to endorse and adopt NFC. A change in attitude on that front could be a "game changer."

Mobile Apps: The fun will continue, and companies will continue to pursue mobile as a means to create stronger bonds with customers. That will also include solutions that better integrate the contact center. While you would hope that most of these initiatives would be "opt in," in light of the distressing NSA disclosures over the past year, many consumers appear to have given up on any expectation of privacy. With companies capitalizing on that reality, we can certainly expect more geofencing and passive shopper behavior monitoring, and those technologies could eventually be adopted in other non-commercial arenas like schools, parks and museums.

Mobile UC: If we're talking about the mobile UC clients the UC vendors have been trying to push, that's still a non-starter. While the UC vendors would like to think they're "relevant" in the mobile space, that is just an ongoing delusion they choose to embrace. Mobile UC is happening, but it's taking the form of native applications on smartphones and tablets that are incorporating capabilities that we in the enterprise call "UC." Our smartphones let us sync our calendars and contacts, click-to-call/text/email, automatically string our related correspondence together, and do it in a way that users love. Then the UC vendors try to make us use their lame knock-off clients to do the same thing and, not surprisingly, users give them the brush off. In the meantime, "a mobile UC client and a strong statement regarding mobility" will be key a RFP check-off in any UC assessment – laughable.

Wearables: Still way early in the adoption curve and dominated by Bluetooth headsets (yeah, that's a "wearable"), activity monitors (not embraced by the "sedentary"), and smartwatches (not embraced by anyone). Physical fitness buffs are scarfing up activity monitors, but judging by the waistlines I'm seeing, that's not a mass market. As smartwatches continue to do more and integrate better, I do expect users to recognize how they could make life better and more convenient, but that will likely take another product generation or two. Google Glass? "A bridge too far."

So that's how I see the mobility market shaping up for 2014. My last prediction is that I will continue to enjoy bringing you updates and my frank opinions here on UCStrategies.com.

Happy New Year!

By Michael F. Finneran

http://www.ucstrategies.com/unified-communications-strategies-views/mobile-predictions-for-2014.aspx

Focusing on developing countries is a winning formula says Digicel CEO

20 December

theguardian

www.theguardian.com

What if there is a way to make a profit while at the same time providing the world's poorest with a useful service? There is.

The mobile phone company Digicel has staked out an unlikely market by focusing on developing countries. And, unlike many other companies operating in these markets, Digicel targets the low-income majority. That is the way to create sustainable growth, CEO Colm Delves tells Guardian Sustainable Business.

"We're the biggest taxpayer in both Haiti and Jamaica," notes Delves, an Irishman like company founder Denis O'Brien. "The amount of direct and indirect employment we generate is massive. People use top-up scratchcards as a form of currency, and that in itself generates a whole new group of people who're selling and reselling credit."

Welcome to the new, paradoxical world of high tech in low-income countries. Take Haiti, where most people's homes lack electrical wiring or hot water. Still, people have mobiles. Mobile telephony, in fact, has created a busy secondary market, where people don't just use top-up vouchers as an alternative to cash but also become unofficial top-up merchants. "We have people in cities and rural areas who purchase $10-$15 worth of credit and resell it to other people and take a margin on the purchase," reports Delves. "Right now we have about 1,200 employees in Haiti, and about the same in Jamaica, but the level of indirect employment is about 60,000 in Haiti and 50,000 in Jamaica."

Haiti, the poorest country in the western hemisphere, where 80% of people live under the poverty line, is an unlikely destination for a for-profit company. But Digicel's business model is exactly that: to target countries – 31 and counting – that others consider too poor. The secret, says Delves, is to "democratise business, to make phones affordable and available for everybody". It's a bit like supermarkets in the industrialised world, which lack high profit margins but make money through the sheer volume of their sales.

In Haiti, Digicel has evolved into a huge presence, almost a parallel government. It runs over 100 schools, and Delves says another 50 are about to be added. The company has similar plans in other markets. Education, jobs – is private enterprise, not development aid, the answer to developing countries' needs?

"Aid is vital in the development of countries like Haiti, but the long-term sustainability will be based on foreign direct investment and indigenous entrepreneurship," argues Delves. "And we are seeing some progress. Best Western just opened a hotel in Port-au-Prince. Digicel also has a project that we're doing with Marriott, and now Toms, the shoe manufacturer, has announced their intention to manufacture shoes in Haiti. So, aid organisations have a vital purpose, but for the ultimate sustainability of a country you need a combination of foreign direct investment and local entrepreneurship."

According to a new report, to which Digicel contributed, 20% of Haiti's GDP growth between 2005 and 2008 was associated with Digicel's launch there. And in Papua New Guinea, the government has attributed 2.5% of the country's GDP growth in 2007 and 2008 directly to Digicel's arrival. Watching locals sell Digicel top-up vouchers while aid workers ride by in chauffeur-driven cars gives the impression that commerce is the most sustainable path forward for developing countries. And listening to Delves speak begs the question as to why there isn't a mad rush for these markets. The answer, may be that at times it's an unsafe environment. In Haiti, for example, Digicel's CEO and CFO have bodyguards.

And while Digicel may aid sustainable growth in developing countries, mobile telephony is far from sustainable in the green sense of the word. According to a new study by the organisation STEP, mobile phones are the most common e-waste product. Still, Delves notes that Digicel was the first mobile company in its markets to use biodegradable packaging for its handsets, and reports that it has installed a network of receptacles where phones and chargers can be disposed of. "We collect them and ship them to Ireland, where they're converted into waste and scrap metal," he explains. "Then we sell this e-waste, and we use the proceeds to give back to the community. In Jamaica, for example, we use it for HIV/Aids patients."

Another illustration of how developing countries are leapfrogging the West is mobile money, which Digicel markets under the name tcho-tcho. "When people get paid, they have quite an arduous journey to make from the capital back to their families," explains Delves. "The trip can take two to three days and is quite risky. Now, using tcho-tcho, people can transfer money electronically by just using their handsets." They can also withdraw money at cashpoints. Delves reports that "a number of NGOs use tcho-tcho to pay their employees, and it allows them to make sure that the money goes to designated purposes." That sounds like very sustainable development.

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http://www.theguardian.com/sustainable-business/digicel-ceo-developing-countries-mobile-phones-haiti

Mobile payments gain traction among poor

23 December

DECCAN HERALD

www.deccanherald.com

In a narrow room filled with acrid fumes in one of the world's largest slums, Chinak Ramtheol earns about $4 a day tending machines that melt and slice plastic trash into pellets for recycling.

He manages to save enough that he regularly can send a few hundred rupees to his family in rural Siddharthnagar, a thousand miles across India near Nepal.

"I have to go to a bank and fill out a form. That takes an hour," Ramtheol said. "The bank is only open when I am supposed to be working, so I lose an hour's pay."

He's intrigued by a new service that will enable him to send the money by cellphone to his family. MoneyOnMobile, an Indian startup, is latching on to an idea that began six years ago in Kenya of transferring money with a few taps of the keypad on an everyday cellphone. That country's mobile payment service, M-Pesa, has become so popular that most Kenyans these days send money, buy groceries and pay restaurant and medical bills and school tuition via cellphone - wirelessly transferring the equivalent of $21 billion annually. M-Pesa has inspired almost 200 similar efforts in other countries.

South Asia is a fertile market for the concept. The region consisting primarily of Bangladesh, India and Pakistan accounts for the largest number of offices actively providing mobile money services, 3.8 million compared with 805,000 in all of Africa and 1.8 million in East Asia and the Pacific. After only four years in operation, Pakistan's wireless network, Easypaisa, is moving some $3.5 billion annually. In Bangladesh, where the bKash wireless payment system has been operating for only two years, the transaction rate is $4 billion annually.

India has been proceeding more slowly, but the pace is quickening. According to the latest tallies from the nation's central bank, the Reserve Bank of India, the number of wireless money transfers has more than doubled since September 2012, moving the annualized equivalent of $3.2 billion. Lately, the two best-financed efforts, Airtel Money and Vodafone M-Pesa, have begun expanding across the country.

And because of the nation's huge population, broad adoption of cellphones and some of the lowest airtime rates in the world, even a modest conversion to mobile money in India could make South Asia the world's largest wireless-transfer economy.

"India is probably the most exciting market for mobile money in the world," said Michael Joseph, the man credited with the success of M-Pesa in Kenya.

Now in London, he heads mobile money programs globally for Vodafone.

"When India takes off," he said, "it will eclipse anything we've done in Kenya."

Indian regulators concur.

"We have not set a target, but it is going to happen," said the Reserve Bank's deputy governor, Harun R. Khan, who oversees the nation's payment systems. "I'm optimistic about its future."

By 2015, mobile money transfers in India could total $350 billion annually, some analysts estimate. The size of the opportunity has attracted the major banks and mobile network operators but also at least a dozen new companies, including Beam Money, CanvasM, Ezetap, PayMate, Y-Cash and Zaakpay. The most rapidly growing new venture is MoneyOnMobile, just across a causeway from the slum recycling shop where Ramtheol works. In operation less than three years, MoneyOnMobile already has attracted four times as many users as Kenya's M-Pesa (75 million versus 18 million) and twice as many retail outlets (163,000 versus 79,000) although its transaction volume is tiny by comparison.

The company - controlled by Calpian, a payments processor based in Dallas - was founded by Shashank Joshi, a 40-year-old engineer who has been starting companies since he was in college.

"Payments is a globally neglected industry. Nobody pays attention to it," he said. "But if you actually drill down and look at it, you cannot survive without making payments."

"Within three to five years," Joshi said, "you will see more than 30 per cent of this country's payments moving on a mobile device."

Mobile payments could improve the lives of India's 354 million poor - most of whom have cellphones but no bank accounts, credit cards or debit cards - by lowering the cost of the domestic remittances on which so many families depend. Across India, a hundred million migrants like Ramtheol have come to the cities from the countryside in search of work.

Every year, these domestic migrants send an estimated $12 billion back to their villages.

Most funds travel in cash via networks of relatives and friends or courier services. Such conduits can be slow, unreliable and expensive; courier commissions approach 5 percent of the amount being sent. Over wireless networks, money can move instantly, at any hour, and sending costs less than a penny.

As a result, studies of Kenya have shown, the poor not only have a bit more to spend but also enjoy better health because wage earners can respond more quickly to financial emergencies, such as illness.

MoneyOnMobile is preparing to offer money transfers. It recently received permission from the federal authorities and is negotiating the required alliance with a bank.

Another young company, Eko India Financial Services of Gurgaon, has already made a name for itself in money transfers. But a number of mobile money services in India have proved unrewarding for others, including Beam Money of New Delhi; Boku of Palo Alto, Calif.; mCheck of Bangalore; and even Finland’s Nokia.

One possible reason is their reliance on the latest mobile technology, the smartphone. Although there are almost 900 million cellphones in India, a mere 4 per cent are smartphones, and only half of those connect to the Internet.

As a consequence, MoneyOnMobile is proceeding cautiously, trying to achieve scale with the technology of yesterday that most of its potential customers already own - the ordinary cellphone.

As in developing economies worldwide, almost all Indian subscribers pay in advance for cellphone service, adding a few rupees of airtime to the handset as needed at a retail store, a process known as topping up.

Globally, top-ups account for three-fifths of mobile money transactions, and MoneyOnMobile initially focused on that service as well as utility bill payment.

“Our strategy has been to start with small amounts and build consumer trust,” Rajesh Mishra, the company’s president, said. “Top-ups first. Then bill payment. Next, money transfer.”

Although the company’s average transaction amounts to less than $1.50, it processes more than 4,00,000 transactions daily.

The result is annual revenue of $200 million, and the company expects to break even early next year.

Despite its location - in the Bandra area of Mumbai, a leafy seaside neighborhood known for its night life and the homes of Bollywood stars - the facilities at MoneyOnMobile are as utilitarian as a budget call center, with workers crowded together in small cubicles. Its marketing approach also keeps costs down.

Rather than relying on advertising, the company has grown by identifying locales across the country with high densities of migrant workers, bustling foot traffic and streets lined with the mom-and-pop businesses that dominate India's retailing.

Its products are profitable sidelines for retailers of fast-moving consumer goods, such as soft drinks, shampoo, snacks and cigarettes.

"The key is volume," Mishra said. "We make almost nothing on each transaction, but millions of them - millions every day - can be a good business."

http://www.deccanherald.com/content/376169/mobile-payments-gain-traction-among.html

Why 2014 could be a breakout year for mobile commerce in Southeast Asia

24 December

TECHINASIA

www.techinasia.com

At a Christmas gathering among friends in Singapore, I was surprised to learn that a couple of them have begun selling second-hand stuff on Carousell, a consumer-to-consumer mobile marketplace app. Neither are in the internet industry, and only got to know about the service through word-of-mouth.

One friend has already sold over S$600 worth of items, and most of the goods he's put up has at least one enquiry. That got me curious. So I checked out the app, and it turns out that I have quite a sizable group of non-tech female friends who are using it to sell anything from fashion items to skincare to gadgets.

These are good signs for the Singapore-based startup, which launched less than two years ago.

Carousell seems to be on a tear lately. While it has not released user numbers, it claims to have over 500,000 products listed on the app, and on Android it has between 50,000 to 100,000 total installs (Google Play doesn't track un-installs). It has even snagged $800,000 in seed funding from investors.

Foundations are being laid

Across the mobile commerce sector, a similar story has emerged: Online shoppers are changing their behavior en masse, moving from buying and selling on forums to transacting on blogshops and web marketplaces and finally onto mobile devices.

While PayPal made headlines by enabling mobile shopping through the scanning of QR codes on physical posters, it is ultimately a clunky experience that will by no means define the future of m-commerce.

Instead, what is on the rise are native app experiences (and web apps, to a lesser extent) that enable seamless payments and the delivery of goods to the user.

The foundations are being built. This year alone, I've calculated that at least $638 million in investments have been made into e-commerce in Southeast, with the majority coming from Rocket Internet.

Some of the money have gone into native apps, such as those by Rocket Internet ventures Zalora and Lazada, with each already accumulating between 100,000 to 500,000 installs through Google Play.

Dealguru, a successful daily deals company, has invested in another C2C mobile marketplace called Duriana, while Singapore's leading telco SingTel has put its muscle behind Lyke, a B2C marketplace app that already offers a smooth experience from browsing to payment. Both of these services are expected to ramp up their marketing in the coming months.

Meanwhile, Kaskus, a popular online forum in Indonesia, will unveil its e-commerce platform next year. It may not be long before it makes its move into mobile.

Online retail is not the only channel getting a funding boost. Thailand's aCommerce and Singapore's Anchanto are taking the load off companies that want to enter e-commerce by handling logistics. There's even word of a well-funded logistics startup that will debut in Singapore next year. Meanwhile, Coda Payments and Facebook-oriented Fastacash, both based in Singapore, want to solve the payments conundrum in developing countries.

With money now secured, these companies have the capability to scale up rapidly and spend on marketing. Watch out for them in 2014.

It's gonna get really crowded

It's not just local multi-national corporations (MNCs) and startups that are getting in on the action. Aside from Rocket Internet, Japan's Rakuten and China's Taobao are just some of the big international e-commerce companies that have recently expanded to Southeast Asia. While much of the marketing has focused on their web stores, they could start devoting more attention to their mobile apps soon.

Line, a messaging app that is getting increasingly popular by the day, could transform into a mobile commerce giant. While it's already making loads of money from selling stickers, it has recently begun experimenting with physical goods.

In Japan, it launched Line Mall on Android, a standalone service that is not yet connected to the chat app.

Line is also preoccupied with Southeast Asia. Besides a marketing assault to promote its chat app, it has begun doing flash sales in Thailand through its messaging service, selling iPhone cases and cosmetics. The small experiments seem to be working well: It sold out 500 lipsticks in five minutes, which means this could be a harbinger for bigger things in the new year.

With 300 million registered users worldwide and 14 million active users (Line wouldn't say how active) in Indonesia alone, the Japanese company cannot be ignored due to its ability to drive a massive, highly-engaged audience towards sales.

Adapt or die

Several trends are converging to make mobile commerce lucrative. In Southeast Asia, Singapore represents a small but ideal market due to its GDP per capita and mobile penetration rate. However, metropolitan areas in developing countries, like Jakarta and Metro Manila, should not be underestimated for their potential. The region's eagerness towards sites like Facebook and Twitter would mean that m-commerce players can tap on social media marketing to increase their reach.

Given that mobile commerce has seen some small-scale successes, expect more companies to catch the mobile commerce fever in 2014 for fear of missing out. While telcos and mobile services are best positioned to take advantage of the wave, outsiders could soon vie for a slice of the pie.

SingPost, Singapore Press Holdings, and MediaCorp are just some of the large corporations that have begun investing in online retail, and they could become active in a wide variety of e-commerce genres, be it food, digital publishing, groceries, or fashion.

There are going to be problems, of course. Mobile commerce is dependent on a steady internet connection, and much of Southeast Asia still lacks that.

Logistics and cultural issues remain, which means many of these startups, after finding success in Singapore, might struggle to get traction overseas.

As hundreds of companies, from one-man operations to the largest MNCs, figure out how to make mobile commerce work, expect a wild and crazy ride in 2014.

by Terence Lee

http://www.techinasia.com/2014-breakout-year-mobile-commerce-southeast-asia/

3 mobile tech advances that would be great in 2014

24 December

www.zdnet.com

It's time to put 2013 behind us and look forward to next year. Call these predictions, wishes, or guesses, but these three mobile tech advances would be nice to see in 2014.

iPad bump

Apple's been accused of just incrementally improving the iPad for a few years, even though the iPad Air's weight loss was impressive in 2013. What I'd like to see in 2014 is a major push forward, with a surprising big technology jump.

One such jump that would be impressive is an improvement in battery technology. Imagine an iPad Air with double its already good battery life. This is feasible as Apple has a solid track record of putting decent battery life in the iPad, even while improving performance. An iPad Air with 20+ hours on a charge while keeping the size of the current tablet from Apple would be a major bump.

Windows RT improvement

Windows 8 is a solid OS for tablets, but Windows RT with its restriction against installing legacy apps is lagging behind. This is unfortunate, as tablets based on ARM technology have a lot to offer to the Windows tablet space.

Wouldn't it be nice if Microsoft or a third party developer produced a Windows 8 app that allowed installing a single legacy app in an environment that could be distributed through the app store? It would kind of wrap that legacy app up in a Metro bubble. That would allow legacy apps to be installed on Windows RT, opening that up to a broader audience.

This would be good for Windows 8, too, as it would allow running legacy apps on the Metro side of things. Legacy apps would be just like Windows 8 apps, and that would make things seamless.

I would think this is technically feasible with enough bright minds behind it, maybe we could see this in 2014. It would be an important advancement in this writer's opinion.

Android BlackBerry phones and tablets

BlackBerry has been on the ropes for a while, and not even its BB10 OS could get it back in the fight. It's been suggested that the company's products might do better if Android devices were part of the product line, and this writer hopes we see that in 2014.

BlackBerry hardware has always been first-rate, so putting the most popular mobile OS on it would be a good fit. A Playbook tablet with Android KitKat would frankly be awesome, and consumers might snap them up. The same could be said for phones, with a good BlackBerry handset running Android.

The company could produce good apps to take advantage of Android while adding value for buyers so it would be a win-win all around.

What do you think?

These are the things I'd like to see appear in 2014 but your wishes may be different. Leave a comment in the section below with the advancements you'd like to see, and why. Maybe together we can catch the attention of those in a position to make them happen.

By James Kendrick

http://www.zdnet.com/3-mobile-tech-advances-that-would-be-great-in-2014-7000024623/

2014 Top 10 Retail Banking Trends and Predictions

16 December

Bank Marketing Strategy

http://jimmarous.blogspot.ru

The 2014 Top 10 Retail Banking Trends and Predictions are compiled from more than 60 global financial services leaders including bankers, credit union executives, industry providers, financial publishers, editors and bloggers, advisors, analysts and fintech followers.

This year's list run the gamut from a continuation of past trends to the introduction of new trends in delivery, payments, competition, operations, customer experience and marketing. Prioritization of response to these trends will differ for each bank, credit union and industry provider, but none of these trends can be ignored.

For the third year in a row, I have reached out to global leaders in the financial services industry to ask for their thoughts around upcoming banking and credit union trends and predictions. As in the past, the response was overwhelming, with more than 60 responses. The emphasis of this compilation is mostly North America, but most of the trends are global thanks to responders from the U.K. and the Asia Pacific region.

While everyone had their 'favorite' trend, and some provided a personal top 10 list, I consolidated their thoughts and came up with trends that were considered the most important. Two significant trends that are not listed, but impact virtually every trend discussed, are the omnipresence of previous and upcoming regulations as well as the continued investment in new technologies to make this year's trends a reality. Two trends that may prove important, but got less than expected mentions were the underbanked and alternative currencies like BitCoin.

All of the contributors did concur, however, that a guaranteed prediction for 2014 is that disruption will continue at an unprecedented pace and that the industry will look different this time next year.

This year's Top 10 Retail Banking Trends and Predictions are:

- Drive-to-Digital: Impacting delivery, marketing and service usage
- Payment Disruption: New players, technologies and innovations

- Increased Competition: Neobanks and non-traditional player pressures
- Branch Optimization: Maybe not branchless, but certainly less branches
- Focus on Customer 3.0: Digitally astute, social and yearning for insight
- Breaking Down Silos: Product and data silos begin to crumble
- Simplifying Engagement: Removal of friction and steps to engage
- Improving Contextual Experiences: Leveraging data for improved service
- Differentiating Brands: Avoiding commoditization in a digital world
- Global Innovation Perspective: Expanding view of tomorrow's innovations

The following infographic is a graphical representation of top trend and prediction terms provided by the contributors to this year's report. The size of each word represents the prominence of terms from the industry leader submissions.

No trend has impacted the financial services industry as much or as quickly as the drive-to-digital. In fact, according to two recent reports from Accenture, 35 percent of banks' market share in North America could be in play by 2020 as traditional branch banking gives way to new digital players. The research also indicates that 15 to 25 percent of today's roughly 7,000 North American financial institutions could be gone as a result of consolidation before 2020.

With the rapid expansion of ownership of smartphones and tablet devices, today's consumer wants to be able to research, purchase and manage their financial services on demand using the device(s) of their choice in virtually any location. Reinventing the financial services purchase funnel, the way people conduct daily banking, the delivery of insight, and the interaction between channels, the drive-to-digital will provide both opportunities and challenges for financial insitutions of all sizes.

"In 2014, we'll see greater experimentation in new products and revenue build around mobile, web and social commerce," according to Moven CEO Brett King. "We’ll also see the emergence of Drive-to-Digital competing with Drive-to-Branch. Mobile and web have all been about brochureware and transactional services to this point – finally we’ll start to see a concerted effort to revenue fulfillment digitally."

Bryan Clagett, chief marketing officer at Geezeo also believes it will be the 'year of the digital bank' in 2014. According to Clagett, "There will be a realization that channels are owned by consumers, and not banks, and thus must meld into a digital experience that exists seamlessly regardless of channel or device. The silos of traditional retail delivery channels will begin to erode and a more holistic approach to a digital banking experience will take hold."

"In a mobile-first environment, banks will begin to support more complex types of functions and transactions on the small screen, new forms of authentication that better balance security and convenience, and more relevant, contextual information delivery via alerts, push notifications, and other forms of messaging, predicts Bryan Yeager, financial institution analyst for eMarketer. "Banks will also likely promote mobile banking to an older, more risk-averse cohort than in the past."

An example of this more complex integration is provided by Stessa Cohen, banking industry analyst and research director for Gartner , referencing a recent report entitled, 'The Best Thing to Do With Your PFM Tools May Be to Get Rid of Them', "Driving revenue for banks will require that personal financial management (PFM) tools evolve to become true digital personal financial advisors (DPFAs). These digital advisors will use a customers' own data and other business intelligence to learn about a personal financial habits. It will enable the bank to proactively help the customer perform the intermediate steps involved in accomplishing short- and long-term personal financial goals."

The drive-to-digital will impact all areas of the bank and all levels of customers in 2014. April Rudin", founder and CEO of The Rudin Group predicts, Fewer private banks will have street addresses and more will have IP addresses – HNW clients want the bank to come to them."

Chris Skinner, chairman of the London-based Financial Services Club and author of the book Digital Bank believes banks may begin to move beyond traditional mobile in 2014 embedding services in devices, citing the advances by Banco Sabadell with Google Glass Banking and Westpac's Smartwatch banking app.

Alex Bray, retail channel director at U.K. based Misys agreed with Skinner saying, "I believe Google Glass will drive a whole new device category for banking. Customer value propositions and bank's transaction, marketing and sales processes will have to adjust accordingly – just as they did for mobile banking." He also believes the appearance of thumb print readers points to a more biometric future for retail banking in 2014. "We will see easier payments and quicker sales processes – further underlying the drive-to-digital."

Realizing that not all banks even have mobile banking yet, Bryan Yurcan, reporter and editor for Bank Systems and Technology recommended, "If I'm a tiny community bank and I don't even offer mobile banking, I would set out to do that. The point being, as consumers continue to become more comfortable conducting transactions online, I want to at least keep up with what they expect from a mobile experience in other industries."

It is virtually impossible to keep track of the new players hoping to disrupt the payments marketplace. With so many steps and interactions in a normal P2P or retail payments process, there is no shortage of players trying to grab a piece of the payments pie. And for good reason . . . since the scale is so large. For instance, FIS, the company atop this year's FinTech 100 list, moves more than $5.5 trillion annually (which is larger than all but three of the larges economies in the world).

Of greater consequence than the loss of steps in the payments process to non-traditional players is the potential impact of losing the insight connected with payment transactions. This 'big data' is the crown jewel of the overarching financial relationship and the foundation of a contextual customer experience and future loyalty.

Dave Birch, director at U.K. based Consult Hyperion says, "In the next year, I think technology will continue to drive competition in the payments space, with the emergence of new competitive structures based on APIs." He continues, "Nobody really knows how this will pan out, but that's what makes it fun."

"The move to create a joint standard for tokenization of payments credentials will create new opportunities for payments improvement in the digital realm," offered Dominic Venturo, chief innovation officer for payment services at U.S. Bank. He also wasn't the only contributor who believed BitCoin will continue to get buzz and maybe additional traction in 2014.

Zilvinas Bareisis, Senior Analyst at Celent believes that payments will take a backseat to the overall purchase experience, with merchants continuing to launch their own apps. "All payments players will focus on engaging the customer early and throughout the shopping cycle," says Bareisis. "In 2014, it will be even more important for banks to make sure their issued payment instruments are used to facilitate transactions."

"I think real-time payments (or at the very least real-time notification of said payment) need to become a reality," offered Paul Amisano, vice president of electronic money movement and emerging payments at BB&T. "Banks need to work together on this for it to happen, but I think the pressures they are all facing from regulatory bodies and non-financial start-ups may be the best thing that ever happened for bank "coopetition" - see clearXchange for a glimpse into what could happen if banks work together, and most importantly, KEEP IT SIMPLE."

Cherian Abraham, Mobile Commerce and Payments Lead at Experian Global Consulting, is most concerned about the impact of courtroom battles in 2014, citing the interchange settlement in front of Judge Gleeson in Brooklyn and the NASC v Board of Governors of the Federal Reserve. "The rulings will have a domino effect – starting with severely impacting the economics around debit."

"Payments (especially mobile) will reach a critical mass with Apple, Paypal, Square and Google providing some attractive use cases for both consumers and merchants using technologies like iBeacon, Beacon, Real-time P2P and HCE emulation," offered Deva Annamalai, SVP of marketing technology and data insights at Zions Bank, "The player(s) who play nicely with the card providers and FIs by sharing data will definitely see more traction in the market place," he added.

Alex Jimenez, SVP of Rockland Trust agree. "We'll start to see the eventual winners of mobile wallets clearly emerge. Personally, I think that Apple, Amazon, Visa and MasterCard will be the leading providers while ISIS, PayPal, Google and others will falter. I also think Apple and Amazon will finally make their wallet plays in 2014, with Amazon being first."

David M. Brear, principal consultant at Infosys Lodestone in the U.K. sends a cautionary note regarding Apple, by predicting, "Apple will finally get into the payments space in 2014, and all hell breaks loose with banks beginning to be disintermediated from their customer data."

Veteran banker P. Andrew Will, formerly from Norwest, Wells Fargo and BMO Harri points to the rollout of EMV chip enabled cards (particularly in the second half of 2014) in advance of the October 1, 2015 POS liability shift date in the U.S. He also foresees other new innovations in the payments space as transactions become more mobile and less card based.

A somewhat sobering thought came from Starpoint LLP partner and payments industry investor Tom Noyes who believes that banks will begin to realize that they are not in control of mobile payments and can not force the use of credit cards. "Payments are NOT about banking," Noyes stated. "Payments are only the last (and easiest) phase of a long commerce process."

In 2014, the trusted role of banks and credit unions as the collector of funds, provider of loans, processor of payments and advisor of financial relationships will continue to come under fire from non-traditional players including new financial organizations (neobanks), hardware providers, third party payment processors, and mobile app developers that merchants and consumers are using to chip away at the traditional financial services model. And as anyone who attends Finovate knows, crowdsourcing options for investment and lending are just a regulator's approval from going mainstream.

Jim Bruene, founder of Finovate and publisher of the Online Banking Report boldly predicts, "Debt crowdfunding (aka P2P lending) will become hyped in 2014 with Lending Club going public in potentially the biggest fintech startup IPO of all time". He continues, "The alt-lending sector will begin to be taken as a serious competitive threat to mainstream lenders with an outside chance that one or more mid-size or larger financial institutions will begin offering P2P lending services of their own."

Serge Milman, principal consultant of SFO Consultants warns that while personal financial management (PFM), mobile, P2P and other 'things that glitter' will continue to receive buzz, most community and regional banks and credit unions will be unable to benefit from these solutions. He recommends proactivity in pursuing these opportunities.

"It strikes me that a number of conversations have shifted from the 'big vs. small' to 'smart vs. stupid,' stated Al Dominick, managing director and EVP at Bank Director. "That is, leadership teams that both identify and implement innovative strategies and tools have a chance to more realistically compete with the BofA's of the world."

Banks and credit unions that take a fast follower position can also leverage innovation of neobanks and non-banks or can invest in the best customer engagement and new product development advances, eliminating the need to build from scratch.

Current branch-based distribution models are no longer sustainable and are unable to meet the rapidly evolving customer needs for real time access and simplicity in banking interactions. Brett King's Bank 3.0 vision of a branchless future may be a ways off, but there is no arguing his belief that 'banking is no longer somewhere you go, but something you do'. In other words, while not branch-less, we are definitely moving to a less-branch distribution model.

As a result, retail banking and credit union executives will be focusing on 'smart-sizing' distribution networks in 2014, closing offices, shrinking footprints and integrating new technological breakthroughs to digitize transactions without dehumanizing interactions.

Sherief Meleis, Managing Director at Novantas concurs that a new round of cost reduction is coming in 2014, with banks turning to more fundamental transformation, particularly in retail distribution. "Banks will begin to figure out how to achieve 'perceived convenience' much less expensively than in the past." P. Andrew Will also believed branch automation pilots will become more prevalent in the coming year, improving the integration of systems and platforms.

"Branch transformation has already moved from talk to action, albeit in a small minority of banks and credit unions, states Bob Meara, senior analyst at Celent. "The efforts will pick up steam as growth in mobile banking usage and the resulting inexorable erosion in branch foot traffic leave banks with no choice." He also predict that mobile RDC will be offered by nearly a fourth of U.S. financial institutions by year-end 2014, while he doesn't see significant growth in other mobile photo apps.

Sam Kilmer, senior director at Cornerstone Advisors predicts, "At least a dozen banks will announce significant branch network realignments under the guise of technology and customer experience next year, but under the covers, most of them will be largely about distribution cost take outs."

The branch reduction efforts have not just occurred in large financial institutions. Dominick from Bank Director mentioned, "I'm hearing that more community bank CEOs are thinking about – or actually closing – branches due in part to mobile's impact." Jim Perry, senior strategist for Market Insights, Inc. also expect that 2014 will be a year when many smaller institutions stop wringing their hands about the “future of the branch” and actually develop strategies for the incremental evolution of their branch network and delivery channels.

The impact of regulations and costs related to 'keeping up' will even push some credit unions and smaller banks to consolidate and/or close at a faster pace than in 2013, according to Sarah Cooke from the Credit Union Times. George Hofheimer, chief research and innovation officer at Filene Research Institute concurred, reiterating that the cost of regulations will force more organizations to gain scale through consolidation.

Closing offices doesn't come easily, however as mentioned by Jeff Marsico, EVP of the Kafafian Group. "I think the decline in bank branches will challenge financial institutions to minimize customer attrition and maintain their community commitment to those locales affected by consolidations. This will require a disciplined and multi-channel approach that includes media (traditional and social), participations in community organizations, charitable giving, lending, and a strong digital distribution platform."

Alternatively, Patricia Hines, director of financial services industry marketing for GXS sees a geographic expansion of global and super-regional banks.

The importance of moving the sales process out of the branches is more difficult than moving transactions as many banks and credit unions have seen. David Hodgkinson, principal advisor for KPMG in the U.K. agreed, saying, "As mobile banking adoption accelerates, banks will need to work harder to develop non-intrusive sales techniques through this channel or risk losing cross-sales opportunities as customers shift much of their online and in-person banking to mobile."

"Banks will start to offer video-based services for higher value, complex sales such as mortgages and investment products," Hodgkinson added. "Expect to see second screen usage to sit alongside the video call – so customers can review the numbers on their ipad while conversing with the bank agent through their SmartTV," David M. Brear from Infosys and Accenture also believed that banks will begin to invest heavily in video conferencing capability to maximize the use of existing staff.

Finally, Tom Pritzker , EVP at John Ryan provide this glimpse into the future of branches in 2014 and beyond:

Increased and innovative use of technology to transform the branch into more collaborative and relevant sales and information centers including:

Enhanced use of tablet technology for side-by-side selling applications

Greater use of mobile, and digital interactivity within the branch – particularly with a view to starting conversations, understanding customers' needs and generating cross sales

Sophisticated targeting of marketing messages within the branch based on improved cross channel customer data.

Use of geo-fencing to provide highly relevant and location based offers and to lure customers into the branch.

Novel uses of technology to start conversations — Use of augmented reality to prompt sales demos.

Customer 3.0 is digitally connected, highly informed and demands a highly personalized approach in their communications, their products and the service they receive as referenced in a recent Bank Marketing Strategy post. This customer begins their bank and credit union product shopping experience at their desk, in their car or on their couch, relying on friends and family reviews and published reviews across social media channels. Instead of walking into a local branch office and sitting down to open an account during banking hours, these customers purchase their banking services much like they purchase music, books or other products . . . online, 24/7.

The bar for engagement is set high for these customers, since their frame of reference are the best digital retailers and social marketers. Neobanks and banks with a simplified mobile-first strategy are the strongest competitors for these customers.

Scott Bales, Director of User Strategy, Innovation Director for Next Bank and author of the soon to be released book, Mobile Ready reminds bankers that digital natives, the same age as Google, will begin to need banking services and that their vote on providers will be a huge leading indicator for industry shifts for the next decade.

"When implementing a mobile-first strategy for the digital consumer, banks will need to be sure to include the same service fundamentals that were found in staffed branches, recommended Wade Arnold, founder and CEO of Banno. "Effectively migrating customers to a unified mobile solution that will last requires support at an individual level; anything less is a transactional commodity and will simply be viewed as replaceable by these connected customers."

According to Arnold, "The bar has been raised for mobile self-service to satisfy more than OLB parity. In 2014, organizations will have to provide improved levels of individualized engagement and simplified consultation. If done well, institutions will be rewarded by gaining intimate customer knowledge that can be used to improve revenues and communication. Once we get there, our industry will never be the same."

"As non-bank competitors continue to materialize, banks will discover their entanglements to antiquated and siloed core systems along with a lack of agility in utilizing data, will present quite a challenge in 2014, according to Mike King, founder and president of Bankwide.

In order to manage customer information more effectively, banks will begin to eliminate both human and insight silos by integrating data, systems and processes across different product lines. Moving to a service-oriented architecture (SOA), data will be shared and leveraged in real-time on all of the bank's touchpoints, allowing the bank to provide more personalized service based on a complete customer profile.

"The single biggest priority of 2014 should be innovating in a customer-first and lean startup manner." stated Mark Zmarzly, business development executive of Deluxe Corporation. "Too often banks have made product-first decisions that are designed to solve the bank's profitability problems instead of the consumer's problems. Then the bank wonder why adoption is in the low single digits."

"Instead, banks need to understand current customer financial product problems, break down current silos and build a pilot project to solve, test in beta, and measure the results. Then repeat. 'Build, measure, learn' is the lean startup mantra, and it works," continued Zmarzly.

David Sosna, founder and CEO of Personetics predicted, "Some leading banks will try to move from a product approach to a customer focused strategy especially in the digital channels. FIs have been 'talking the talk' for a while and now a few will be in the position to execute on that strategy as silos are eliminated.".

In 2014, we'll start seeing banking examples of cross-channel experiences, driven by insights and powered by channel analytics, according to Danny Tang, worldwide financial transformation leader at IBM. "The leaders in the industry will eliminate silos, starting the convergence of mobile and online banking and building a linkage between the digital and physical channels. Conversely, the laggers will unfortunately realize that a siloed mentality and the lack of multi-channel platform is an inhibitor to success."

Mike Bartoo, regional manager for Marquis challenges financial marketers to go beyond just advertising and branding and to break down data silos. "Hopefully, we’ll see the trend of actually USING insight from across the organization to drive revenue. While it is great to have the insight, it's more valuable to use it."

At a time when everything around us seems to becoming more complex, consumers are searching out those products and companies that can simplify our lives. But it's important to recognize that simplifying an interaction with customers does not mean that the underlying product or service is simple. Instead, the key is to rethink as opposed to append and look for ways to eliminate steps, paperwork and processes that overly complicate.

In 2014, financial institutions will begin to realize that simplicity is mutually beneficial to both customers and the organizations. Not only will those firms that simplify see improved trust and loyalty, they will also realize savings from redundant and outdated processes, reduced customer inquiries and fewer refunds and reversals.

Jin Zwicky, vice president of experience design at Singapore's OCBC Bank and publisher of the Designful Co. blog that focuses on simplicity in financial services, told me in an interview that, "Simplicity is the 'forever' black". Brett King agrees with Jin when he said, "Removing friction will become the catch cry of 2014 though – whether it is a real-time core system replacement, or trying to get application processes streamlined, the big push will be for simplification of the engagement."

Beyond mobile deposit capture, Kofax and Mitek have taken mobile simplicity to a new level by leveraging the photo taking capability of a mobile device to eliminate keystrokes, simplify applications, facilitate bill payment and account transfers, provide digital security for documents and validate customer information. Both firms also say new simplified processes are on the way, making mobile banking easier and even fun.

Some additional ways banking will be made simpler in 2014 will include voice and gesture recognition, multichannel video chat, branch-based digital billboards and real-time spending updates via a customer's mobile device according to Accenture. Penny Crosman, editor for The American Banker agrees that simplification and innovation in mobile banking will continue – with voice recognition and video conferencing potentially becoming part of many banks' apps this year, as well as contactless payments.

Responsive web design will also become more prevalent in 2014 according to Melanie Friedrichs, contributor to Bank Marketing Strategy and analyst for Andera.

Finally, as Jill Castilla, EVP of Citizens Bank of Edmond mentioned in an email to me for this post, even compliance processes will be simplified with new decision tools that allow bankers to better assess adherence to new regulations.

According to Aite Group senior analyst, Ron Shevlin, a new type of marketing will emerge in 2014 — activity-based marketing — or marketing within the context of an activity being performed by a customer or prospect. There are a number of examples of financial institutions already doing activity-based marketing: 1) USAA's Auto Circle app; 2) Commonwealth Bank of Australia's home buying app; and 3) Caixa Bank's ticket-purchasing app.

The common threads in the examples is the creation of a new point of interaction for banks based on the context of the interaction. Activity-based marketing changes the point of interaction for banks, moving that point much closer to the identification of the need or want for the product or service using advanced customer insight.

As Bradley Leimer, vice president of Mechanics Bank wrote in his great American Banker article, There Will be Blood: The Era of Engagement Banking, "Delivering contextual financial services with beautifully crafted interfaces and experiences is becoming a necessity to maintain relevance with the digital consumer." To achieve this, banks will focus on personalizing engagements with a wider range of insight, going beyond demographic and account level data to include transactional, locational and social insight.

In the coming year, new location-based merchant-funded reward platforms will emerge that improve the targeting of offers and social media channel insight will be used to improve service and delivery. Finally, banks will continue to improve real-time alerts and notifications that will strengthen loyalty and engagement.

According to Brett King, "The new skills we'll see in demand in 2014 include Data Scientist and User Experience specialists . . . more around trying to build great contextual revenue opportunities, not ad campaigns."

"Digital channels will mature from being transactional to being engaging in the coming year," stated Nicole Sturgill, research director for retail banking at CEB TowerGroup. "Financial Institutions will also focus more on developing the channels to improve customer service and to help customers better manage their finances."

Fred Hagerman, chief marketing officer of Firstmark Credit Union, believes that organizations need to focus on the mobile, online banking and lending experiences in the coming year since these are the primary areas of 1:1 contact between the consumer and most banks. Both Hagerman and Hofheimer from Filene also believe that organizations need to make sense out of the mountains of data within their firewalls to improve the customer experience. Gertjan Reinders, senior IT manager for ING Bank in Amsterdam concurred when he offered, "2014 is all about being data-driven—not just in marketing and sales, but within the entire organization. For improving the customer experience, big data will become more of a game changer."

"Banks will get serious about using analytics to assess customer interactions across channels in 2014—to identify needs, trends and complaints and take corrective actions to improve customer experience and increase satisfaction" predicted Jenni Palocsik, marketing director of retail financial services at Verint. "We'll also see 'Identity 2.0' emerge as FIs learn how to combine voice biometrics plus data science in their evolving models to more accurately detect and reduce contact center fraud."

Steven Ramirez, CEO of Beyond the Arc agrees that the mobile banking experience will rise to the top of the strategic agenda in 2014. "Simply having a mobile app will not be enough. Leaders will re-architect the relationships they have with customers using mobile to provide personalized offers and mine the data to further increase the effectiveness of the platform."

"The most successful credit unions and banks preparing for business in a digital economy will begin to focus on optimizing their digital user experiences built upon a marketing automation platform to target, capture, nurture and convert leads within the market segments they have identified," predicted James Robert Lay, CEO of CU Grow. He also is a strong believer that financial institutions will expand their use of personalized digital and video content in the coming year.

Paul Kadin, financial category development officer for AOL agrees that the importance digital content and video will increase in 2014, as mentioned in his recent tweet.

Scott Bales goes a step further, saying that user experience design and Design Thinking will shape not only the mobile experience, but a bank's web site and product development as well.

James Anthos, SVP of BB&T may have summed it up best when he said, "As banks focus on the holistic client experience in 2014, no matter what the channel, banks can create an environment that fosters constant connectivity between them and the client, which should allow for deeper relationships, bigger share of wallet, and increasing confidence of the client in managing their finances."

In the Financial Brand blog post written by Simon Clough, Partner and Group Board Director at U.K. based Clear, it was accurately stated that "Consumers view most banking brands as undesirable and wholly undifferentiated". The digitalization of the industry is further commoditizing our brands, with fewer face to face interactions limiting our ability to set ourselves apart.

That's why Clough's battle cry of 'Differentiate or Die' has never been more relevant. Banks and credit unions will begin to find ways to stand out in a crowded competitive marketplace in 2014, leveraging all channels to make their message heard.

"The most significant driver of improved results in 2014 will be the ability of leaders to manage through ongoing, ever-changing regulatory changes to focus on key customer segments with innovative products, new technology and exceptional customer experience across all channels," stated Debbie Bianucci, president and CEO at BAI. "Leaders who can balance innovation and customer experience with the pressure of regulatory compliance will differentiate their brand and win," she added.

JP Nicols, CEO of Clientific and co-founder of the Bank Innovators Council predicts that many banks and credit unions will continue to pull the familiar levers of price and promotion to drive new business in 2014, which will put further pressures on already compressed margins. Alternatively, he states "The winners will be those institutions that differentiate their brands by innovating new client experiences and leverage better targeting and segmentation."

New and/or improved products can also help differentiate banks in 2014. "We will see a massive growth in online and mobile banking in the coming year," stated Hansjörg Leichsenring, Germany-based consultant for Meniga. "More and more banks will adapt tools like Personal Finance Management (PFM) to improve their brand, increasing retention and loyalty and to keep their customers away from independent new players in the market.

As a note to financial institution marketers, John Mathes, director of brand strategy at Weber Marketing Group, warned, "More banks and credit unions will realize that most of their marketing content is just noise and they will embrace the art of storytelling to help differentiate their brand in the crowed and commoditized world of financial services."

As I mentioned in my November post, Banking Innovation: Not Made in the U.S.A., some of the most exciting (and award winning) innovations have been occurring in the Asia Pacific and Eastern European regions as well as the unlikely regions of Africa and South America. Beyond unique mobile and online banking applications, banks in these regions have developed entirely new ways to structure a financial institution and deliver services to customers.

Banks and credit unions will begin to look beyond our shores for innovative ideas in 2014, learning from overseas organizations that in some cases are far ahead of our domestic offerings.

"This year's study of bank innovation indicates a global convergence of innovation practices around overcoming the barriers presented by legacy technology and ensuring that customer experience is optimized," stated Patrick Desmares, secretary general at Efma. "Many retail banks are now creating innovation strategies by looking in other regions and underpinning these strategies with increased investment."

Edward Chatham, managing director of Mapa Research reinforces this viewpoint as the demand for his company's global online and mobile banking research continues to escalate. "More banks are realizing that innovation is being done beyond their own borders. In fact, some of the most interesting innovation is being done in some of the least likely places in the world."

Finally, JP Nicols from the Bank Innovators Council shares, "Banks in the U.S. need to raise the periscope and take a broader look for inspiration. There is some great innovation going on all over the globe, and too many banks here are only focused on the incremental moves of local competitors."

A Note of Thanks

I would like to take this opportunity to thank the dozens of individuals and companies that assisted in the development of this annual report. The insight shared and the continued support of this effort is greatly appreciated.

I would also welcome any comments or discussion around trends believed to be missed or shortchanged. Nobody's perfect, and it would be great to receive even more insights for the readers of this post.

http://jimmarous.blogspot.ru/2013/12/2014-top-bank-trends-predictions-forecast-digital-disruption.html

Is 2014 the Year of Mobile Banking?

20 December

BANK SYSTEMS & TECHNOLOGY

www.banktech.com

Mobile banking grew rapidly in 2013, and new services and customer segments will further that growth in 2014.

As we gear up for a new year, I always find it interesting to look back on the growth and trends of the previous year to see what has changed and to get better insight on where we are headed.

To say 2013 was good for mobile would be quite an understatement. For example: from 2012 to 2013 smartphone ownership in the U.S. increased more than 25 percent while tablet ownership increased by nearly 60 percent. But what does this growth mean for the new year, and more specifically how does this this mobile proliferation translate to the banking industry?

Here are my top three predictions on what to expect in mobile banking 2014.

Mobile Deposit Will Move Beyond the Consumer to Commercial

In a recent paper entitled 2012 U.S. Mobile Banking Functionality Rankings Forrester analyst, Peter Wannemacher notes that "No mobile feature has made as big an impact as quickly as mobile remote deposit capture (RDC). [With] virtually every bank in the country [either] currently considering or building mobile RDC functionality."

This tremendous growth and interest in mobile deposit technology is driving consumer demand which in turn will drive financial institutions to offer more comprehensive mobile deposit features to small and medium size business owners, putting the financial tools they need right at their fingertips. One need look no further than a recent BBVA Compass announcement for evidence that this is already starting to happen.

Photo Bill Pay Adoption Wiill Be Steeper and Faster than Mobile Deposit

According to Forrester, less than five years ago fewer than one in 20 U.S. adults actively banked via a mobile device. However, given the tremendous rise in smartphone/tablet ownership, that proportion has more than quadrupled.

Services like mobile deposit have acted as a sort of an ice-breaker to help customers become more accustomed to using their mobile devices for more than just checking balances and transferring funds. And now that these customers are comfortable snapping a picture of a check to make a deposit, other tools and applications like mobile bill bay, (taking a picture of a paper bill and automatically paying it from a connected account), that make use of the device camera will enjoy a much faster and steeper adoption curve than mobile deposit.

In fact, according to a recent Celent survey only a handful of financial institutions offer mobile bill pay, yet as many as 46 percent placed high value on the service. While there are already more than 12.5 million Americans using mobile bill pay, Javelin research estimates that Americans pay nearly $2 trillion annually to just a handful of bills meaning there are more than 140 million Americans ripe for mobile payments; expect mobile bill pay adoption to be overwhelming.

Mobile Banking Adoption Will Catch Up to Smart Phone Adoption

In its latest survey of American consumers, Nielson estimated that smartphones now account for around 64 percent of all mobile phones used in the U.S. and that 80 percent of Americans who recently bought a new phone, bought a smartphone.

The federal reserve reports that 48 percent of smartphone owners have used mobile banking in the past 12 months (up from 42 percent the previous year) and that 21 percent of mobile bankers have deposited a check using their mobile device (double the number from the previous year). A quick look at these numbers tells us that while the growth of smartphones will slow, the adoption of mobile banking is about to really take off.

Conclusion

While there are always a number of outside factors that play into any type of prediction, and nobody can say with certainty what the coming year will bring, I think it’s safe to say that 2014 is going to be a big year for mobile banking. It is looking like 2014 will be the year that the human element of mobile banking finally catches up with the technology.

Mike Strange is the CTO of Mitek Systems.

http://www.banktech.com/channels/is-2014-the-year-of-mobile-banking/240164688

Four Bank Tech Trends For 2014

17 December

BANK SYSTEMS & TECHNOLOGY

www.banktech.com

Increased use of self-service channels and advanced analytics are among the trends the industry will see.

The past several years have been transformative in the banking world. Technologies that were considered cutting edge not too long ago -- like mobile remote despot capture -- are now commonplace. So how will technology change banking in 2014? We asked some industry experts for their predictions.

The Rise of Self-Service Channels

Bob Grasing, RE Nolan

The top trend for banking in 2014 will most certainly be to provide more customer access and functionality for self-serve options. The predominant discussion regarding technology focuses on whether banks can match customers' want and need for mobile applications that address their changing requirements. This is about creating solutions that they will want as much as it is keeping pace with what the top 25 banks are already offering. Continued reduction in branch transactions just provides further evidence of where customers are heading.

That said, with the rush to mobile banking, many banks are providing solutions to customers through remote applications that their staff cannot perform at their own banking centers and call centers. Making this consistent will become a necessary technology in 2014. Accordingly, tablet applications will be advancing to point-of-sale staff in banks so that the face of the bank is uniform and not on two generations, as it is viewed by customers today.

We will start to see a shift to web-based solutions from the old stubborn platforms that traditionally have been the backbone of the industry's delivery system. This shift began in 2013; however, we will begin to see it escalate as answers for solving the changing customer needs are depoliticized in the strategic decision-making processes. There has been much discussion about a cloud-based design and, if this is the strategic direction selected, the shift will come quickly. The banks that will be most successful will apply customer appeal to their technology design and try to understand what their clients will want and need in the future rather than just what they like today.

Making the Shift to Identity 2.0

Jenni Palocsik, Verint

Attacks by professional fraudsters on financial institutions are rapidly growing, and their methods and tools are getting more sophisticated. Losses related to fraudulent activity—like account takeovers and fraudulent credit card transactions—can reach tens and hundreds of millions of dollars. The need for fraud prevention and authentication to help secure customer accounts has intensified, driving organizations worldwide to seek out and invest in technology and services that better detect fraudsters, reduce fraud losses, mitigate risk and improve the customer experience.

As we move into 2014, the most important bank tech trend will be the adoption of "Identity 2.0"—augmenting the contact center's authentication process with predictive analytics across voice biometric, account, call and other metadata. Verifying identity becomes not just a fixed question-and-answer process, but a data science across multiple factors. By analyzing an interaction via a combination of "voiceprint" screening and other predictive factors, financial institutions can stop more attacks and fraudulent transactions, better identify and track known fraudsters, and improve the authentication process for legitimate customers.

While contact centers work continuously to reduce unauthorized account access, they must be careful not to negatively impact the overall customer experience. Historically, voice biometric solutions were deployed as a standalone solution—without incorporating other factors—and required caller interruption in order to be somewhat successful. These offerings were discontinued mainly due to their effect on the customer experience. In contrast, by combining with other factors in the overall predictive analysis, the voice biometrics of Identity 2.0 can operate passively—without customer interruption. This enables banks to silently stop fraudsters while accurately authenticating legitimate customers at scale, improving not only security but also customer satisfaction.

In order to be effective beyond the short term, financial institutions need solutions that evolve in response to the ever-changing nature of fraudulent attacks. These Identity 2.0 technologies will utilize multiple forms of biometrics and predictive analytics, and other tools like speech and text analytics, to keep pace with customer needs while thwarting unauthorized access.

Improving the Customer Experience

Christine Barry, Aite Group

During 2014 banks will be focused on improving the overall experience for customers. This will include continued enhancements to online dashboards that place greater control in the hands of customers. Gone are the days of banks determining what and how information is presented to customers at the point of login to online banking sites. Through the use of customization tools and widgets, customers will determine their experience and have faster and easier access to the information they choose. The banks will also have their own dashboards better informing them of customer needs, profitability, and product usage so they can better serve them. The ways in which information is presented will also advance. On the business side this will mean new reports that customers actually use rather than feeling the need to create their own. Reports will be more interactive rather than static, and will have more drill-down capabilities. Analytics will also start to play more and more of a role in banking to further improve customer service.

Today analytics is primarily used for fraud prevention and risk management. We will begin to see banks using it for cross-selling and ultimately to determine the next most likely product a customer may need. Down the road, customers will be provided information that helps them better understand their own patterns and product usage relative to their peers. While many banks still need to "get their data in order" and clean up inconsistencies and multiple sources, those able to leverage analytics will be able to differentiate themselves in the market.

Finally, as mobile payment capabilities advance in consumer banking, the corporate side of the bank will play catch up with new mobile offerings for both the smartphone and tablet. The goal for 2014 will be for banks to improve banking experiences for customers, keep them on their sites longer for greater cross-selling opportunities, and begin offering more added-value services that prevent the risk disintermediation, which is now a stronger threat than ever before.

Using Advanced Analytics to Know Your Customer and Drive Business

Steven Ramirez, Beyond The Arc

As social media adoption among consumers continues to accelerate, 2013 saw many financial institutions expand their use of social platforms such as Facebook and Twitter. While social media provides institutions with a greater opportunity to connect with their customers, it can also provide extremely valuable insights into consumer behavior. Armed with this information, banks have an opportunity to significantly impact the success of their marketing efforts to both new and existing customers.

Social media is one component of the Big Data equation. The key to successfully utilizing social data lies in transforming it into truly actionable insights by layering in analytics and combining it with other sources of data.

In order to win and retain customers in 2014, financial marketers will have to acquire additional competencies. For example, data science and predictive analytics can help banks synthesize all of these inputs to better target the right customer with the right offer at the right time. Advanced segmentation strategies that help to identify niches based on consumer behavior can significantly boost marketing effectiveness.

Traditionally, segmentation has been used to divide customers into groups based on their demographics, attitudes, or buying behaviors. This helps in trying to target specific groups with the message that will best resonate with them. Utilizing predictive analytics, previously hidden patterns in the data help banks to generate more in-depth customer segments. The resulting segmentation is more precise and nuanced, and is ultimately based on the likelihood that a consumer will accept a given offer. The result is a win-win situation as customers are offered more relevant products and services, leading to a more profitable relationship for the bank.

Beyond segmentation, there are several other ways that predictive analytics can positively impact your marketing success in 2014. These advanced analytics techniques can help you to boost cross-sell, taking advantage of the data to determine which products to offer to which customers. Analytics can also make upsell campaigns more effective, by looking at the patterns in how relationships evolve over time. Predictive analytics can also be applied to your Voice of the Customer program, to identify customer pain points and develop strategies to reduce attrition.

Social media, Big Data, and Predictive Analytics are some of the forces reshaping the way that bank marketers think about their roles. If you’re not harnessing these capabilities yet, you may be missing opportunities to more clearly differentiate your bank in the marketplace.

By Bryan Yurcan

http://www.banktech.com/channels/four-bank-tech-trends-for-2014/240164818

U.S. Debit Card Usage Down in 2014

23 December

BANK SYSTEMS & TECHNOLOGY

www.banktech.com

A new study from Mercator finds that the Durbin Amendment has helped reduce the use of debit cards.

Debit card usage among U.S. consumers has declined to the lowest level since the passage of the Durbin amendment, according to a study released this month by Mercator Advisory Group.

The Durbin amendment, part of the Dodd-Frank financial reform bill, caps the amount banks can charge retailers for swiping their debit cards. The cap limits the fee to an average of 24 cents per transaction instead of the previous industry average of 44 cents. The new limit took effect in the summer of 2011.

The Mercator study found that debit account fees that many banking institutions have found necessary to charge to compensate for revenue they lost due to Durbin's limits have driven consumers away from debit cards.

According to Mercator, debit card penetration in the United States declined over the past two years from a high of 68% in 2011 to a new low of 59% in 2013, as more consumers began using prepaid cards and nontraditional payment forms.

The report, titled "Consumers and Debit 2013: A Shift to Alternative Payments," also found that young adults, who have traditionally been more likely than average to use debit cards, are now no more likely than average to use a debit card. Further, debit card penetration of households that earn less than $75,000 a year is also declining faster than average, while at the same time, use of general purpose reloadable prepaid cards is growing, particularly among young adults, although it that growth still minimal, Mercator found.

The report is based on results from Mercator Advisory Group's CustomerMonitor Survey Series online panel of 3,003 U.S. adult consumers surveyed between May 28 and June 6.

By Bryan Yurcan

http://www.banktech.com/payments-cards/us-debit-card-usage-down-in-2014/240164969

Smart phones will account for the majority of NFC shipments

8 January

SecureIDNews

http://secureidnews.com

NFC shipments are expected to grow by 129% in 2014, predicts ABI Research. The vast majority of the technology will be placed in smart phones, as was the case in 2013 but that may decline as the technology is embedded into computing products, peripherals and speakers, digital cameras and printers, domestic appliances, cars and other products.

Consequently, smart phones will decline from a peak of 80% of all NFC device shipments in 2013 to less than 60% in 2017 as these other product categories see greater adoption of NFC.

An addition to ABI Research's NFC Market Data is a new analysis by smart phone tier as well as by the different mobile, consumer electronics and non-consumer device categories. This segregates the market by high, mid and low-tier smart phones featuring NFC.

Currently the greatest level of adoption is in the mid-tier category, where approaching half of smart phones are NFC-enabled. This is to be expected as Apple influences the high-tier category and is a notable exception to NFC adoption.

"Much has been made of Apple's decision not to add NFC and prioritize Bluetooth Low Energy for the time being," says John Devlin, practice director at ABI. "However, ABI Research's latest figures show that, in terms of connectivity, NFC is increasingly being adopted in an expanding range of products and will continue to grow. Current levels of smart phone adoption have triggered this and we don't see this trend reversing."

The launch of NFC-based payment services in different regions in 2014 and 2015 is expected to increase use as well, Devlin notes. "This is reflected in our forecast for Single-Wire Protocol SIM cards next year, with volumes expected to increase by 140% in 2014," he adds.

By: Zack Martin

http://secureidnews.com/news-item/smart-phones-will-account-for-the-majority-of-nfc-shipments/?tag=nfc

Why an omnichannel strategy matters

31 December

www.internetretailer.com

Companies that excel in engaging customers across channels—including web, mobile, social media and in-store—retain more than twice as many customers as companies without effective cross-channel customer care strategies, a new study says.

It pays to consistently communicate with customers across retail or business-to-business channels, Aberdeen Group Inc. says in a new study. It finds that companies with the strongest omnichannel customer engagement strategies retain an average of 89% of their customers, compared with 33% for companies with weak omnichannel strategies.

Key to the former group's performance is regular training of customer service agents, effective management of customer data across channels, and finding out if and when customer miscommunications occur in one or more channels, Aberdeen, a unit of Harte-Hanks Inc., says in the report, "Omni-Channel Customer Care." The study is based on a survey of 305 companies conducted in May and June.

Aberdeen identified 20% of study respondents, or 61, as "top performers," or those with omnichannel customer engagement strategies that produced the following aggregate performance metrics as of June 2013:

● Average 89% customer retention rate, compared with 33% for the other 80% of respondents;

● Average 9.5% year-over-year increase in annual revenue, compared with 3.4%;

● Average 7.5% year-over-year decrease in cost per customer contact, compared with 0.2%.

The study also finds that the top performers score higher than the other companies in several areas of managing customer communications across channels. Aberdeen reports the following practices of the 20% of study respondents identified as top-performers:

● 85% conduct regular training of customer care agents in the handling of omnichannel communications, compared with 66% among the other 80% of respondents;

● 77% store customer contact data across multiple channels, compared with 48%;

● 77% route customer inquiries to customer service agents with specific skills related to customers' needs, compared with 42%;

● 69% identify topics repeatedly addressed by customers across channels to find where communications need to be improved in specific channels, compared with 42%.

http://www.internetretailer.com/2013/12/31/why-omnichannel-strategy-matters

What does 2014 hold for mobile payments?

3 January

www.mobilepaymentstoday.com

Last week we asked a group of mobile payments insiders their views on the biggest stories or trends from 2013. This week, we turn our gaze to the future. Our contributors have again answered the call and offered some intriguing thoughts on what may happen in 2014.

Henry Helgeson, CEO, Merchant Warehouse

After Apple didn't include NFC on the iPhone 5S and iPhone 5C, a lot of people reacted by announcing the death of NFC. But don't write off NFC just yet. Google announced host card emulation, which allows NFC transactions to happen on NFC-enabled devices, without carriers getting in the way. ISIS also came out of its pilot efforts and rolled out nationwide, enabling some of the largest big-box retailers to offer NFC-based payments.

Combined with Strategy Analytics' prediction that one-third of the smartphones sold globally will support NFC, the market for the technology is huge. Large acquirers also continue to invest in mobile payment players and could drive adoption within their own merchant bases. Heartland's investment in Tabbed Out and First Data's acquisition of Perka are just two examples of these moves. NFC isn't dead, and I think we'll see the proof of this in 2014.

James Wester, Research Director-Global Payments, IDC Financial Insights

I think we'll see more emphasis on helping developers move payments further into the background. To this point, mobile payments have focused a great deal of attention on the payment itself, the technology and the method whereby a mobile payment occurs. For developers actually tasked with making payments happen, these discussions are almost counterproductive. They care more about integrating payments so that they happen as quickly and invisibly as possible. I think next year will see more efforts to give developers products that do just that.

David Schropfer, Mobile Commerce Head, The Luciano Group

I think the biggest news will have to do with EMV. Does the date of the liability shift remain October 2015, or is it postponed? Do retailers begin to purchase EMV terminals en masse, or do they continue to wait? Do banks begin issuing all credit and debit cards with an EMV chip, or are we still getting new credit cards with magnetic stripes at the end of 2014?

David Birch, Global Ambassador, Consult Hyperion

If MCX launches, that will be the biggest story, because it means a change in overall industry structure.

Jason Oxman, CEO, Electronic Transactions Association

I would say 2013 was the "year one" of the modern mobile payments era, and so looking ahead to 2014 I am very optimistic. If we look at the $4.6 trillion in payments processed in the U.S. in 2013, most estimates suggest that around $150 billion — a fraction of one percent — were mobile payments. Although some would say that is cause for pessimism, I think we are on the flat part of a hockey stick adoption curve.

Let's look at online retail by comparison — the commercial-use restriction on the Internet was lifted in 1995, giving rise to the first online commerce. And here we are, 18 years later, and we have just crossed the threshold where 10 percent of retail commerce in the U.S. in online — 90 percent is still conducted at brick-and-mortar retail. This despite the fact that computers are in more than 90 percent of U.S. homes, and more than half of Americans carry a broadband-enabled mobile device.

It took us 18 years to get to 10 percent online retail penetration. So I am very optimistic that our "year one" mobile payments numbers will grow from here — maybe not as fast as everyone would like, but would anyone really say that online commerce is a failure today? Given consumer love of electronic payments and mobile devices, I think mobile payments will move even more quickly to mainstream. I'm thrilled to be at ETA, the trade association of the payments technology industry, at such an exciting time of change in our industry.

Ron Shevlin, Senior Analyst, Aite Group

The biggest mobile payments news for 2014 will revolve around whatever Amazon does regarding a mobile wallet. It has an opportunity to shape the mobile shopping/purchasing experience like no other firm in the U.S. (and that includes Google).

Sam Maule, Managing Consultant, Carlisle & Gallagher Consulting Group Inc.

To quote Dr. Who's Cybermen: "You will be assimilated."

LifeLock and Lemon. PayPal and Braintree. PayPal and Stackmob. Amazon and GoPago. Look for more and more acquisitions of startups by non-traditional disruptors. Non-traditional players such as Google, PayPal, Amazon, Walmart (and yes, Apple) have the capital on hand to make these type of moves and don't carry the traditional risk-averse nature of traditional banking.

I wouldn't be surprised to see a major move with one of the larger mobile payments solutions; perhaps more of a true partnership than an acquisition. I'm not saying names, but if you recall, Square did team up with Starbucks (although not exactly the smoothest rollout).

Rakesh "Rocky" Agrawal, consultant focused on the intersection of local, social, mobile and payments

For 2014, I'm looking at the trend of using microlocation technology like iBeacon and PayPal Beacon to start gaining adoption. By knowing more precisely where a consumer is, we can take several steps out of the mobile payments process. And in mobile especially, every touch matters.

Alex Campbell, Co-founder and Chief Innovation Officer, Vibes

Apple's launch of iBeacons will all but secure Bluetooth Low Energy as the technology of choice for in-store mobile interaction.

Also:

The mobile wallet will grow up (retailers will update point-of-sale systems to work better with mobile phones and better influence purchases);

Mobile experiences will get more personal (through better analytics and CRM behavior);

Mobile advertising will get more post-click support (post-click behavior will change the way mobile advertisers invest their money);

Omnichannel retailing will accelerate mobile marketing (internally, mobile will spread across the whole marketing organization).

Will Graylin,CEO, LoopPay

Mobile checkout will become more and more important to mobile apps and mobile commerce. Convenient checkout for consumers on mobile is a requirement, and solutions like PayPal Express checkout are well positioned to take advantage of this trend.

More experiments will continue with different mobile payment methods at the point of sale (for example, barcodes solutions like MCX, Paydiant and LevelUp; check-in solutions like Beacon and Square; NFC solutions like Isis and Google Wallet). These examples will have limited merchant acceptance due to the high cost of changing merchant POS systems, thus limiting consumer satisfaction and adoption.

EMV migration in the U.S. will see continued delays, due to the cost of switching POS systems for merchants, the cost of cards and implementation to issuers, and regulatory uncertainties with Durbin.

NFC's migration will even be slower than EMV's migration given the two have completely different technologies and requirements on the acquiring and issuing side, and the method of loading cards is extremely complex.

NFC, EMV and magstripe will co-exist on the same terminal for decades to come, NFC being used at less than 10 percent of all merchants today. Note that out of 15.7 billion payment cards in circulation today worldwide, EMV cards represent only about 1.5 billion cards after two decades of migration; 90 percent of cards are mag stripe only, so do we really think mag stripe readers will disappear from POS terminals anytime soon — especially now that MSRs have become contactless receivers with security similar to NFC?

Jingming Li, Vice President, Alibaba Group

Mobile checkout experiences will be fast, easy and secure. As online businesses keep up with the demand for seamless mobile purchasing experiences, e-commerce changes are in store for 2014. Black Friday and Cyber Monday shopping trends are an indication of what's to come. In 2013, online sales on those days not only broke past records but sales made on mobile devices also shattered previous records. According to Adobe Digital Index 2013, 18.3 percent of Cyber Monday's sales were made on mobile devices, up 80 percent year-on-year. In 2014, businesses can expect even more sales and advertisement opportunities through mobile. They should optimize consumers' mobile checkout experiences and allow instant purchases through just a few clicks.

The use of mobile wallets, already popular in China, will increase in the U.S. This trend will catch on in the U.S. and challenge existing and new players to come up with products that are friendly to use and transform the way people pay, play, save and communicate.

Cross-border e-commerce will expand beyond anything we've seen so far. Technology is breaking down the barriers of global e-commerce. With the rise of new, digitally empowered consumers in BRIC countries and other emerging markets, in 2014 more U.S. businesses will seize this opportunity and enable consumers to buy directly. Companies will offer better payment mechanisms, acquire needed marketing knowledge and work with logistics partners based on different countries' market-entry conditions. This is no small task, but businesses will recognize that the opportunity is massive and the reward could be high.

http://www.mobilepaymentstoday.com/article/225507/What-does-2014-hold-for-mobile-payments

Will 2014 be the beginning of the end for the password?

30 December

MY sinchew .com

www.mysinchew.com

(Relaxnews) - In 2013 Apple took a big step towards popularizing biometric authentication with the fingerprint scanner in its latest iPhone, and now the stage is set for other companies to do the same thing.

The first FIDO-ready products will be revealed at this year's International CES in January and could be in devices before the end of 2014.

The FIDO Alliance is a group of leading tech companies including Microsoft and Google that have come together to develop biometric alternatives to the password in a bid to keep consumers protected from the growing threats of cybercrime. The first fruits of their collective labors include voice recognition systems, fingerprint readers and eye scanners.

"In less than a year, FIDO Alliance specifications have enabled several of our members to produce some remarkable innovative authentication products. Participants at CES will benefit from hands-on experience of how open FIDO standards will work to enable truly novel strong authentication technologies. With FIDO specifications, users have a choice of devices and solutions that interoperate and make authentication easier to use, more secure and private," said FIDO Alliance president, Michael Barrett.

Voicing concerns

One such solution, the AGNITiO Voice iD, will allow smartphone and computer users to dispense with passwords in favor of their own voices and will be demonstrated for the first time in public on January 7.

Voice recognition is already proving a very robust alterative to text-based authentication for banking in particular. In March, Barclays Wealth & Investment management adopted voice recognition technology for authenticating account holders and the system proved a huge hit.

As well as boasting a 99.6 percent accuracy rate, customers no longer needed to remember several passcodes to access their accounts online or over the phone. Instead, they just had to speak with a telephone operator for 20-30 seconds while the program checked their voice prints. By May it had received a 90 percent approval rating from customers who prefer it to the existing systems and has since been improved to recognize voice stress and therefore if a customer is being forced to access their accounts.

Security at your fingertips

As well as voice recognition systems, FIDO will be showcasing a number of solutions that use fingerprint readers as passwords. PrivacQ Triangle from FingerQ is a portable fingerprint reader that will work with a host of laptops and other existing devices to authenticate a user.

Meanwhile the GO-Trust FIDO microSD can plug directly into a computer's or Android phone's MicroSD slot to prove the owner's identity and to run FIDO-developed security software.

Passwords' days are numbered

As more and more of the average consumer's daily life moves from the physical, offline realm to the digital, online virtual world, more and more pressure and strain is loaded on the traditional password and, as the typical person now requires 11 unique passwords for everything from online banking to social media on any given day, the stress is about to get too much. "Over the past couple of years it has become apparent that simple password protection is not sufficient in today's increasingly sophisticated hacking world," says Gino M. Pereira, CEO of NXT-ID, a company that specializes in online authentication and encryption.

Biometric technology for authentication is nothing new and as more and more sites, from Adobe to Evernote and PR Newswire get hacked and their passwords stolen, its benefits are becoming clearer and clearer. Every person's face, voice, and fingerprint is unique and therefore theoretically impossible to ‘fake' yet, until recently either applying this technology in the consumer space, or getting enough companies to back a single, unified system has been a struggle. However, that is all set to change, thanks to Apple and now to FIDO.

"What Apple has done with Touch ID is to improve the usability of identity verification on mobile devices -- to make it more convenient," says Alan Goode, MD of analyst firm GoodeIntelligence.com and long-time biometrics champion, "I believe that the main driver for adoption of biometrics into consumer electronic devices is the mass adoption of smart mobile devices and the challenges this poses for strong authentication and identity verification -- in other words how do we securely prove identity on a mobile device without affecting the user experience. Passcodes and One-Time-Passwords are not the most convenient way to prove identity on a mobile device, especially when we are on the move."

Following the launch of Apple's fingerprint reading smartphone, FIDO promised that the first Android handsets with the same technology would be out before the end of 2014, but that is just the start.

"The next few years will see increasing usage of all different forms of biometrics for identification and verification. One day somewhere in the future we will have transparent access to our homes, cars, computers and other devices simply by being in proximity to them and being recognized biometrically. It will be simple, seamless and more secure," says Pereira.

But the password revolution will start with how consumers unlock their phones.

http://www.mysinchew.com/node/94869?tid=179

6 Ways Retail Will Change in 2014

27 December

BUSINESS NEWS DAILY

www.businessnewsdaily.com

2013 was a monumental year in retail. From mobile technologies changing the way consumers shop to new ways of accepting and processing payments, these trends are just the beginning. Whether you run a brick-and-mortar establishment or an e-commerce website, 2014 has plenty more in store.

Some of the changes retailers saw in 2013 included more robust and flexible mobile credit card processing solutions that enabled businesses to take payments anytime, anywhere; mobile payments that let consumers shop conveniently from smartphones and tablets; and advanced digital wallets aimed at replacing cash and credit cards for online and in-store purchases. Some of the biggest game changers were Square, PayPal and Google, with BitCoin also claiming a stake on retailer and industry radars. Some proposed increasing the use of direct-carrier billing for in-store purchases, while others have taken to app development to disrupt the retail space. [6 Mobile Apps Changing Shopping Forever]

Next year, retailers should expect these trends to play even more significant roles by enabling mobile commerce (m-commerce) and e-commerce to take businesses and consumer expectations to the next level. Not only will there be strong consumer demand that will make m-commerce the norm for retailers, but small businesses will have an even greater opportunity to work with and expand toward global markets via e-commerce.

Michael Lee, director of global marketing and business development of Alibaba.com, and Jingming Li, vice president of Alibaba Group and chief architect of Alipay International, provided the following predictions on how mobile and ecommerce will change retail for small businesses in 2014.

1. More affordable mobile solutions will emerge

Every online business knows it has to have a mobile element, but the challenge is doing that when you're a small business. In 2014, more creative and low-cost or no-cost platforms will enable small businesses to handle mobile e-commerce relatively effortlessly, such as payment (including cross-border), reliability, security and more.

2. Mobile check-out experiences will be fast, easy and secure

It's all about mobile. As online businesses keep up with the demand for seamless mobile purchasing experiences, e-commerce changes are in store for 2014. Black Friday and Cyber Monday shopping trends are an indication of what's to come. In 2013, online sales on those days not only broke records, but sales made on mobile devices also shattered records. According to Adobe Digital Index 2013, 18.3 percent of Cyber Monday's sales were made on mobile devices, up 80 percent year-on-year. In 2014, businesses can expect even more sales and advertisement opportunities through mobile. They should optimize consumers' mobile check-out experiences and allow instant purchases through just a few clicks.

3. The use of mobile wallets will increase in the U.S.

In China, the number of users for the Alipay Wallet application reached around 100 million in mid-November 2013. Mobile wallets are Internet-based accounts dominated in a currency, held on a mobile device that can be used to store, and transfer, value. Buyers use Alipay's mobile wallet every day to purchase products, pay bills, receive deals and discounts, manage their financial information, and even make money through fund services. This trend will catch on in the U.S. and challenge existing and new players to come up with products that are friendly to use and transform the way people pay, play, save and communicate.

4. Time spent on sourcing will decrease

Sourcing is only one part of running a small business but it takes an inordinate amount of time. As more and more micro-entrepreneurs and small businesses do business globally, 2014 will bring more sourcing services that provide new (and free) tools that enable small businesses to quickly submit their requests and get a targeted list of potential suppliers within a day or two. A December promotion on AliSourcePro, a product on Alibaba.com that helps buyers do exactly that, attracted approximately 50,000 sourcing submissions from around the world in three days.

5. Cross-border e-commerce will expand beyond anything seen so far

Technology is breaking down the barriers of global e-commerce. With the rise of new, digitally empowered consumers in the BRIC (Brazil, Russia, India and China) countries and other emerging markets, in 2014 more U.S. businesses will seize this opportunity and enable consumers to buy directly. Companies will offer better payment mechanisms, acquire needed marketing knowledge, and work with logistics partners based on different countries' market-entry conditions. This is no small task, but businesses will recognize that the opportunity is massive and the reward could be high.

6. B2B e-commerce will grow quicker than B2C e-commerce

Fifty percent of B2B companies are currently selling direct to business partners online, according to a recent study from Hybris and Forrester Research. This shift from the focus on B2C e-commerce will continue in 2014 and create huge opportunities for B2B companies that are quick to seize the trend.

http://www.businessnewsdaily.com/5687-retail-predictions.html

Top three predictions in the mobile payments space for 2014

27 December

techcircle.in

http://techcircle.vccircle.com

Mobile has been one of the most talked-about technology verticals and continued to see innovation in 2013. New companies emerged in India and explored opportunities in this space that changed the way people lived and interacted. Some of the applications where mobile is already making life easy include doctor's appointments, restaurant booking and air/bus ticket bookings, among others. However, the most significant impact going forward would be felt in the payments side.

This is evident from the fact that global players like Fortumo and Boku have recently announced expansion into India with an aim to tap the massive opportunity in a country where few people have bank accounts but many more have a mobile connection. In short, if exploited properly, India could be sitting on the cusp of a revolution in mobile payments.

Techcircle.in talked to a few industry experts to see what is in store for the year 2014.

Companies providing easier P2P money transfer will gain traction: Jitendra Gupta, co-founder and CEO, Citrus Payment

In the coming year the Indian market is going to see lot of wallets being pushed to consumers. I am already seeing many wallet companies getting active in the market over the past couple of months. These companies are spending huge amount of money to acquire consumers. However, the ultimate winner will depend on adoption.

I also feel that the P2P money transfer can be made much simpler. I see a lot of scope for this, as it has already been successfully experimented in the US by Paypal, Square and Dwolla. As of now, it is very complex in India and the process involves almost four-five steps before one can pay. I believe that a company which can improve the experience of money transfer between individuals will gain huge traction.

Mobile operator billing will emerge as the default payment system for digital goods: Sanjay Sinha, head, Fortumo India

In markets like India where the number of credit card users is very less, operator billing has proven to be one of the best ways to collect online payments from users. Mobile payments work well for buying virtual and digital goods such as games, e-books, music and video. So, the next logical step is to use operator billing for micropayments for physical goods such as ordering pizza or a taxi, buying flowers or movie tickets. Mobile payments already provide a one-click payment experience which has much higher conversion than credit cards. For physical goods, additional capabilities of phones could be utilized as well. For example, by ordering takeaway food to your home, you could not only confirm the payment but also send data about your location to the merchant for a quicker delivery experience.

However, there are several challenges related to implementing mobile payments in the physical world that include commercial terms set by the operators, legal regulations and how merchants would be connected to end-users. But the size of the market makes it attractive to any operator billing provider.

Anyway, the explosion of mobile internet is leading to an unprecedented growth in mobile transactions and thus to mobile payments. It's a no-brainer that mobile payments will be a dominant payment system in India. But I would like to add that the growth of mobile internet would outpace the growth of banking based e-payment systems in short or medium term. Therefore, mobile operator billing-based payments will emerge as the default payment system, at least for digital or virtual goods.

Now examine the mobile payment system from the perspective of consumers and merchants, the key stakeholders. What consumers want is perhaps ease of use and security. Above all this, pricing must suit their wallet. And what merchants want is higher revenue share and a shorter payment cycle. Meaningful innovation for the future will be driven toward these needs. Personalized pricing, secure universal one-click payments, higher revenue share, weekly or fortnightly payment cycle for merchants, and not to mention purchase of physical goods, are some future innovations that I can foresee in operator billing-based mobile payments.

Aadhaar integration to happen in 2014: Alok Mittal, managing director, Canaan Partners

From an India standpoint, enabling mobile payments (micropayments through operator billing and e-payment through National Payments Corporation of India) is still nascent and that should gain maturity. The interesting play there would be with Aadhaar or UID integration, which can simplify mobile payments.

http://techcircle.vccircle.com/2013/12/27/top-three-predictions-in-the-mobile-payments-space-for-2014/

Top 5 Predictions for E-commerce in 2014

2 January

JOSIC

www.josic.com

With the start of a new year, experts throughout the financial, business and marketing industries are making predictions for the future of e-commerce and mobile payments. The dramatic rise of these two industries over the past year has caught the attention of many.

Here are 5 predictions that have been made regarding e-commerce and mobile payments for 2014.

1. Retailers will move away from traditional registers. More stores are looking to change their check-out options. Stores like Apple, Saks and Nordstrom are offering in-aisle checkout options for customers. These options are tailored to allowing customers to make mobile payments with greater convenience than before. Instead of trekking through a store to a cash register, they will be able to make purchases right in the department they are shopping in.

2. Large Retail Chains will lead the way in mobile Commerce. While mobile payment options are often associated with large online retailers like Amazon, it is the retailers known for their big box stores that are leading the changes. For example, Toys-R-Us is at the fore-front of changes in their constant effort to appeal to their target audience. They are extremely aware of the growing trends and changes in mobile commerce, which has led them to experimenting with different online and mobile programs.

3. There will be widespread large acquisitions within the mobile payment industry. There are multiple large companies highly interested in providing mobile payment options. However, they are not interested in investing the time and resources into developing their own system. Instead, many large companies are going to look to buy smaller mobile payment companies in order to exclusively use their system to advance their own goals.

4. Merchants will start categorizing their customers and tailoring their offers based on categories. A great divide has developed between “millennials” and older adults. While millennials are heavily influenced by what they read online and trough social networks, older adults are not. Additionally, older

adults tend to be more discreet about taking advantage of deals and special offers, while millennials are not.

5. Mobile Commerce will continue to evolve. While many are treating mobile commerce as a set ‘thing,’ it is important to understand that it is still relatively new. Additionally, mobile commerce is still developing and evolving. 2014 will see a great number of changes in both e-commerce and mobile payment options.

http://www.josic.com/top-5-predictions-for993-e-commerce-in-2014

6 Mobile Marketing Trends to Leverage in 2014

30 December

CIO

www.cio.com

What will be the best ways to reach mobile shoppers in the new year? Mobile marketing experts reveal which new mobile marketing apps and strategies can help you reach customers on the go.

CIO — In 2013, we saw a continued uptick in the number of consumers using mobile devices -- smart phones and tablets -- to research and compare products and score deals, often right in the store. And many analysts and experts predict that 2014 will be an even bigger year for mobile, with people not only researching and comparing products on their mobile devices but purchasing them from their smart phones and tablets, too.

So what will be the big mobile marketing trends of 2014? CIO.com asked dozens of mobile marketing experts and business executives to find out. Following are the six trends they say will dominate mobile marketing in the new year (many of which were around in 2013 but will continue to take hold in 2014).

1. Increased Personalization and Customization of Messages

"This is a trend we saw in 2013 and will continue through next year," says Steve Cole, CMO, Gladson, a provider of product images, product content and related services for the U.S. consumer packaged goods industry. "Mobile commerce hasn't fully caught on with consumers, but we do know they're heavily researching products via mobile," he says.

"To convert searchers into buyers both on mobile and in store, marketers must present personalized offers," Cole says. "For example, if a consumer searches for green bean casserole recipes on a grocer's mobile app, offer coupons for mushroom soup and green beans to give the consumer an extra nudge."

"With the recent introduction of Apple's iBeacon, the opportunities for mobile marketers to personalize and transform the shopping experience in 2014 will be endless," says Bob Kennedy, vice president of Strategic Services, Compuware Professional Services.

[Related: Adobe Helps Marketing Teams Tap Predictive Analytics, Mobile and Video Data]

"A shopper will step into a department store and his shopping list will transform into an interactive map that guides him through the store to relevant items and personalized deals," Kennedy says. "Smart marketers will utilize the new tech to augment -- and increase -- sales."

2. Location-Based Marketing (Geo-Targeting)

"Targeting consumers with relevant products to purchase while they are in the location will make mobile marketing more relevant and less intrusive, changing the way mobile marketing is executed," says Stacey Tozer, marketing director, MappedIn.

"As we move into 2014, real-time location based marketing will become a more important marketing strategy," agrees Atri Chatterjee, CMO, Act-On Software, a provider of cloud-based integrated marketing automation software.

"Geo-targeted promotions and notifications will be added to the marketing mix as companies begin to see the benefit of real-time marketing based on GPS location -- and customer targeting based on physical location to stores, restaurants and events," Chatterjee says.

In addition, social media networks will be "the main channel for real-time location based marketing, [providing] the key advertising platforms for businesses looking to target customers with location based offers," he says.

We will also see more in-store, micro-location-based marketing in 2014.

"Using mobile iBeacons from Apple or a similar Bluetooth low energy device, [retailers will be able to] send signals to the smartphones of customers who have downloaded the required app," says Alex Bratton, CEO and chief geek at enterprise application developer Lextech. "For example, the signal will show if a customer is in the electronics department, enabling retailers to send specific messages to the customer's mobile device, such as discounts and product comparisons," he says. That "same technology [can also] capture customer data so when a VIP walks in the door, he can receive preferential treatment."

"In 2014, we'll [also] see more retailers integrate features like 'find in store' or 'check inventory' into their mobile presence," says Cole. "For example, a consumer in a store could specify what product she is looking for using a retailer's mobile platform; then the app pinpoints the location of that product in the store."

3. Narrowcasting

"Narrowcasting is the counterpoint to the broader reach of major social networking sites like Facebook and Twitter, and an emerging trend in mobile marketing," says Mark Sawyier, founder and CEO, Bonfyre, the developer of a private photo sharing app and group texting app.

Narrowcasting gives brands "the ability to target fewer individuals who are significantly more qualified, usually based around events and shared experiences," he explains. For example, "if 95 percent of your social media followers won't attend a concert in Philadelphia, why pay to promote it broadly when you can create customized content for actual attendees before, during and after the event?" Sawyier asks. "With organic reach waning on broader social media channels, content with context has never been more important."

4. Multimedia Messaging Service and Rich Media Messaging

"For some time now, SMS [Short Message Service] has been the dominant medium for text message marketing, but that will change in 2014," says James Citron, founder, Mogreet, which provides mobile messaging and marketing solutions for brands. "MMS is about to explode, with marketers currently witnessing about a 40 percent year-on-year growth rate."

Similarly, RMM, "with open rates over 99 percent and double the conversion rates of SMS, will explode in 2014," predicts Cezar Kolodziej, president and CEO, Iris Mobile. That's because "RMM adapts to the specific type of device receiving it," he says. So Android users, for example, no longer will need to be concerned (or pissed off) about receiving iPhone content they can't open. With RMM, mobile users "receive messages designed for their specific phones-with coupons/images/video that perfectly fit the screen." Another advantage of RMM: "RMM delivers detailed phone demographic information to marketers, which can help them craft future mobile campaigns," says Kolodziej.

"Video accounts for 50 percent of all mobile data," says Phillip Clement, director of Sales and Marketing at SDL Mobile. Marketers that create content "that detects the device and delivers the right size and style of video will see huge growth."

5. Even Shorter Content (Micro-Content)

"Content will continue to get shorter," to better appeal to mobile viewers, predicts Informatica CMO Marge Breya. In addition to the increased use of services such as Vine, a video looping app with a maximum length of six seconds, we will see brands create "a three-second video or a Snapchat photo that lasts on your device no longer than 24 hours," she says.

6. The Gamification of Mobile Ads Will Continue

People are competitive by nature and enjoy "acquiring points or badges, unlocking content and competing with friends," explains Jason Ginsburg, director of Interactive Branding, Brandemix. As a result, he predicts that "more mobile ads, whether in browsers or apps, will use gamification to compel users to click on them."

By Jennifer Lonoff Schiff

http://www.cio.com/article/745152/6_Mobile_Marketing_Trends_to_Leverage_in_2014

Mobile Phones Set To Reduce Banking Branches In 2014

6 January

Forbes

www.forbes.com

This is the year that mobile banking will really make a dent in branch networks, according to James DeBello, CEO and president of Mitek, a company that is helping make that happen. It introduced remote deposit capture — take a picture of a check with your smartphone and send the image to your bank. Now it is introducing mobile account sign-up, so you can open an account from your phone or tablet without ever setting foot in branch. Just shoot images of the front and back of your drivers license.

With the emergence of "mobile first" and "mobile only" consumer segments, financial institutions will need to tailor marketing strategies to address their unique requirements, Mitek said in its 2014 predictions. "A growing population of consumers will abandon traditional banking relationships altogether, opting instead to never set foot in a branch. The new year will mark the tipping point where organizations start to market directly to mobile-only users."

That will require making the process easier. DeBello said that 90 million Americans tried to enroll in banking through digital channels and 25 percent abandoned the process. The company thinks imaging will make mobile banking more attractive because it won't force customers to do much on their small phone keypads.

By the end of 2014, 90 percent of the US population will have access to mobile deposit, said DeBello. Using a mobile phone, users can take pictures of a bill pay stub or a credit card balance and transfer them to another bank or pay bills with images.

"We believe that mobile banking will be adopted by 60 percent or more of smartphone users by the end of 2014."

"We have passed the tipping point and will see continued adoption," agreed Mark Ranta, senior product marketing manager at ACI Worldwide, an electronic payments firm. "Adoption numbers far surpass what we expected at banks, and we think the numbers will continue their meteoric rise."

“I think the trajectory of tablet and smartphone use is going to continue at a torrid pace,” said DeBello. He also expects wearable devices to enter mainstream use much faster than most industry experts are predicting. One of the big switches as this mobile banking evolves is the use of the camera, and apps, to replace the keyboard.

“We are trying to address usability. It is all about eliminating keystrokes, digitizing data without typing it,” DeBello explained Banks can’t just take their paper or online enrollment processes and ask people to fill in the blanks on a phone’s tiny screen. Instead, Mitek can read documents and then it depends on its bank customers to write the apps to make the information from the image capture useful.

“The mobile-only consumer is a new phenomenon,” said DeBello, who used to work at Qualcomm’s Internet Service Division. “We anticipated this a decade ago, but what people didn’t anticipate was that it would be to the exclusion of desktops and laptops. No one is growing that business. People are depending on these mobile devices only, and they don’t want to go to a branch.”

For traditional banks, which already have a weak grip on customers, this could be a huge headache. Customers can snap their current statements, whether bank accounts, credit cards, insurance or even mortgages, and instantly compare them to other offers and then immediately transfer the balances or the business.

Think your mortgage is too high?

“You aren’t going to enter data or call a call center; people are busy,” said DeBello. “People with today’s lifestyles want it quickly and conveniently. Now you can snap a picture of your statement and get a counteroffer from a mortgage provider, insurance carrier or a credit card.”

JPMorgan Chase was the first national bank to offer mobile deposit, DeBello said, and they picked up new customers as a result. Reviews on the app stores had comments from customers of other banks who said they would switch if their bank didn’t offer mobile deposit soon.

“But if you are slow and don’t address mobile, you will lose,” he added. Mitek launched mobile deposit in 2008, it began gaining users in 2010 and by 2013 it had 20 million users.

“I think that in 2014 it will be part of the regular vocabulary of banking. You can’t have a bank without mobile and mobile deposit.” Qualcomm figured new technology would take eight years from launch to mainstream adoption, he added, but mobile is moving faster. He provided a link to Ellen DeGeneres doing a monologue about depositing checks by phone on her daytime TV show.

Besides saving customers time, mobile deposit saves the banks money, because it is about $4 cheaper to take a deposit by phone than by teller. While traditional banks are working to meet new regulatory requirements, new bank initiatives like Ally and American Express Bluebird that are less encumbered can move ahead fast with mobile.

Peter Roe, an analyst at UKTechMarketView, wrote about mobile banking: “There are two fundamental principles to the payments industry; it is a scale business so volumes are vital and it is dependent on partnerships and good cooperation between industry players. These fundamentals create an interesting dynamic as innovative ideas and technology are injected by new companies into a usually staid and slow-moving industry, populated by large, comfortable and slow-moving incumbents.

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http://www.forbes.com/sites/tomgroenfeldt/2014/01/06/mobile-phones-set-to-reduce-banking-branches-in-2014/

Специальная рубрика: "Биткоин и виртуальные валюты"

Singapore opts not to regulate Bitcoin

23 December

www.mobilepaymentstoday.com

The Monetary Authority of Singapore says it will not regulate Bitcoin adoption, according to Bitcoin news provider CoinDesk. "Whether or not businesses accept Bitcoins in exchange for their goods and services is a commercial decision in which the MAS does not intervene," the MAS, Singapore's central bank, told Singapore-based Bitcoin trading platform Coin Republic, CoinDesk reports.

Singapore joins Germany and Japan in choosing not to regulate Bitcoin, contrasting with China, whose financial services regulator, the People's Bank of China, has banned Chinese banks from Bitcoin transactions. The PBoC subsequently ruled that third-party payment providers such as PayPal and Alipay could not deal in Bitcoin.

On Dec. 16, Shanghai-based BTC China, the world's largest Bitcoin exchange, announced that it could no longer accept Renminbi deposits, following the PBoC's ban on Bitcoin transactions by third-party processors, sending Bitcoin's price into freefall, the South China Morning Post reported.

Although the MAS has decided not to regulate Bitcoin, in September it issued a warning about the risks of trading in the crypto-currency. "If Bitcoin ceases to operate, there may not be an identifiable party responsible for refunding their monies or for them to seek recourse," International Business Times quoted an MAS spokesperson as saying.

Bitcoin was trading at US$646 on Dec. 23, down from $1,147 on Dec. 4. On Dec. 23, 2012, Bitcoin traded at just $13, according to CoinDesk's Bitcoin price index.

http://www.mobilepaymentstoday.com/article/225259/Singapore-opts-not-to-regulate-Bitcoin

China Bitcoin Exchange Ends Third-Party Yuan Cooperation

18 December

THE WALL STREET JOURNAL.

http://online.wsj.com

The value of one bitcoin plunged as much as 38% against the dollar Wednesday, highlighting the risks for investors in the virtual currency and merchants who accept it as payment.

Investors fled after a Chinese exchange said it no longer would permit customers to trade yuan for bitcoin. The announcement fueled concerns that restrictions in China, a major bitcoin marketplace, could halt the four-year-old currency's explosive growth.

The downdraft was the latest in a month of wild price swings. Bitcoin doubled in a 10-day period in November to a record but has fallen more than 50% in the past two weeks to $549 through late Wednesday, as measured by the CoinDesk Bitcoin Price Index.

Such volatility represents a significant hurdle for the nascent virtual currency, which is also facing intense scrutiny from other governments around the world.

"Obviously, this is going to be one of the ongoing challenges with an early-stage, technology-based currency," said Alan Silbert, chief executive of BitPremier LLC, a website that accepts bitcoin payments for luxury homes and other high-end goods.

Unlike the dollar or euro, bitcoin isn't issued or backed by a central government. It is created through a sophisticated computer process and can be traded or used to buy goods and services.

The value of a bitcoin was down 20% at $545.72 in afternoon trading on the CoinDesk index of three exchanges. That was up from the day's low of $422.50.

Bitcoin prices have been on a roller coaster this year, rising from less than $20 in January to more than $1,100 in early December before the most recent drop.

The role of China has been among the biggest factors affecting bitcoin prices in the past several months. Chinese enthusiasm for bitcoin helped send prices soaring more than tenfold in the fall.

More recently, prices have tumbled after China's central bank issued a warning about the risks of bitcoin and said financial institutions shouldn't do business with bitcoin-related companies.

Wednesday's downdraft came after a popular Chinese bitcoin exchange stopped allowing customers to use yuan to buy bitcoin. Shanghai-based BTC China "has no choice but to stop accepting yuan deposits," the exchange said in a post on Weibo, China's Twitter-like microblogging website.

"Bitcoin deposits, bitcoin withdrawals and yuan withdrawals will not be affected," it added. The exchange said it "will try to provide another method for deposits" but didn't elaborate.

The halt means a big source of new cash driving up prices of bitcoin has been eliminated. Bobby Lee, chief executive of BTC China, has said that the exchange has accounted for as much as one-third of world-wide trading volume.

Central bankers and regulators from France and the European Union also have recently issued warnings about bitcoin, noting the potential for speculative trading and money laundering and the potential risks for ordinary people who use the currency.

In the U.S., the Financial Crimes Enforcement Network last month requested information from a dozen bitcoin companies, saying it believes that they may be conducting money-transmission activities, according to a spokesman. The unit of the Treasury Department in March issued guidelines that encourage such companies to register as money-transmission businesses.

So far, about 35 companies have done so, the spokesman said.

Corrections & Amplifications

BTC China has stopped working with Yeepay, a third-party payment company. An earlier version of this article said BTC China hasn't stopped working with Yeepay.

http://online.wsj.com/news/articles/SB10001424052702304403804579265441320702968

Bitcoin Price Falls Further as BTC China Exchange Shuts Off Fiat Deposits

18 December

www.coindesk.com

UPDATED on 18th December at 17:10 (GMT)

BTC China told CoinDesk it is expecting to reinstate deposits in RMB soon. Bobby Lee said he is now working with another third party payment company to try and reinstate RMB pricing, and is hoping to make an announcement on the Weibo account in the next few hours.

This will now be the firm's third payment provider relationship inside a week. Lee brushed off worries that the new relationship could also be placed in jeopardy by PBOC's most recent move.

"If this keeps happening, ten times later, will I keep going? I don't know. I can't predict the future. But for now we're going to try one more time, to see," he said.

—————————————

The price of bitcoin plummeted still further this morning, after news emerged that at least one exchange in China had blocked deposits made in RMB (Chinese yuan), the national fiat currency.

China's and indeed the world's largest bitcoin exchange, BTC China, announced that it would disallow those deposits in a post on its verified Weibo account.

Bobby Lee, CEO of BTC China, said: "This morning, we got notice from our third-party payment provider YeePay that it would cut off deposits for us at 12 noon and sure enough, we got cut off today."

YeePay had given the company two hours' notice, he said. The exchange had only just signed a deal with the third party payment provider on Monday, following an abrupt termination of its agreement with third party payment firm TenPay on Sunday.

"We all know the reason – it's as plain as daylight – they cut us off because of what happened at the meeting on Monday," he added.

Lee was referring to the meeting between the People's Bank of China (PBOC) and third-party payment companies, in which the payment firms were told to stop dealing with bitcoin exchanges.

No official statement has been issued by PBOC or any of the third-party payment processors about this, and Lee thinks it is possible that this will remain the case. "If they wanted to issue something official, they would have done already."

Earlier this month, banks had also been told not to deal with exchanges, removing the ability for customers to use web-based payment systems directly integrated with the exchanges via APIs.

"Right now we, as a bitcoin exchange, have suspended taking all deposits in RMB. But, on the withdrawal side, people still have the ability to withdraw RMB. There should be no worries – all the money is safe, secure and is all accounted for," said Lee.

Customers are also still able to deposit and withdraw bitcoins from BTC China.

The news had a severe effect on bitcoin pricing over a few hours, forcing it down to levels not seen in a month. At the time of writing, the price was bouncing back from a low of $488, down from a high of $990 last week, putting it at its lowest point in the past few weeks.

Jack Wang, a bitcoin entrepreneur about to start a virtual currency company in Beijing, said that this would force the market to find alternative ways to develop.

"Without exchanges, the market will have to find different business models that use bitcoin, which the government has acknowledged to be legal and property."

We asked Bobby Lee what's next for BTC China. "At this point, it's too early to speculate. We're taking each day at a time. We are a startup, we are nimble and flexible and we will adjust to the marketplace," he said.

Editor's note:

Previously, this article stated that, up until today, customers wanting to deposit RMB into their bitcoin exchange accounts were able to do so in two ways: via an Internet transaction, and as a direct deposit over the counter. CoinDesk said that after Dec 5, the first option had been removed, while the second was still valid until today.

CoinDesk has since spoken to Bobby Lee again, who clarified that all payments from banks require third party processor involvement, and that Internet payments from banks had been possible until his relationship with TenPay and subsequently YeePay were severed. Without these relationships, it was unable to process RMB payments into its customers' accounts.

"That's where the problem showed up. If we're not allowed to deal with third party payment companies then they can't take deposits for us on behalf of customers, and then we have this catch-22 where we can no longer operate our bitcoin exchange as before," Lee said.

Co-authored by Danny Bradbury and Emily Spaven.

Chinese yuan image via Shutterstock

http://www.coindesk.com/bitcoin-price-falls-btc-china-exchange-shuts-fiat-deposits/

Banks Mostly Avoid Providing Bitcoin Services

22 December

THE WALL STREET JOURNAL.

http://online.wsj.com

Companies trying to cash in on the newfangled bitcoin craze are having trouble getting old-fashioned bank accounts.

Lenders are leery of dealing with virtual-currency companies because of concerns that the businesses could run afoul of anti-money-laundering laws or be involved in illegal activities, banking executives say. Regulators and central bankers around the world have raised similar concerns in recent months.

The problem has grown so acute that some owners of fledgling virtual-currency businesses are trying to elude bank scrutiny by avoiding the words "bitcoin" or "bit" in their names, according to entrepreneurs and investors who actively track the industry.

Patrick Murck, general counsel for the Bitcoin Foundation, a trade group, has been raising the issue in meetings with regulators and bank executives.

"This is definitely causing a bottleneck in the industry," he said in an interview. "The ability of companies to get bank accounts is necessary so that they can take the next step in building out the core bitcoin infrastructure."

Bitcoin has exploded in popularity since its introduction four years ago. The virtual currency is "mined" using computer algorithms and swapped electronically among users for the purchase of goods and services or as an investment. The price of one bitcoin has been extremely volatile in recent weeks, soaring above $1,100 from less than $20 at the beginning of the year. It has since retreated to around $638, according to a CoinDesk index of three popular bitcoin exchanges.

Such gains have prompted big-time venture-capital firms such as Accel Partners, General Catalyst Partners, Lightspeed Venture Partners and Union Square Ventures to pile into bitcoin-related companies in recent months.

But bankers don't share investors' enthusiasm.

Entrepreneur Jesse Powell said he reached out to roughly 30 banks in the past year when he wanted to open an account for his fledgling virtual-currency exchange, called Kraken. Bitcoin exchanges need bank accounts so that they can receive wire transfers from customers.

"I talked with tons of them and got far along, but ultimately it turned out to be a waste of time because the [banks' regulatory] compliance guys would pull the plug," he said. Stymied in the U.S., Mr. Powell eventually found a bank in Germany.

Then last month Bank of America Corp. BAC +0.06% froze the account that funded

general operations for Kraken's parent company, called Payward Inc., according to Mr. Powell. He said the bank unlocked the account on Dec. 2 after he responded to a questionnaire from Bank of America about Payward's business.

"It was a total nightmare, to put it mildly," said Mr. Powell, who tapped his personal bank when the company account was frozen. Mr. Powell pays employees in bitcoin or dollars, depending on their preference.

Bank of America declined to comment on Mr. Powell's situation, citing rules on customer privacy. A spokesman said, "We support clients in a variety of industries and, per regulatory guidance, perform additional due diligence for money-services businesses."

"It is really, really hard to get a bank account, because banks don't know if bitcoin is friend or foe," said Meyer "Micky"Malka, a former banker and founder of Ribbit Capital, a venture-capital firm in Palo Alto, Calif., that has invested in three bitcoin companies.

Big banks are reluctant to say whether they have a firm policy about providing services to bitcoin-related companies but said virtual currencies require an extra level of scrutiny.

"Banks make their own decisions on which customers to accept, but areas like virtual currency that present heightened risk require heightened risk-management and controls," said a spokesman for the Office of the Comptroller of the Currency, which regulates banks.

Wells Fargo WFC +0.40% & Co. considers bitcoin to be a "rapidly evolving area" and "will

work to ensure that we meet our due-diligence requirements in providing any banking services to all money transmitters, including the review of federal registration, state licensing, business background and [anti-money-laundering] assessments," a company spokeswoman said.

J.P. Morgan Chase JPM +0.02% & Co. won't provide banking services to any money-services businesses, which include everything from check cashers to bitcoin-related ventures, according to a person familiar with the bank's policies. The bank has come under intense regulatory scrutiny this year and is significantly scaling back in certain areas that could be considered risky.

John Reitano didn't even try to get a bank account from a large financial institution earlier this year when he was setting up Coinflash, a San Diego company that aimed to start a bitcoin-trading network similar to airport currency kiosks.

"We went to a lot of little banks and explained what we were doing, but we got turned down by them, too," Mr. Reitano said. Ultimately, he didn't need a bank account; the business ran into regulatory hurdles and didn't get off the ground, he said.

Silicon Valley Bank, a Santa Clara, Calif., lender with $23.7 billion in assets, is one of the few institutions providing banking services to bitcoin companies. The bank has established a separate due-diligence process to vet such ventures and is being "extraordinarily selective," said Chief Operations Officer Bruce Wallace.

Mr. Wallace said providing services to bitcoin companies fits with the bank's business model to support innovative companies and "market disrupters." But he added, "I can definitely understand how some other financial institutions, where this is not a core part of their business, would question the point of taking any risk at all."

By Robin Sidel

http://online.wsj.com/news/articles/SB10001424052702304202204579252850121034702?mod=WSJ_hp_LEFTWhatsNewsCollection

How Bitcoin Became the Honey Badger of Money

19 December

WIRED

www.wired.com

If you've driven on Santa Clara's Lawrence Expressway sometime in the past six months, you may have seen the Bitcoin honey badger. He's on a billboard between the El Camino Real (the road that once served as the major traffic artery from San Francisco to San Jose) and Highway 101 (the modern-day equivalent).

Roger Ver pays for the billboard, forking over about $1,500 a month. It's located about half a mile from Ver's company, Memorydealers, a computer-parts reseller that in 2011 became the first company to accept bitcoins — a digital currency that exists only on the internet — in exchange for real-world products. With the billboard, Ver is encouraging others to follow his lead.

The billboard housed a variety of other Bitcoin ads before the honey badger, but it's the honey badger that really caught on. It has become a beacon for those who believe that digital currency is destined to take over the financial world.

It plays off an existing meme. The honey badger became the internet's ultimate snake-eating, beehive busting badass after a January 2011 video on the animal went viral. "Honey badger don't care" is the family-friendly version of the video's catch phrase. With his billboard, Ver is applying that same attitude to Bitcoin, an open source system controlled by no one that lets you store and transmit money without the big banks and credit card companies.

Thanks to Ver's billboard, you can now buy Bitcoin honey badger t-shirts, and the little devil crops up in all kinds of pro-Bitcoin images across the net. "The Bitcoin honey badger has made its way all over the internet," says Ver. It's a meme within a meme.

The meme's message is especially resonant today, as China has taken steps in the past weeks to clamp down on Bitcoin trading, a move that sent the value of a bitcoin plummeting. The believers don't care what the Chinese government does, and their numbers are growing, as Silicon Valley takes begins to embrace the currency in a big way.

"Silicon Valley is a great place for Bitcoin, since everyone understands computers, and there are lots of libertarians running around," Ver says. He plans to keep the honey badger up "until I think of some other interesting idea for the billboard."

The point, he says, is that — for people who see Bitcoin as a game-changing, frictionless payment system — it doesn't really matter what the currency is trading at. Bitcoin's recent price drop is bad news for speculators, but for the honey badger true believers, it doesn't really matter.

Says Ver: "I don't think Bitcoin cares what the Chinese or American politicians do."

http://www.wired.com/wiredenterprise/2013/12/bitcoin_honey/

One day Amazon will accept Bitcoins. That's when central banks and governments get nervous

20 December

The Telegraph

http://blogs.telegraph.co.uk

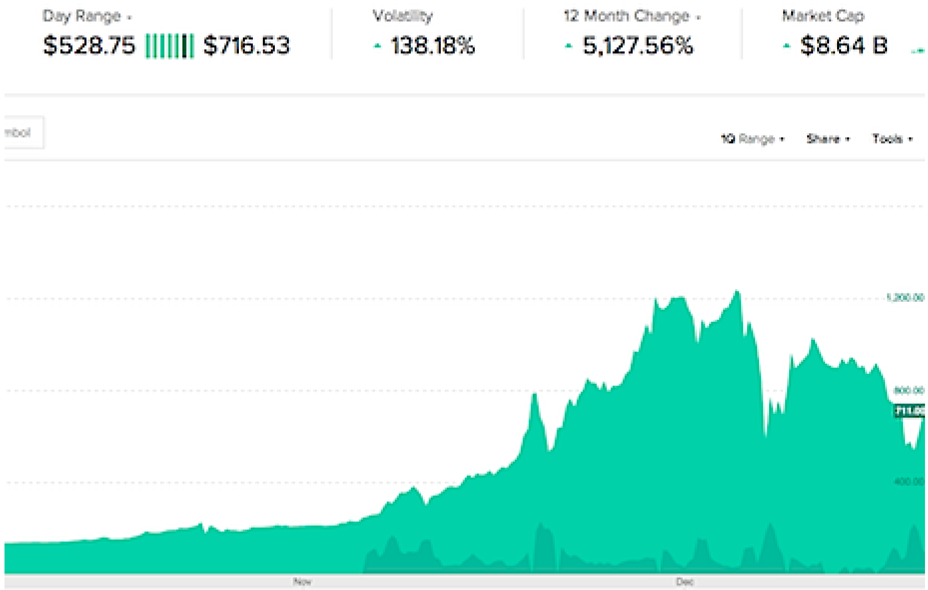
"The internet is going to be one of the major forces for reducing the role of government. The one thing that is missing …is a reliable e-cash, a method by which on the internet you can transfer funds from A to B without A knowing B or B knowing A.

There have been plenty of efforts to fulfil the economist Milton Friedman's 1999 prediction (see below for the interview). As far back as 1982, the computer scientist David Chaum wrote a groundbreaking paper on the concept of a cryptographic digital currency. He subsequently founded "Digi-cash" and then developed "e-cash". Others followed in the 1990s and 2000s. All failed.

Now we have a genuine contender: Bitcoin. Here's the simple version of how it works: it's a peer-to-peer digital currency, which uses cryptography to secure and validate it. Users can transfer bitcoins to each other – they are stored on a "digital wallet" on users' computers – without any intermediary and a high degree of anonymity. You can trade them for real world currencies and back again at a number of exchanges. New coins are produced when a computer cracks an algorithm, which get harder the more coins are produced, until, one day, all 21 million Bitcoins are in circulation.

In its initial years – Bitcoin was introduced in 2009 – users were drawn from the niche tech and online community. Because of the anonymity it offers, Bitcoin was the currency of choice for the Silk Road, an anonymous market place where drugs were bought and sold.

When the Silk Road was shut down by the FBI earlier this year, Bitcoins lost the lingering whiff of criminality, and are steadily making the transition from the margin to the mainstream. For several months, the digital currency sector has attracted significant venture capital investment, and its exchange with offline currencies is growing more intense. In February 2011, one bitcoin was worth around 1 dollar: by July 2012 it was up to around $10. When the Department of Justice and the Securities and Exchange Commission told a US Senate Committee in November that Bitcoin represents a legitimate financial service, it went up to $1200. Following less positive comments from the Chinese government, it is now trading at between $600-800.



Many people hope Bitcoins might one day supplant existing currencies. And that's not all bad, because there is enormous potential for business and consumers to cut transaction costs imposed by banks. Buying something using a credit card can cost 3 even 5 per cent for the buyer, and sellers stump up merchant fees, usually around 2.75 per cent: potentially all removed. Imagine the savings on international remittances, which are a crucial source of income for many developing world countries. It could potentially insulate against political macroeconomic decisions, such as intentional devaluation. In addition, it is pretty impossible to counterfeit.

But these opportunities will only bear fruit if Bitcoin becomes a living, breathing currency. At the moment, though, it looks more like a commodity: few places accept them in exchange for goods and services, but many people are speculating on them. As a result of manic currency speculation, its value against the dollar is highly erratic.

This volatility makes it difficult for Bitcoins to make the leap to genuine currency, because businesses will be wary of accepting a currency whose value is so unpredictable. Over the last 72 hours, it has lost around 30 per cent of its value – tomorrow, who knows?

It works the other way too. According to figures released by the FBI, between February 2011 to July 2013 there were around 4,000 vendors who had completed around 1.2 million transactions – nearly all drugs – using Bitcoins on the Silk Road. By my very unscientific calculation, a low-level cocaine dealer, selling 2 gramme batches (which I'm reliably informed is typical) charging market rates with a 50 per cent mark up (ditto) would have accumulated around 1,500 Bitcoins profit by July this year. Because of the surge in value, this petty basement dealer is now a dollar millionaire. I'm willing to bet all my

Bitcoins (0.216) that there are a hundreds of Silk Road millionaires out there, wondering how on earth this happened.

Sooner or later, I think Bitcoin will stabilise its market price and when it does online retailers will start to accept the currency. I reckon the big online retailers who would save a fortune by stripping seller and buyer fees – eBay and Amazon – will move first. Apparently there is already an entire trendy suburb in Berlin where you can more or less live on them already.

That's when the real difficulties start. Because for all the benefits, peer-to-peer currencies like this will almost certainly reduce the ability of central banks to manipulate the money supply, have significant implications for the tracking of illegal transactions, and may erode tax-raising powers.

For at least some of those involved in the Bitcoin project, including the mysterious founder, that was the whole idea. But if a lot of people start using and benefitting from this new currency, nervous governments will have get used to it, and avoid the desire to regulate it to extinction. Written on the back of newly minted Bitcoins – which are just symbolic, because it's the string of numbers that matters – is the currency motto: Vires in Numeris. Strength in numbers.

By Jamie Bartlett

http://blogs.telegraph.co.uk/technology/jamiebartlett/100011868/one-day-amazon-will-accept-bitcoins-thats-when-central-banks-and-governments-get-nervous/

China Bitcoin Exchange CEO: We're Not Giving Up Yet

19 December

WSJ.D TECHNOLOGY

http://allthingsd.com

The largest bitcoin exchange in China, BTC China, is in peril after regulators in the country reportedly moved to block payment processors from accepting the virtual currency. The move leaves the exchange without a way to accept new Chinese yuan deposits and could lead to it shutting down.

In an interview with AllThingsD this morning, BTC China CEO Bobby Lee said his 30-person company hasn't given up on keeping the exchange afloat. Lee said his Shanghai-based operation has been in talks with other payment processors about working with the exchange to reinstate Chinese yuan deposits, but hasn't yet reached any agreements.

"Whether or not they're told not to do business with us is something else entirely, because we're not privy to that conversation," he said. "The assumption is some of the past third-party payment processors have declined us because they've been told not to do it or suppose it's high risk. But that's only speculation."

If BTC China does not find any takers, Lee said, the company may explore ways to accept deposits of the local currency without working with a third-party company. Lee declined to talk specifically about how that might work, because he said his company is still vetting its options with lawyers and trying to get clarity from Chinese regulators.

If both paths fail, BTC China will likely have to shut the exchange down.

"Without a valid means for customers to deposit funds, then our bitcoin exchange model breaks down," Lee said.

Lee isn't ready to call that outcome likely, though, noting that only two days have passed since deposits were cut off.

“It’s still early,” he said. “Our exchange is operating. The prices are volatile, but buyers are able to buy, sellers can sell, renminbi withdrawals are happening, but deposits are not happening. So, it is what it is.”

Bitcoins were trading at the equivalent of about $550 on the exchange at the time of writing. Meanwhile, the CoinDesk Bitcoin Price Index, which is the average of prices on three exchanges, not including BTC China, currently pegs the currency’s value at $665. Bitcoin was trading as high as $1200 just three weeks ago.

It’s not clear how much longer BTC China can remain a viable exchange without new deposits. What is clear, though, is that Lee seems committed to carving out a new path for BTC China, still involving bitcoin, if the exchange closes.

“Whether we will remain a bitcoin exchange will highly depend on how the regulators will allow for bitcoin exchanges to exist in China,” Lee said. “But in some sense we are at the mercy of regulators and government. If this cannot continue, I assure you we will find a new model and come up with new products and services to allow our customers to utilize their bitcoin.”

“We got venture capital funding for a reason,” Lee added, speaking of the company’s $5 million investment from Lightspeed Partners and Lightspeed China Partners. “To safeguard for this rainy day.”

http://allthingsd.com/20131219/china-bitcoin-exchange-ceo-were-not-giving-up-yet/?mod=atdtweet

U.S. Treasury cautions Bitcoin businesses on legal duties

17 December

REUTERS

www.reuters.com

(Reuters) - The U.S. Treasury Department's anti money-laundering unit is warning businesses linked to the digital currency Bitcoin that they may have to comply with federal law and regulation as money transmitters, a Treasury spokesman said.

Treasury's Financial Crimes Enforcement Network (FinCEN) has sent "industry outreach" letters to about a dozen firms, regarding potential anti-money laundering compliance obligations related to Bitcoin businesses, FinCEN spokesman Steve Hudak told Thomson Reuters' regulatory information service Compliance Complete.

Bitcoin, which unlike conventional money is bought and sold on a peer-to-peer network independent of any central authority, has grown popular among users who lack faith in the established banking system. It has also raised concerns among law-enforcement authorities that digital currencies could be used for laundering money.

The letters have had a "chilling effect" on Bitcoin businesses, which are intimidated by the threat of civil and criminal sanctions for non-compliance, said Jon Matonis, executive director of the Bitcoin Foundation, an advocacy group. The firms, he said, may effectively be "put out of business in an extrajudicial manner."

Brad Jacobsen, a lawyer representing one Bitcoin businessman who received a letter from FinCEN, said his client has chosen to suspend his business activity "while state and federal compliance matters are considered and/or appropriate exemptions are determined."

FinCEN's letters, which ask recipients for more information about their business models, put the firms on notice that there is a legal "gray area," so they are "better off to err on the side of caution" and comply with FinCEN's rules, Matonis said.

Certain Bitcoin businesses came under FinCEN regulation in March when the Treasury bureau issued guidance defining some players in the digital currency industry as money transmitters.

For more than a decade the money-transmission industry, which includes firms such as Western Union and PayPal, has been required to enact anti-money laundering controls, report suspicious activity, register with FinCEN and obtain state licenses.

These steps are required to comply with the Bank Secrecy Act, the main anti-money laundering statute, and avoid running afoul of a federal law that bans unlicensed money transmitters.

While some Bitcoin businesses reject FinCEN's assertion that they are money transmitters, a number have still registered with the agency, a search of the Treasury bureau's website shows.

FinCEN sent letters to Bitcoin-related businesses on the Internet that appeared to fall under its definition of money transmitters but had not registered, Hudak said. He said FinCEN will keep sending letters to unregistered Bitcoin businesses.

"As we come across them, and as people tip us off, we'll make inquiries. That is part of what we do," Hudak said.

PUTTING BUSINESSES ON HOLD

Mike Caldwell, who runs a business out of his Utah home that accepts digital bitcoins from customers and turns them into metal coins that hold the "private key" needed to redeem the currency, received one of FinCEN's letters, as first reported by the online publication Wired.

Jacobsen, Caldwell's lawyer, told Compliance Complete that "out of an abundance of caution" Caldwell's business, Casascius LLC, reacted to the letter by registering with FinCEN and suspending business activity.

"Laws and regulations related to virtual currencies are in a state of flux and we are working to determine how to appropriately comply with any that are applicable to our client. Casascius LLC is committed to furthering the use and acceptance of Bitcoins but is also committed to complying with applicable law," Jacobsen said.

The identities of the other recipients of FinCEN's letters are not known.

NEW ENFORCEMENT PRECEDENT

A legal expert with years of experience representing digital currency firms said FinCEN seemed to be establishing a new regulatory enforcement precedent by warning individual businesses of compliance obligations before taking action.

"Is this setting a new standard that in the future if there are any questionable business models there will be notice given before any action is taken?" said Carol Van Cleef, a partner with the Washington law firm Patton Boggs LLP.

In response, Hudak said the letters are an attempt at gathering information. He likened them to the letters that banks sometimes send to customers seeking information about the customer's transactions in an effort to determine whether suspect transactions are truly linked to illicit activity.

(This article was produced by the Compliance Complete service of Thomson Reuters Accelus. Compliance Complete (bit.ly/16Ebxub) provides a single source for regulatory news, analysis, rules and developments, with global coverage of more than 230 regulators and exchanges. Follow Accelus compliance news on Twitter: @GRC_Accelus)

(Editing by Randall Mikkelsen and David Gregorio)

http://www.reuters.com/article/2013/12/17/us-bitcoin-letters-idUSBRE9BG1DC20131217?feedType=RSS&feedName=businessNews

Bitcoin: governments should tame it, not ban it

16 December

The Telegraph

www.telegraph.co.uk

Central banks are afraid that a Bitcoin collapse would send shockwaves through the "real world" economy, and that they could do absolutely nothing about it

As far as Bitcoin's detractors are concerned, it is nothing more than a bubble: an imaginary currency, without any central bank to govern it, which is used to fuel illegal trade in drugs and weapons. It is vulnerable to hackers, terrorists and money launderers, and will almost certainly collapse.

Numerous governments around the world have expressed their lack of faith in the virtual currency, which has soared from around $10 at the start of 2013 to $818 on Monday. China has gone so far as to ban Bitcoin transactions altogether.

They have a vested interest of course. Bitcoin, which is created by "mining" complex computer source code, threatens to undermine the power the world's central banks currently wield over the global economy. They are afraid that a Bitcoin collapse would send shockwaves through the "real world" economy, and that they could do absolutely nothing about it. But they are also afraid of losing their status.

Now others are joining in. Rupert Murdoch's US tabloid, the New York Post, was the latest to declare war on Bitcoin this week, with a thundering editorial damning the currency as "a computerised chit with… all the makings of a hi-tech Ponzi scheme".

Even Hal Varian, Google's chief economist (yes, it has such a thing), has raised concern over Bitcoin's longevity. "Something like this technology will take hold in the future but I am not particularly optimistic about Bitcoin because it suffers from being the first in the area…you can always tell pioneers that they are the ones with errors in their bags," he told a conference.

The currency also suffered a blow in October, when Silk Road, an online marketplace that acted like an eBay for illegal drugs, where Bitcoin was the major currency, was closed down by the Federal Bureau of

Investigation. The agency damned Silk Road as “the most sophisticated and extensive criminal marketplace on the internet”, casting a shadow over Bitcoin’s own reputation.

But despite widespread doubts about Bitcoin, the currency is gaining traction.

Tyler and Cameron Winklevoss, the twins best known for their bitter wrangling over Facebook, have poured a substantial portion of their wealth into Bitcoins and led the first major attempt to drag it into the mainstream. Earlier this year, they filed papers for a $20m initial public offering of their stash, which would make the currency easily available to ordinary investors, with no need for technical savvy.

US authorities are dragging their feet over the IPO, but the twins are undeterred. On Sunday, Cameron Winklevoss told the website Reddit that his conservative estimate was that Bitcoin would surge past $40,000 in value. “I believe it could be much larger,” he said. “It will probably happen much faster than anyone imagines.”

They are not the only people attempting to make Bitcoin more accessible. Alderney, one of the Channel Islands, is talking to the Royal Mint about plans to mint physical Bitcoins, dragging the so-called “cryptocurrency” firmly into physical reality.

Elsewhere, JP Morgan, the world’s largest investment bank, has taken a step towards creating a Bitcoin-style currency of its own. Last week, it filed a lengthy patent for an electronic currency that experts hailed as a potential “Bitcoin killer”. The document does not make any explicit references to Bitcoin, the similarities are apparent. JP Morgan’s currency proposal would be “a new paradigm for effectuating electronic payments”, the bank said.

Although JP Morgan’s plan would be a threat to Bitcoin, the fact that the bank is engaging in this battle at all is a hat tip to Bitcoin’s increasing momentum.

Meanwhile, Bitcoins have crept further and further into daily life. A growing number of retailers now accept them as payment, especially for online transactions, for anything from pizza to flights. In America, newlyweds Austin and Beccy Craig ran an experiment to see if they could last more than 100 days using Bitcoin as their only currency, including in many bricks and mortar stores. They managed it.

It is still easy to see why critics are concerned about Bitcoin’s legitimacy, however. Its beginnings are admittedly a little murky.

The currency was launched in 2009 by Satoshi Nakamoto, a reclusive mathematician who left the project the following year, and has done his best to remain anonymous since. One of the cornerstones of the system he developed was that there is a limited number of Bitcoins. However, there is no single authority to police that agreements. Instead, the currency is effectively controlled by all of its users around the world, who are all incentivised to play by a single set of rules in order to protect their own investments.

Regulators fear that it is vulnerable to rebels, who could break the rules and throw the financial system into turmoil.

Their fears may be well placed. But it feels naïve to slap a ban on electronic currency, per se, just because it might be risky. The horse has already bolted. It is too late to lock the stable door, so governments need to try to tame the beast instead.

By Katherine Rushton, US Business Editor

http://www.telegraph.co.uk/finance/currency/10521471/Bitcoin-governments-should-tame-it-not-ban-it.html

Overstock, Other Retailers Accept Bitcoin

31 December

StorefrontBacktalk

http://storefrontbacktalk.com

Written by Christine Blank

In the latest show of support for Bitcoin, Overstock.com (NASDAQ: OSTK) said in late December that it would start accepting bitcoins for payment in June. And some small brick-and-mortar retailers across the U.S. are already accepting the digital currency.

Overstock.com, the largest retailer to throw its weight behind Bitcoin, is reviewing several third-party firms that facilitate Bitcoin transactions, The New York Times reported.

In a commodity system fraught with fraud and ever-changing value, we are surprised to see major retailers jumping on board with bitcoins. Bitcoins can be purchased and exchanged for standard currency, such as dollars, Euros and yen, at bitcoin exchanges. In mid-November, the value of Bitcoins jumped to $900.98 for a single bitcoin and then the value fell just as quickly as it rose.

Plus, the virtual currency is fertile ground for fraud, and has already caused billions of dollars in losses. In one of the biggest heists, Chinese bitcoin exchange GBL shut down in late October, taking $4.1 million worth of client funds with it. U.S. regulators were concerned enough to hold Congressional hearings in November to try to get a handle on how to regulate the global Bitcoin market.

We have to admit, though, the bitcoin industry is no small potatoes. There are almost 12 million bitcoins in circulation, giving the currency a market value of nearly $8.5 billion.

And some retailers recognize that a small portion of Americans want to pay using the digital currency. In April, EVR “gastro-lounge” in midtown Manhattan became the first brick-and-mortar retailer to accept bitcoins. Alex Likhtenstein, operating owner of EVR, said the fact that the lounge is able to process bitcoins with a minimal fee of just 1 percent (compared with the up to 3.5 percent that some credit cards charge), is one of the currency’s benefits, the New York Post reported.

EVR processes about a dozen Bitcoin payments weekly. In addition, Greene Ave. Market in New York City, which incentivizes customers to use Bitcoin with a 10-percent-off discount offer for those who pay with the digital currency, sees five to ten bitcoin transactions daily.

For its part, Overstock.com wants to be able to offer a digital currency that a small, but growing, fraction of the population is using. Plus, the value of a bitcoin is not set by the U.S. or any global government, which makes it appealing to Overstock's CEO Patrick Byrne."You want money to be based on something that no government mandarin can wish into existence with the stroke of a pen," Byrne told The New York Times.

Even though Bitcoin's value fluctuates wildly, Overstock plans to use derivatives to hedge the risk from any bitcoins it holds, according to Byrne. Alternately, the retailer may simply convert its bitcoins to dollars on a nightly basis.

Meanwhile, U.S. regulators are still grappling with how best to regulate the global bitcoin market, in order to prevent fraud. The way bitcoins are transacted — using coded wallets and special keys that don't need real names – allows for significant privacy, which in turn can help criminals. It would be easier to fight crime with "appropriate anti-money laundering and know-your-customer controls, said U.S. Acting Assistant Attorney General Mythili Raman at the November hearing on bitcoins, CNN Money reported.

http://storefrontbacktalk.com/securityfraud/overstock-other-retailers-accept-bitcoin/

Bitcoin: Beauty or bubble?

28 December

stuff.co.nz

www.stuff.co.nz

He insists we communicate through Viber instant messaging.

After the initial communication we meet in a dimly lit bar in Auckland's CBD.

I struggle to hear him over the music but I daren't ask him to speak any louder in case the wrong person hears.

John (not his real name) comes across as a normal 22-year-old. He works a Monday to Friday office job and loves football. But the young professional spent more than 18 months earning a bit on the side by selling illicit drugs.

There's nothing new or different about this but John's method is interesting.

John is one of a growing number of people to use the untraceable virtual currency bitcoin to buy drugs online.

He says he was drawn to the anonymity of the currency. There's no intermediary, no transaction, no bank account details. "I'm not anti-government. It's just an entrepreneurial spirit."

However, in the past couple of months bitcoin has come out of the shadows as global financial institutions, entrepreneurs, investors, businesses and consumers weigh in.

The Bank of America released a research paper earlier this month saying bitcoin can become a "major means for e-commerce and may emerge as a serious competitor for money transfer providers".

However, the bank also says volatility is hindering general acceptance of bitcoin. It warns bitcoin's 100-fold increase in value this year is at risk of "running ahead of its fundamentals".

A Texas judge, Amos Mazzant, said in August that bitcoin was a legitimate currency.

"The only limitation of bitcoin is that it is limited to those places that accept it as currency."

Born out of the ashes of the global financial crisis, bitcoin is a nerd's way of flipping the bird at society. Bitcoin was devised and launched in 2009 by a mysterious crypto-inventor, who goes by the name of Satoshi Nakamoto.

The currency is "mined" by computers that unlock bitcoins by solving complex algorithms.

There are about 12 million bitcoins in circulation at the moment and only 21 million units can ever be mined.

ANZ senior manager of foreign exchange and quantitative analytics Sam Tuck says for bitcoin to be generally accepted, people need faith in the computer networks and their impenetrability.

There is no-one backing the currency, he says. It is not regulated by a central bank.

That means bitcoin cannot be manipulated by printing more of the currency or the rise and fall of economies. However, the lack of responsibility adds to the risks, Tuck says.

Recent hype has led to high demand for the limited amount of bitcoins. The value broke through US$1000 (NZ$1200) last month.

Despite the pickup in demand, the bitcoin has had trouble shaking its shady past. Like John, opportunists here and around the world have used, and continue to use, bitcoin as a cloak of anonymity for their illegal deals.

Silk Road, an online marketplace of illegal goods hidden in the deep web - a lower level of the internet not indexed by standard search engines - was shut down by US authorities in October. However, similar online markets including Silk Road 2.0 have popped up in its place.

New Zealand Customs intercepted more than 500 packages between February and October containing drugs bought from websites such as Silk Road.

The underworld's association with bitcoin is not the only reason people are sceptical about the currency. An array of highly publicised attacks, hacks and blunders has put the spotlight on the risks associated with it.

In October a four-month-old Australian bitcoin bank was hacked, say media reports.

The service's operator, known as Tradefortress, said all A$1.3 million or 4100 bitcoins were stolen.

A Welsh IT worker was left digging through the rubbish after accidentally disposing of a hard drive containing 7500 bitcoins, then worth almost $9m.

Last month New Jersey acting attorney-general John Hoffman said online video gaming company E-Sports Entertainment entered into a US$1m settlement, resolving allegations it infected thousands of personal computers with malicious software code enabling it to illegally mine bitcoins.

IN AUGUST, the New York State Department of Financial Services said it was "vital" to bring virtual currencies out of the darkness and into the light of day through enhanced transparency.

New Zealand's Commerce Commission says bitcoin is covered by the Fair Trading Act and the Commerce Act. However, a lack of regulation isn't stopping those keen to jump on the bandwagon.

Technology commentator and e-business expert Stefan Korn says Kiwi software developers have been mining bitcoin and using it to pay and be paid for years.

"The fact that early adopters are some of the world's big corporate players should give people confidence," he says.

Last month serial entrepreneur Richard Branson's space travel company Virgin Galactic started accepting bitcoin. The Winklevoss twins, of The Social Network movie fame, plan to make US$20m (NZ$24.1m) by floating part of a bitcoin trust on the US stock exchange.

Hundreds of mobile apps are available for buying, trading and storing bitcoins and there are even bitcoin ATMs in Sweden, Canada and Turkey.

More than 12,000 businesses including Walmart, WordPress, Reddit and Kim Dotcom's Mega, the successor of seized Megaupload, now accept the currency.

And last month a Canterbury vineyard started accepting bitcoin.

Pyramid Valley managing director Caine Thompson says the vineyard is getting requests from international customers to pay with bitcoin because they don't want to worry about exchange rates and transaction fees.

Self-described polymath and bitcoin evangelist William Mook bought a bottle of wine from Pyramid Valley with the bitcoins he mines using his supercomputers.

"In January 2013 I had a supercomputer fresh through customs, a paper by a mathematics professor, a software programme I downloaded from GitHub and zero bitcoins."

The Christchurch-based American says he was able to predict the currency's movement to make a fortune.

He hopes to have 21,000 bitcoins in a year's time.

He acknowledges the currency has experienced spikes in its four years, but he does not think it is a bubble waiting to burst.

Korn agrees that bitcoin will continue to grow. "If it does work it'll transform daily life in the next 10 to 15 years," he says.

Now is the "tipping point".

If bitcoin makes it over the volatility hurdle it will stabilise and in about 50 years it could overtake the US dollar as a global currency.

"The biggest risk for financial institutions is they become irrelevant."

Tuck says there's no way bitcoin could replace the US dollar. Even when all bitcoins are mined it's unlikely there will be enough value for it to take over as the No 1 global currency, he says.

"It's only worth what people think it's worth."

However, Tuck says there's no reason why bitcoin can't become a "significant player".

But at the moment investing in bitcoin is a "highly-speculative leveraged bet", he says. "It's akin to gambling."

Former US Federal Reserve chairman Alan Greenspan labelled bitcoin a "bubble" earlier this month during a Bloomberg television interview. And China's government banned financial institutions from trading in bitcoins, leading to a drop in the currency's value.

Meanwhile, financial planner van Eyk Advice likens the virtual currency to gold because of its finite amount and lack of relation to economic activity.

"Neither really provides a solution to the problems of the fiat money system and for that reason neither is likely to replace money as we know it today."

However, bitcoin has no less claim to legitimacy than gold, provided people are willing to continue to accept it as a valid store of value, van Eyk Advice says.

Milford Asset management portfolio manager Felix Fok says bitcoin is a "massive experiment".

There is clear speculative demand, with buyers using it as investment for capital gains rather than currency. However, it is hard to predict when or why the bubble will burst, especially if merchant acceptance continues.

"This has the potential to threaten Visa, Mastercard and eBay long term if it becomes an efficient payment method."

It's this ever-growing bubble that led to John's exit from the world of bitcoin a couple of months ago after the price got away from him. "It outpaced me."

When John first bought into the market bitcoins were $40 a piece, he says. Last month they rocketed to a high of US$1242 ($1500).

There is no "textbook" way to deal with bitcoin, John says. He hasn't ruled out the possibility of investing in bitcoin but for now he is going to leave it to those who have everything to lose.

And there's the added bonus of letting go of the risk and paranoia associated with the illegality of his former bitcoin transactions.

On Monday, bitcoin prices were reported to be around US$375 (NZ$459).

BRIEF HISTORY

Bitcoin emerged in 2009 following the 2008 release of a research paper into crypto-currencies by mysterious programmer Satoshi Nakamoto.

There are about 12 million bitcoins in circulation, with a total possible circulation of 21m.

Bitcoins are mined or unlocked when a peer-to-peer network of computers solves complex mathematical equations.

The problems are becoming increasingly difficult as more bitcoins are released. This means they take longer to mine than before and more computing power is needed.

According to bitcoin data site Blockchain.info, the degree of difficulty and cost of power used means miners are currently operating at a loss.

In the past four years, the value of bitcoin has gone from virtually nothing to US$1242 (NZ$1500) last month. It then dropped to under US$400.

Blockchain.info says bitcoin went from a market value of US$143.8 million in January up to US$14.5 billion last month, an settled back to about US$11b.

Other virtual currencies include Namecoin, Litecoin and Peercoin.

http://www.stuff.co.nz/manawatu-standard/news/business/30008862/Bitcoin-Beauty-or-bubble

Pressat adds Bitcoin as a payment form

16 December

THE PAYPERS

www.thepaypers.com

Pressat, a UK-based press release distribution service, has started to accept Bitcoin currency as a form of payment.

With Pressat solely operating as a digital service with no physical operations, the new payment method goes hand in hand with the Bitcoin currency allowing them to accept payments from a wider audience without the need for a centralised banking operation.

Bitcoin is a peer-to-peer digital currency that functions without a central authority and was first introduced in January 2009. Bitcoins are stored in anonymous 'electronic wallets' or code, and can travel from one wallet to another by means of an online peer-to-peer network transaction.

In recent news, Bitcoin can become a tool for e-commerce transactions, according to analysts at Bank of America's Merrill Lynch.

http://www.thepaypers.com/online-payments/pressat-adds-bitcoin-as-a-payment-form/753535-3

Новые продукты, услуги и технологии

Discussion around facial recognition, Thursby launching iPad mini reader

19 December

SecureIDNews

http://secureidnews.com

NTIA To develop privacy code of conduct for facial recognition technology

The National Telecommunications and Information Administration (NTIA) will host a series of meetings to discuss a multi-stakeholder process for the commercial use of facial recognition technology. The first of the NTIA meetings is scheduled for Feb. 6.

The Feb. 6 meeting will kick off the series, giving stakeholders a chance to engage in open, transparent, consensus-driven discussion with the goal of developing a code of conduct for facial recognition technology. Subsequent meetings are scheduled for February 25, March 25, April 8, April 29, May 20, June 3 and June 24, 2014.

The objective for the Feb. 6 meeting is to agree upon a factual, stakeholder-driven strategy regarding the technical capabilities and commercial uses of facial recognition technology. Additionally, the first meeting is intended to provide stakeholders with a factual background of facial recognition technology, including how the technology is currently used by businesses, how it might be employed in the near future, and what privacy issues might be raised by the technology.

SecureKey to support Google Android HCE

SecureKey has revealed that its briidge.net Connect service will support cloud-assisted, device-based user authentication for mobile NFC payments and other proximity transactions made using Google Android’s host-based card emulation (HCE).

A new feature of the recently released Android 4.4, also known as KitKat, HCE enables any Android mobile phone to act as a contactless debit or credit card without requiring a built-in secure element to store and protect the card data.

The strong, multi-factor authentication provided by briidge.net Connect offers banks and other card issuers the flexibility in card data security with or without a hardware secure element and regardless of where the data is stored—in the cloud, on the mobile device or both. The solution also supports emulation of the full range of common payment card brands.

Thursby to launch iPad Mini CAC/PIV smart card reader in time for Christmas

Thursby Software has announced the immediate availability of its latest PKard Reader designed specifically for the iPad mini. The bundle includes Thursby's discrete CAC/PIV one-piece case and built-in smart card reader — also known as a sled — for the iPad mini. The bundle also includes the PKard Reader secure browser app, phone, email and technical support.

The browser also coordinates access to Thursby's secure ecosystem, third-party and organization-specific apps like Microsoft Exchange S/MIME email, document signing, editing, sharing, Instant Messaging and VPN.

The new iPad mini case will retail for $179.99, with iPad and iPhone plug-in reader bundles priced at $149.99. All PKard Readers are available from Thursby's website, or selected Federal resellers. Apple hardware and smart card IDs are not included with the bundle.

MorphoTrust achieves certification for credential production facilities

MorphoTrust has announced that it has achieved the highest security certification from the North American Security Product Organization (NASPO) for one of its Credential Production sites.

The NASPO Class I Certified facility, which operates in an undisclosed location in the U.S., is one of several NASPO Certified facilities owned and operated by MorphoTrust. The facilities are used to produce U.S. driver licenses and identification cards for state motor vehicle agencies (MVAs).

The driver's license is the most commonly used proof-of-identity document in the U.S., and many state MVAs have chosen to produce their driver's licenses and IDs in highly secure factories that also give them the broadest range of security options and features to incorporate into the card. The production process and credential itself are both highly secure.

NASPO is an American National Standards Institute and International Standards Organization accredited security standards developer that provides certifications for all manufacturers and providers of identification documents, labels, cards packaging, materials and technology. Receiving NASPO certification assures that a factory meets Department of Homeland Security guidelines.

Securfid named as latest LEGIC license partner

Bonn, Germany-based Securfid GmbH is now a member of the LEGIC partner network. Securfid is a system integrator that specializes in the security of RFID communication. Its accreditation as an official LEGIC license partner allows Securfid to implement LEGIC technology into individual and secure solutions.

Securfid provides support during system integration, particularly with cashless payment systems or for machine management systems such as fuel pumps, parking meters. As official LEGIC license partner, Securfid supports companies in using LEGIC products, and as a licensee, is able to generate customized encodings that improve security in the RFID environment.

COMPRION automates NFC testing with robotic solution

In anticipation of an increased number of NFC use cases — particularly in the consumer space — COMPRION has developed an automated NFC Robot that will ease the NFC verification process.

NFC Forum standards incorporate a number of specifications to form a universal NFC ecosystem and enable interoperability. The number of specs becomes especially apparent when testing the RF performance at physical level, where the variety of parameters and antenna positions reaches some 3,500 individual test executions.

Running this vast number of test cases manually is a time-consuming effort. To relieve some of this headache, COMPRION has developed its NFC Robot, an automated solution for RF analogue testing.

The six-axis robot enables for the testing of NFC devices regardless of their size or shape. This also enables the testing of not only mobile devices but also TVs and other consumer electronics. An additional benefit is the possibility to emulate natural movements like the swipe of a hand to and away from the reader.

Cross Match wins patent infringement claim

Cross Match Technologies, a biometric identity management specialist, has confirmed the U.S. International Trade Commission’s decision that South Korea’s Suprema, Inc. and its reseller, Plano, Texas-based Mentalix, have infringed upon patented Cross Match technology.

The original patent in question, U.S. Patent No. 5,900,993 (“the ’993 patent”) is joined by Cross Match’s U.S. Patent No. 7,203,344, “the ’344 patent,” and U.S. Patent No. 7,277,562 “the ’562 patent” which are also valid and enforceable patents to remain unchanged.

The Federal Circuit also affirmed the ITC's finding that the '993 patent is valid. The Federal Circuit affirmed the ITC's determination that integrated biometric capture devices with computer processing functionality, such as Cross Match's SEEK, practice the '562 patent.

By: Andrew Hudson

http://secureidnews.com/news-item/discussion-around-facial-recognition-thursby-launching-ipad-mini-reader/?tag=nfc

Новости законодательства, правоприменения и борьбы с Киберпреступностью

Federal Court Issues Okay for Multibillion-Dollar Credit Card Interchange Settlement

13 December

DIGITAL TRANSACTIONS
TRENDS IN THE ELECTRONIC EXCHANGE OF VALUE

http://digitaltransactions.net

Capping years of complex litigation, a federal court on Friday approved a controversial multibillion-dollar settlement of a class-action antitrust case challenging credit card interchange rates.

With his imprimatur, Judge John Gleeson of the U.S. District Court for the Eastern District of New York has brought apparent—but only apparent—finality to a case whose settlement involves payouts to merchants of about $5.7 billion in combined damages and reduced interchange. Defendants in the 8-year-old litigation include Visa Inc., MasterCard Inc., and a handful of major banks.

“This settlement is in the best interest of all involved parties and that has been proven today with the court’s final approval,” said a statement from the Electronic Payments Coalition, a Washington, D.C.-based lobbying group representing the major card networks.

Merchants on Friday were split in their reactions to Gleeson’s ruling.

“I’m ecstatic,” says Mitch Goldstone, president and chief executive of ScanMyPhotos.com, Irvine, Calif., and one of the first plaintiffs in the case. “This is great news for merchants and great news for the networks.”

But the National Retail Federation, which with a number of other retail trade groups has argued strenuously against the settlement, blasted the court’s decision. “We are very disappointed that this deeply flawed settlement has been approved,” said Mallory Duncan, senior vice president and general counsel at the Washington, D.C.-based NRF, in a statement. "[The] decision to approve [the settlement] violates established law and common sense. We are reviewing the ruling and will take whatever steps are necessary to protect the rights of merchants and safeguard the pocketbooks of their customers."

A broad range of retail trade groups, as well as some 7,800 retail companies that have opted out of the settlement since it was reached in July 2012, object primarily to the agreement's provision that, in return for receiving relief, merchants must forfeit the right to sue the defendants in the future on the same issues. "The settlement permanently ties the hands of thousands of businesses who wanted nothing to do with this misguided case," the NRF's Duncan said in the statement.

Some have also argued that the relief itself is insufficient to compensate for years of what they see as overpayments to card-issuing banks for credit card acceptance. The original deal called for defendants to shell out $6.05 billion in damages along with a further $1.2 billion in interchange reductions over an eight-month period, which began July 29. Those amounts have since been reduced because of the opt-outs.

Other terms of the settlement include an agreement by the card networks to relax certain rules, including one that prohibits merchants from surcharging for credit card transactions.

Attorneys involved in the payments business but not in the antitrust case expect merchants to appeal Gleeson's approval of the settlement. "I think the merchant community is hopeful that on appeal the settlement will be thrown out," said Anita Boomstein, a partner at Hughes Hubbard & Reed LLP, New York City.

Friday's approval follows a so-called fairness hearing Gleeson held in September in his courtroom in Brooklyn, N.Y., to let both sides of the case make their arguments for and against the settlement. The case represented a consolidation of a number of class-action suits brought by merchants and merchant groups starting in 2005.

By John Stewart

http://digitaltransactions.net/news/story/4425

Weak Security In Most Mobile Banking Apps

13 December

www.darkreading.com

Most mobile banking apps -- including those of major financial institutions -- contain configuration and design weaknesses that leave them with weakened security.

Security experts this month tested 275 Apple iOS- and Android-based mobile banking apps from 50 major financial institutions, 50 large regional banks, and 50 large U.S. credit unions. Overall, they found that eight out of 10 apps were improperly configured and not built using best practices software development. Among the big-name banks whose mobile apps were tested by security firm Praetorian include Bank of America, Citigroup, Wells Fargo, Goldman Sachs, Morgan Stanley, Capital One Financial, and Suntrust Banks. Praetorian did not disclose how each bank's apps fared in the tests.

Praetorian's research comes at a time when mobile banking is starting to take off, albeit slowly. Some 35 percent of U.S. adults conduct mobile banking, up from 24 percent in 2012, according to the Pew Research Center. A new report by NSS Labs says some banks report seeing mobile banking grow by up to 70 percent per year.

Nathan Sportsman, founder and CEO of Praetorian, says the security weaknesses in the mobile banking apps he and his team tested are not pure software vulnerabilities, so they are relatively low-risk issues that could ultimately lead to exploitation.

"These aren't business-logic or application-specific issues. They are weaknesses across the mobile apps -- things developers should be doing" but they are not, Sportsman says. The apps were downloadable from the Apple App Store and Google Marketplace.

The weaknesses the researchers tested for are well-known mitigation functions in software, and the tests were performed on each local device's mobile app, not back-end Web servers and services. Sportsman says the test only represents a snapshot of the full attack surface of mobile banking because between 75 to 90 percent of mobile banking occurs on the back end.

"This was not intrusive testing. We weren't looking for SQL injection and would need permission to do that, so we were really looking at the configuration of the mobile apps," he says. His firm hopes to next test these apps for how information gets stored on the local device, he says.

The test was conducted using Praetorian's Project Neptune, its new mobile application security testing platform. Among the findings in the first test: Many of the iOS-based mobile banking apps did not have enabled Automatic Reference Counting (ARC), a memory management feature; Position Independent Executable, which prevents buffer overflows; and stack protection, which protects apps from "stack smashing."

"Stack smashing and ASLR [address space layout randomization] have been around a long time, and these [protections] should be enabled" in the apps, Sportsman says.

And many of the Android-based mobile banking apps were discovered to be targeting older versions of the Android software development kits, lacking permission hardening, and with the debugging function enabled.

"Permissions for me as a consumer are most important: What permissions is the app requesting, and do they really need them? Many overuse the permissions with more than they need," he says.

For developers, the older SDK-targeting and debugging features would be the biggest concerns, he says.

Large financial institutions, not surprisingly, faired better than credit unions or regional banks, but not dramatically: Credit unions had 108 configuration weaknesses in their apps; regional banks, 97; and large financial institutions, 75.

Why the configuration issues in these apps? Overall, there's a "rush-to-market" pressure for mobile banking in the technology-forward financial services industry, which can lead to some mistakes along the way, he says. "But we found that regional banks and credit unions tend to manifest this more than the megabanks ... and a lot of them tend to outsource the development, and it's more a one-and-done," he says. "But megabanks do theirs in-house, so there's more [ongoing] maintenance" with the apps, he says.

NSS Labs' Ken Baylor, meanwhile, notes that many mobile banking apps are still mostly rudimentary security-wise. "Most banks began offering mobile services with a simple redirect to a mobile site (with limited functionality) upon detection of the smartphone HTTP headers," he wrote in a new report on mobile financial malware. "Others created mobile apps with HTML wrappers for a better user experience and more functionality. As yet, only a few have built secure native apps for each platform."

"Many mobile banking apps are based on simplified HTML code, making them vulnerable to exploits -- this should prompt more banks to develop secure native apps for mobiles, incorporating fraud-resistant features like hardened in-app browsers, encryption and geolocation," Baylor said in the report.

Meanwhile, Praetorian is releasing a free tool that tests for these weaknesses in mobile apps, Sportsman says.

By Kelly Jackson Higgins

http://www.darkreading.com/vulnerability/weak-security-in-most-mobile-banking-app/240164731

Research Group Picks Judge's Overturning of Fed's Durbin Rule as 2013's Top Payments Event

31 December

DIGITAL TRANSACTIONS
TRENDS IN THE ELECTRONIC EXCHANGE OF VALUE

http://digitaltransactions.net

By Jim Daly

We couldn't recruit David Letterman to help us with this article, but what follows are the Top 10 U.S. payments events of 2013 as identified by the Retail Payments Risk Forum, a research and industry-dialogue unit at the Federal Reserve Bank of Atlanta.

10. The Consumer Financial Protection Bureau finalized money-transfer rules to implement Section 1073 of 2010's Dodd-Frank Act.

9. Regulators increased their scrutiny of third-party processors and high-risk business customers.

8. Fraudsters launched major global ATM cash-out attacks that affected many U.S. ATMs and resulted in $45 million in losses.

7. The Federal Trade Commission proposed banning telemarketers from using remotely created checks and payment orders.

6. Debit networks sought a compromise on an EMV (Europay-MasterCard-Visa) chip card interface—while there was little movement on the issuance of EMV cards.

5. The U.S. Treasury Department released its newly designed $100 bill with additional security features.

4. Several major data breaches occurred (most recently at Target Corp.), and identity-theft occurrences skyrocketed.

3. Cyber Monday online sales jumped 17%, with mobile phones and tablets representing almost a third of the total.

2. Virtual currencies gained increased public, legislative, and regulatory awareness after the U.S. Department of Justice took action to close down virtual-currency operators Liberty Reserve and Silk Road.

1. U.S. District Court Judge Richard Leon threw out the Federal Reserve Board's debit card interchange fees and routing rules implementing Dodd-Frank's Durbin Amendment.

Forum members also identified some major payments issues they'll be following in 2014:

• As regulators continue to monitor the virtual-currency market, will the usage of digital currency as a legitimate medium of exchange expand among merchants?

• Will 2014 finally be the "Year of the Mobile Payment?" What progress will be made in addressing the awareness, security, and education aspects of mobile payments?

• With online and mobile commerce showing no signs of slowing down, what authentication solutions will be widely adopted to prevent card-not-present fraud?

• How will merchants and card issuers implement EMV chip cards?

• What effects will the regulatory attention on third parties and high-risk businesses have on the due-diligence practices of financial institutions?

The full 2013 listing and issues for the upcoming year can be found on the Atlanta Fed's Portals and Rails blog.

http://digitaltransactions.net/news/story/4445

Target Denies Reports That Data Thieves' Haul Included PINs

26 December

TRENDS IN THE ELECTRONIC EXCHANGE OF VALUE

http://digitaltransactions.net

By John Stewart

Target Corp. is denying a widely circulated report that the information stolen by cyber criminals in a massive breach of credit and debit card data included customer's debit card PINs

Citing a "senior payments executive familiar with the situation," Reuters reported early Christmas Day that the data thieves have the encrypted PINs and may be able to unlock them to siphon cash out of customers' accounts. Reuters's story did not name the executive, who spoke on condition of anonymity in the midst of the ongoing investigation of the breach.

The story also did not indicate how many PINs may have fallen into criminals' hands. The breach, one of the largest ever reported, involves data associated with as many as 40 million cards used at Target stores between Nov. 27 and Dec. 15.

Target has so far released little information on how the breach occurred. But in response to the latest report ,a spokesperson for the company issued a statement to Reuters denying any PINs have been compromised. "We continue to have no reason to believe that PIN data, whether encrypted or unencrypted, was compromised," said the spokesperson. "And we have not been made aware of any such issue in communications with financial institutions to date. We are very early in an ongoing forensic and criminal investigation."

Reuters reported that, while Target confirmed some unencrypted data were stolen, it did not indicate whether these data included PINs. Target did not immediately respond to a request from Digital Transactions News for further information.

Fears that criminals have captured encrypted PINs may have been at least partly responsible for a decision by some banks to impose limits on debit card purchases and withdrawals. JPMorgan Chase &

Co. late last week placed daily limits of $300 on purchases and $100 on cash withdrawals for some 2 million cardholders whose cards had been identified as having been involved in the breach. The bank on Monday raised those limits to $1,000 for purchases and $250 for withdrawals.

The breach, which was disclosed Dec. 18 by the KrebsonSecurity blog, involves only cards used at Target's nearly 1,800 U.S. stores. It is under investigation by the U.S. Secret Service and the Federal Bureau of Investigation. Target has reportedly hired a unit of Verizon Communications Inc. to conduct a forensics investigation.

Information from the breach is showing up for sale on so-called carder sites, online bazaars where data thieves advertise ill-gotten card information, including account numbers, expiration dates, and card-verification codes. Such data can be used to make counterfeit cards and conduct online purchases. There are no reports so far regarding whether the data for sale includes PINs.

http://digitaltransactions.net/news/story/4441

Payment Card Data Hackers Put Big-Box Retailer Target in Their Cross-Hairs

19 December

DIGITAL TRANSACTIONS
TRENDS IN THE ELECTRONIC EXCHANGE OF VALUE

http://digitaltransactions.net

It had been fairly quiet on the retailer data-breach front for quite some time until Wednesday, when news broke that Target Corp. had suffered what apparently was a major breach of magnetic-stripe data from payment cards. Target confirmed Thursday that the breach potentially compromised 40 million credit and debit accounts, which will make it one of the biggest merchant breaches ever.

In a statement posted on its Web site this morning, Minneapolis-based Target said “it is aware of unauthorized access to payment card data that may have impacted certain guests making credit and debit card purchases in its U.S. stores. Target is working closely with law enforcement and financial institutions, and has identified and resolved the issue.”

Target’s statement later said “approximately 40 million credit and debit card accounts may have been impacted between Nov. 27 and Dec. 15, 2013. Target alerted authorities and financial institutions immediately after it was made aware of the unauthorized access, and is putting all appropriate resources behind these efforts.”

The breach only affected Target’s U.S. stores, of which there are nearly 1,800, and not Target’s e-commerce site. Target said it has hired a forensics firm to investigate. The U.S. Secret Service also is investigating, according to press reports. The Krebs on Security blog broke the story based on information from sources at two large card issuers.

No word was immediately available about if or how much fraud has been committed using the stolen card data. The compromised data, according to Target, include “customer name, credit or debit card number, and the card’s expiration date and CVV (the three-digit security code).” The statement did not mention if the hackers obtained personal identification numbers (PINs) for debit cards. A Target spokesperson did not respond to Digital Transactions News’ requests for comment.

The big question now is how the breach happened. Target isn't saying. Researchers and executives involved in data security doubt the hackers placed skimmers at the point of sale to capture card data from each of Target's 1,800 stores, a massive task with a high risk of getting caught. "What seems far more likely with large chains like this is they have some problem with remote access," says Gary Glover, director of security assessment at SecurityMetrics Inc., an Orem, Utah-based vendor. "[Hackers] get into one store, then get into the corporate database, then get into everything. A similar thing may have happened."

Branden R. Williams, executive vice president of strategy of Ireland-based SysNet Global Solutions, which has U.S. offices in Atlanta and Salt Lake City, says the fraudsters could have installed malicious software (malware) somewhere in Target's computer system that would enable them to steal data without placing one skimmer. "It can run the attacks remotely," he says.

The latest iteration of the Dexter virus reportedly generated millions of dollars in losses in South Africa, spread rapidly to Europe, and is now being seen in the U.S., according to Williams. Adds Brad Chronister, manager of security consulting services at Atlanta-based ControlScan Inc.: "Any of these new types of malware—they're really smart."

Insider help also is a possibility. "I wouldn't be surprised if that's the case with the Target breach—that Target did a great job protecting their systems from external intruders but dropped the ball when it came to securing insider access," Gartner Inc. security-technology analyst Avivah Litan wrote in a blog post.

In any case, those who stole the data very likely will try to sell it to fraudsters who will then use the information to make counterfeit credit and debit cards. They'll likely have to work fast because, in contrast to many other card breaches, the compromise was discovered and became publicly known fairly quickly.

Some say the breach is one more reason why the U.S. should get on with the difficult job of converting its magnetic-stripe payment cards to the Europay-Visa-MasterCard (EMV) chip card standard now used in all other major industrial nations. "It's time for the U.S. card industry to move to chip/smart cards and stop expecting retailers to patch an insecure payment card system" wrote Litan.

With potentially 40 million card accounts affected, many financial institutions could see fraud on their customers' accounts. Target itself issues its own debit card and has a big credit card portfolio with private-label and Visa card offerings. Target in March sold the credit portfolio, which had $5.7 billion in receivables, to the U.S. affiliate of Toronto-based TD Bank Group, but Target continues to service the accounts. A spokesperson at TD's Cherry Hill, N.J., U.S. headquarters says by email that "this impacts TD like it does any other issuer. TD Bank is one of many card issuers impacted by this incident."

Target’s breach could approach the scale of the breach reported in 2007 by retailer TJX Cos., which may have compromised 46 million or more card numbers. Earlier this year, St. Louis-based regional grocery store chain Schnuck Markets Inc. reported that a breach may have compromised up to 2.4 million customers' card data.

By Jim Daly and Kevin Woodward

http://digitaltransactions.net/news/story/4434

Target Talks With Attorneys General; Says Malware Was Involved in Data Breach

23 December

DIGITAL TRANSACTIONS
TRENDS IN THE ELECTRONIC EXCHANGE OF VALUE

http://digitaltransactions.net

Target Corp. on Monday held a conference call with state attorneys general and said malware was involved in its data breach that compromised up to 40 million credit and debit card accounts.

The new developments follow the discount-store chain's disclosure Thursday of a breach in the point-of-sale system for its nearly 1,800 U.S. stores. The breach caused a tide of bad publicity for the No. 2 general merchandise retailer and generated high volumes of calls and visits to its customer-service phone line and Web site just before Christmas.

At least four state attorneys general asked Target for more information about the breach, a possible precursor to a multistate investigation, according to USA Today. "We have proactively reached out to the state attorneys general and invited them to a call this afternoon with our general counsel where we will help bring them up to date on the data breach that has impacted Target and our guests," a new statement from Target says.

Target, which already faces several private lawsuits, also said it is working with the U.S. Secret Service and Department of Justice to investigate the breach, which occurred between Nov. 27 and Dec. 15. The company also has hired a unit of Verizon Communications Inc. as forensic investigator.

Meanwhile, Target confirmed that malware was involved in the breach, but said little else about its cause. "Due to the nature of the investigation, the Secret Service has asked not to share many of the details of the forensics and investigation," Monday's statement says.

The Krebs on Security Web site says that credit and debit card account data stolen from Target are flooding the black market. Target's latest statement gave no information about the amount of confirmed fraud on compromised accounts, but on Friday the retailer said that so far it was aware of little such fraud.

JPMorgan Chase and Co., the nation's largest bank, on Monday raised withdrawal and purchase limits it imposed over the weekend on 2 million Chase debit card holders whose cards were involved in the breach. Cardholders are now limited to $1,000 daily in purchases and $250 in cash withdrawals. The original limits were $300 in purchases and $100 in withdrawals.

Target, which has apologized to its customers, has said its customer-service system strained to keep up with the call and Web-site visit volumes, causing delays. The company said it has communicated with 17 million customers via email "and reminded them that unless they have seen fraudulent activity on their account, there is no urgent need to call." Target also is communicating with customers via social media. In response to the breach, Target offered 10% off to customers on Saturday and Sunday.

By Jim Daly

http://digitaltransactions.net/news/story/4438

Phishers and Scammers Follow in the Wake of the Target Breach

24 December

http://digitaltransactions.net

Target Corp. issued another update on the breach of its point-of-sale systems saying that phishers are using the incident to trick consumers into revealing sensitive information.

The basic modus operandi of phishers is to send mass emails in the name of a financial institution or other company to consumers, asking them to divulge account information such as user names and passwords and often directing them to spoofed versions of the company's Web site.

"We are aware of limited incidents of phishing or scam communications," Target says in an update released today. To allay consumer fears, it added PDF versions of all official communications that Target sends consumers to its corporate Web site.

Target confirmed last week that the POS systems at its nearly 1,800 U.S. stores had been breached, affecting 40 million credit and debit card accounts.

Target also said it held a conference call Monday with a number of state attorneys general to discuss the breach. "The majority of state offices were in attendance on the call," Target says. It anticipates holding another call with them the week of Jan. 6

By Kevin Woodward

http://digitaltransactions.net/news/story/4440

EPC Blog: The proof of the pudding is in the eating - SEPA benefits identified by businesses and public administrations.

17 December

European Payments Council

www.europeanpaymentscouncil.eu

The Single Euro Payments Area (SEPA) is a European Union (EU) integration initiative pursued by the EU governments and the EU institutions since the introduction of the euro currency in 1999. (Note: the European Payments Council (EPC) is not part of the EU institutional framework.) With the previous EPC Blog published on 28 November 2013, entitled 'SEPA fact check: the SEPA benefits projected by EU Governments, the European Parliament, the European Commission and the European Central Bank' (see 'related links' below), we cited the expectations articulated by the political authorities driving the SEPA initiative on the benefits to materialise once SEPA is completed.

The proof of the pudding however is in the eating. The EPC blog published on 17 December 2013 (see 'related links' below) highlights the testimony of representatives of corporates, small and medium-sized enterprises, public administrations and government agencies, who reported on their successfully completed SEPA migration projects (through the EPC Newsletter case studies section since April 2011 and in other media). Early adopters on the demand side confirm that timely migration to the new SEPA payment schemes and technical standards is manageable and feasible. They also demonstrate that migration to SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD) leads to significant benefits. There is no doubt that the scope of change required to ensure SEPA compliance is extensive, but it does pay off. Full compliance will lead to more streamlined internal processes, lower IT costs, reduced costs based on bank charges, a consolidated number of bank accounts and cash management systems, and more efficiency and integration of an organisation's payment business.

EU law effectively mandates migration to SCT and SDD by 1 February 2014 in the euro area. Businesses and public administrations that fully reaped the advantages offered by the SEPA Schemes and technical standards emphasise that compliance is just the first step; organisations can then focus on generating the efficiencies.

http://www.europeanpaymentscouncil.eu/content.cfm?page=news&news_id=528

EPC publishes updated version of the document 'Improving the Efficiency of the Handling of Cash - Cash Cycle Models'.

16 December

www.europeanpaymentscouncil.eu

In 2010, the European Payments Council (EPC) and the European Security Transport Association (ESTA) established a joint task force to identify best practice principles and, where possible, develop recommendations on how to further improve deploying and re-circulating cash in the Single Euro Payments Area. The considerations of this task force are reflected in the document 'Improving the Efficiency of the Handling of Cash - Cash Cycle Models'. The document aims to create awareness among participants in the commercial cash cycles established at national level on how to improve existing processes and reduce the overall cost of cash. For further information, refer also to the related EPC Blog published in April 2013 with the launch of a three-month public consultation on this document (see 'related links' below).

Following this public consultation, the EPC has worked to incorporate input from 13 parties representing various stakeholders active in the commercial cash cycles. The updated version 2.0 of the document 'Improving the Efficiency of the Handling of Cash - Cash Cycle Models' was published in December 2013.

http://www.europeanpaymentscouncil.eu/content.cfm?page=news&news_id=527

Industry delivers on promise to extend the ways charities and businesses can authorise their payments if they are reliant on more than one signatory

20 December

PAYMENTS COUNCIL

www.paymentscouncil.org.uk

From the New Year, thanks to a collaborative project led by the Payments Council, businesses, small clubs and societies that authorise their payments using more than one signatory will have greater choice. This is because their nominated signatories will be able to authorise payments using either online banking or, in some cases, phone banking facilities, instead of relying on cheques as they do now.

The aim of this collaborative project has been to give charities, businesses, small clubs and societies - which rely on dual or multiple signatories for security purposes - more choice in how they make and manage their payments. Payments Council members* committed to this work to make electronic alternatives available as part of the 2011 National Payments Plan, though other banks and building societies may also offer these services.

Customers will, of course, be able to continue to use cheques as the industry has committed to make cheques available for as long as customers need them.

The commitment was to ensure that any Payments Council member offering multiple or dual authorisation cheque facilities to an existing business customer should deliver an online or phone banking alternative by the end of 2013.

Adrian Kamellard, Chief Executive of the Payments Council says: "Nowadays more and more of us expect and want the option of being able to do our banking online or remotely and charities, businesses and small clubs and societies are no different. Although some may want to continue using cheques with dual or multiple signatories, this collaborative move by the industry will ensure that more of these customers have the option of using what will be considered by many to be a more convenient alternative than ever before."

Any business interested in having the ability to authorise a payment with more than one person should speak to their bank or building society. The facility and the option to allow customers to authorise payments with more than one person is a competitive feature of accounts and, therefore, specific product details and associated terms and conditions may differ from institution to institution.

* The Payments Council members who currently offer multiple or dual authorisation cheque facilities and who made the commitment to deliver greater choice for their customers from the new year are: Barclays Bank plc, Clydesdale Bank PLC, Danske Bank, HSBC Bank plc, Lloyds Bank plc, The Royal Bank of Scotland plc (including NatWest), and Santander UK plc. Other banks and building societies may also offer these services.

http://www.paymentscouncil.org.uk/media_centre/press_releases/-/page/2788/

New Euro Retail Payments Board will reinforce market governance

19 December

EUROPEAN CENTRAL BANK
EUROSYSTEM

www.ecb.europa.eu

The European Central Bank (ECB) is today announcing the creation of the Euro Retail Payments Board (ERPB). This new entity, which replaces the Single Euro Payments Area (SEPA) Council, will help foster the development of an integrated, innovative and competitive market for retail payments in euro in the European Union.

The ERPB's composition and mandate will be broader than those of its predecessor. Seven representatives from the demand side (e.g. consumers, retailers and corporations) and seven from the supply side (banks and payment and e-money institutions) will sit on the Board (compared with five each on the SEPA Council). They will be joined by five representatives from the euro area national central banks and one representative from the non-euro area EU national central banks (all on a rotating basis). The ERPB is to be chaired by the ECB. The European Commission is invited to join as an observer.

"Retail payments are the backbone of the real economy," said Benoît Cœuré, member of the ECB's Executive Board. "The integration of the European retail payments market is a natural consequence of the monetary union. It facilitates everyday life for European citizens and also trade, financial integration and market competitiveness in the European Union."

The ERPB's work will consist mainly of identifying strategic issues and work priorities (including business practices, requirements and standards) and ensuring they are addressed. It starts its work as the payments sector prepares for the deadline for full migration to SEPA credit transfers and SEPA direct debits in the euro area.

However, migration will not address all issues in the retail payments sector. Further integration efforts are needed in a number of areas, including card payments and innovation. The success of the ERPB will be determined by participants' contributions to the Board's work and their voluntary commitment to follow and uphold its common positions, guidance and statements. The ECB, which will provide secretarial support to the ERPB, is committed to undertaking all the necessary actions and to providing the resources needed to ensure its success.

http://www.ecb.europa.eu/press/pr/date/2013/html/pr131219.en.html

Target hack overreaction No. 2: Chip cards will stop fraud! No, they won't. Here's why

23 December

BOB SULLIVAN
tech skeptic | consumer advocate

http://bobsullivan.net

I'm hearing a lot of screaming from the hills about chip-enabled credit card right now: Why Europe has had them for 10 years, and how silly that Americans don't have them yet. Well, there's some good reasons why shoppers in the States don't have chip-and-pin yet. Here's the most important one:

They don't really stop credit card fraud.

And consumers should remember this: the great credit card fraud debate renewed by the Target hack has nothing to do with protecting consumers. It has everything to do with titans of industry shifting costs around to each other. We may rue the day credit card fraud systems are "improved," because it might increase consumer liability. That's what happened in Europe. More on that in a moment. But first, why chip cards aren't a panacea:

Problem No. 1 – Sure, they stop one particular kind of credit card fraud – cloning. Hackers won't be able to steal account numbers and print them up on white plastic for use at retailers any more. But fraud is like a water balloon: squeeze one end, and the other end gets bigger. When Europe went to chip-and-pin, online fraud exploded, and we can expect the same in the States. Why? Unless someone plans to give every American consumer a free smart card reader, we will all still use old-fashioned card account numbers to make purchases online and over the phone. Chips on cards do nothing to stop this kind of fraud.

Problem No. 2. – No one really wants Americans to remember a host of new PIN codes in order to use their credit cards. So it appears U.S. systems will really be "chip and signature," rather than chip and PIN. Again, it's very hard to clone chip and signature cards, so that's good. But if they are stolen, they aren't any more secure than magnetic stripe cards. A criminal just swipes the card at a terminal and fakes your signature.

Problem No.3 – Q: How many ATMs in the U.S. are ready to ready to read chips? A: Basically, none. If swapping point of sale terminals for chip terminals is a pricey proposition, imagine the cost of installing new ATMs. So credit cards with chips won't be any safer from ATM fraud than current cards.

Problem No 4 – After Europe went to chip-and-pin, a curious thing happened to consumers. Many found themselves footing the bill for fraud. What??? When fraud occurs with a chip and PIN card, Euro merchants have the option to bill consumers for the loss, saying they must have been careless with their PIN. (Whenever banks do something to "protect consumers," you should maintain a healthy skepticism). This would be more challenging in the U.S. The Fed's regulation E is very consumer friendly; at the moment, it holds that even if consumers accidentally divulge PIN codes in response to a phishing e-mail from hackers, they still aren't liable. BUT….it's not an impossible leap to think chip and PIN will open the door to a new discussion about the strong protections that consumers currently enjoy in the U.S.

These aren't reasons to avoid chip and PIN, but this might be: It will add a lot of cost to the system, and it isn't at all clear that chip credit cards will save more money than they cost. Every retailer in America will need to buy new point of sale terminals. Consider the challenge at gas stations, which are governed by different rules with machines that must be integrated into other complex systems. (Because of that, stations have until 2017 to comply with new rules). Also, every new credit card will 3 or 4 times more than it does now. If we do all that, and fraud just changes to another form, we've wasted a lot of money. Guess who will pay?

http://bobsullivan.net/credit-cards/target-hack-overreaction-no-2-chip-cards-will-stop-fraud-no-they-wont-heres-why/

Federal Reserve Releases New 2013 Payments Study of U.S. Payment Trends

19 December

PAYMENTS NEWS GLENBROOK PARTNERS

www.paymentsnews.com

The Federal Reserve has published the 2013 Federal Reserve Payments Study that examines noncash payment trends in the United States. The 2013 Study has been expanded to include new information related to various payment initiation methods and unauthorized payments. To provide perspective on consumer and business payment trends over the past decade, the results are compared to previous payment studies conducted in 2004, 2007, and 2010.

The 2013 study shows that card payments--credit and debit--now account for more than two-thirds of all noncash payments, while the number of checks paid continued to decline. Other highlights include:

The total number of noncash payments, excluding wire transfers, was 122.8 billion, a growth rate of 4.4 percent annually from 2009 to 2012. The rate of growth was down slightly from the previous 10 year (2003-2012) growth rate of 4.7 percent. The total value of noncash payments grew from $72.2 trillion in 2009 to just under $79 trillion in 2012.

The number of credit card payments, which had shown a decline in the 2010 Study, grew at an annual rate of 7.6 percent from 2009 to 2012. Debit card payments grew at a rate of 7.7 percent over that same period.

Automated Clearing House (ACH) growth slowed to 5.1 percent annually from 2009 to 2012, down from the average annual growth of 10.9 percent over the previous 10 years. From 2009 to 2012, the number of ACH payments as a percentage of total payments increased less than 1 percent while the value of ACH as a percentage of total noncash payments rose almost 10 percentage points, from 51.5 percent to 61.3 percent.

The number of checks paid continues to decline, falling to 18.3 billion, less than half the number a decade earlier (37.3 billion). Checks are increasingly being deposited as images, with 17 percent being deposited as an image at the bank of first deposit versus 13 percent as reported in the 2010 Study.

The 2013 Study estimates that there were 31.1 million unauthorized payment transactions in 2012, with a value of $6.1 billion.

The study was made possible by broad-based industry support and information sharing.

http://www.paymentsnews.com/2013/12/federal-reserve-releases-new-2013-payments-study-of-us-payment-trends.html

The Biggest Skimmers of All: Fake ATMs

18 December

KrebsonSecurity
In-depth security news and investigation

http://krebsonsecurity.com

This blog has spotlighted some incredibly elaborate and minaturized ATM skimmers, fraud devices that thieves attach to ATMs in a bid to steal card data and PINs. But a skimmer discovered in Brazil last month takes this sort of fraud to another level, using a completely fake ATM designed to be stacked directly on top of a legitimate, existing cash machine.

On Saturday, Nov. 23, a customer at a Bank of Brazil branch in Curitiba, Brazil approached the cash machine pictured below, dipped his ATM card in the machine's slot, and entered his PIN, hoping to get a printed statement of his bank balance.

When the transaction failed, the customer became suspicious and discovered that this ATM wasn't a cash machine at all, but a complete fake designed to be seated directly on top of the real cash machine. Here's what the legitimate ATM that was underneath looked like.

When the cops arrived, they pulled the fake ATM off the real cash machine. Here is the fake ATM, set down on the floor.

The backside of the phony cash machine reveals what may be a disassembled laptop with the screen facing outward. The entire apparatus is powered by two large batteries (right). Notice the card skimming device (top right, with the green light) and a side view of the component for the fake PIN pad (top).

It's not clear from the reporting in these stories from the Brazilian media (nor from the Youtube video from which the above photos were taken) exactly what hardware was included in this device. It seems difficult to believe that thieves would go to all this trouble without incorporating some type of GSM or 3G components that would allow them to retrieve the stolen information wirelessly. I don't imagine it would be easy to simply walk away from a cash machine unnoticed while holding a giant fake ATM, and a wireless component would let the skimmer scammers offload any stolen data even after their creations were seized by the authorities.

This device appears to be nearly identical to a fake ATM found in April 2013 in Santa Cruz do Rio Pardo. The story about that April incident has much higher resolution photos, and states that the fake ATM indeed included a 3G mobile connection, ostensibly for sending the stolen card and PIN data to the thieves wirelessly via text message.

Interestingly, much like grammatical and spelling errors that often give away phishing emails and Web sites, the thieves who assembled the video for the screen for the fake ATM used in the April robbery appear have made a grammatical goof in spelling "país," the Portuguese word for "country"; apparently, they left off the acute accent.

Most skimming attacks (including the two mentioned here) take place over the weekend hours. Skimmer scammers like to place their devices at a time when they know the bank will be closed for an extended period, and when foot traffic to the machine will be at its highest.

Keep a keen eye out for anything that looks amiss when you visit the ATM; if you see something that doesn't look right, notify the bank or owner of the machine, and go somewhere else to get your cash. More importantly, make sure you're aware of your physical surroundings when you go to withdraw money, and whenever possible use cash machines in well-lit, open places. Most people probably have a better chance of being physically mugged while at the ATM than they do getting scammed by a skimmer. According to a January 2013 report by the U.S. State Department, this is especially true for foreigners in São Paulo, Brazil, where "express kidnappings" occur when criminals force their victims to extract their daily cash limit from an ATM machine.

Finally, although it would not have helped the victims of these fake Brazilian ATMs, using your hand to cover the PIN pad while you enter your digits is a great way to foil most skimmers, which tend to rely on hidden cameras as opposed to fake PIN pads or PIN pad overlays.

http://krebsonsecurity.com/2013/12/the-biggest-skimmers-of-all-fake-atms/

40 million cards compromised after Target security breach

23 December

THE PAYPERS

www.thepaypers.com

US-based retailer Target had a security breach that hit almost all of their payment consoles.

According to a security industry blog, the breach hit almost all 1,797 retail locations. The US Secret Service is investigating the incident and believes the data was obtained by software installed on the store's card swiping terminals. The report mentions the attack began on Black Friday and the track data of at least 1 million cards were exposed until Target discovered the breach.

Target has just recently announced that close to 40 million cards were compromised due to the incident.

According to investigators, the breach began on November 30th 2013 and could have lasted until December 15th.The breach exposed the card's magnetic strip data directly from the retailer's card swiping terminals. At Target, as with most US-based retailers, the cards are swiped by the cardholders themselves, meaning it is possible the hack was performed in person at a physical location. The Secret Service is currently trying to understand how the hacker(s) accessed almost all of Target's point-of-sale terminals. Shoppers who used Targets online store were not affected by the breach.

http://www.thepaypers.com/e-identity-security-online-fraud/40-million-cards-compromised-after-target-security-breach/753588-26

Fraud And Corruption Trends To Watch In 2014

17 December

www.banktech.com

Many of the regulatory efforts in the coming year to stem fraud and corruption will have a financial services focus, according to an EY forecast.

Fraud may be a moving target, but banks of all sizes are going to be under closer scrutiny than ever in the coming year for potentially fraudulent actions. That's the warning from advisory firm EY, which has identified several key themes on the fraud and corruption front for 2014. Among those trends are that the financial services industry will feel the impact of regulation "stronger than ever," according to a company statement. According to EY:

"Notwithstanding the billions of dollars in restitution, fines and litigation costs incurred to date by banks and securities firms, regulatory pressure is not expected to dissipate in 2014. Important themes from 2013 will likely continue as the industry responds to broad regulatory focus on systemic risk and reacts to Consumer Financial Protection Bureau (CFPB) rulemaking on mortgage loans, student loans and credit cards. Regulatory enforcement pressure, which heretofore has focused on the largest institutions, may also migrate to midsized banks in 2014 prompting reassessment and enhancement of risk and compliance efforts at this tier."

A related challenge for financial services companies -- not just banks, but also insurers and other firms that handle funds -- predicts EY, is that their anti-money laundering and corruption programs will face greater regulatory scrutiny in the coming year:

"Global regulators and the Department of Justice continue to press large, global financial institutions on the issues of money laundering, trade sanctions and bribery and corruption, stressing the need for robust program controls, sophisticated monitoring systems and knowledgeable personnel at the watch. The regulatory scrutiny is now moving beyond the traditional banking sector into non-banks, including credit card issuers, insurance providers and gaming enterprises, prompting the need to seriously review and enforce their compliance programs and controls."

EY also emphasizes that in the coming year the burden of dealing with cybercrime, fraud and other breaches will not be limited to IT, security functions or operations. It "will become part of a General Counsel's responsibility set," the EY report predicts. "These risks are requiring immediate and planned responses organized by inside and outside counsel. Additionally the potential shareholder impact, risk due to state-run and industrial cyber-espionage, loss of highly valuable IP, unique business process, or client data elevates the responsibility of cyber-security to a Board level exercise."

Fortunately for financial institutions, their investments in big data and analytics to provide greater customer and transactional insights are likely to start paying off on the fraud front, according to the EY forecast, which suggests, "The opportunity to leverage 'Big Data' in the context of compliance and anti-corruption will allow companies to ask new questions." According to EY:

"Data analytics, traditionally the domain of marketing and sales, has effectively migrated into the realm of internal audit, compliance, and corporate oversight. Companies now have opportunities to use forensic data analytics for proactive monitoring of business data. Organizations will be able to develop a better understanding of the risks and rewards of forensic data analytics and how these techniques can be used to transform data to help detect potential instances of fraud and implement effective fraud risk mitigation programs."

Non-financial services-related predictions among EY's 2014 fraud and corruption trends forecast include the need to balance growth opportunities in Africa with perceived corruption risk, and ongoing compliance challenges for life sciences companies operating in emerging markets.

By Kathy Burger

http://www.banktech.com/risk-management/fraud-and-corruption-trends-to-watch-in/240164822

Credit Union lobby urges Congress to act on retailer data security failings

20 December

Finextra

http://finextra.com

In the wake of the massive data card breach at Target retail stores in the US, the National Association of Federal Credit Unions (Nafcu) has urged Congress to crack down on data security weaknesses in the merchant industry.

Retail chain Target confirmed yesterday that approximately 40 million credit and debit card accounts may have been impacted over a two-week period beginning on Black Friday, the busiest shopping day of the year.

The stolen data includes customer names, credit and debit card numbers, card expiration dates and the CVV1 security code stored on the card's magnetic stripe.

The break-in at Target follows similar mammoth lapses at other major retailers, including TJX and Marshall's stores.

In a letter to House Speaker John Boehner and Minority Leader Nancy Pelosi, Nafcu President and CEO Dan Berger noted that financial institutions, including credit unions, have been subject to standards on data security since the passage of Gramm-Leach-Bliley. However, retailers and many other entities that handle sensitive personal financial data are not subject to these same standards.

Says Berger: "While these entities still get paid, financial institutions bear a significant burden as the issuers of payment cards used by millions of consumers. Credit unions suffer steep losses in re-establishing member safety after a data breach occurs. They are often forced to charge off fraud-related losses, many of which stem from a negligent entity's failure to protect sensitive financial and personal information or the illegal maintenance of such information in their systems."

The letter urges Congress to make data security a priority issue in 2014, including convening hearings on the data protection standards of merchants and what can be done to strengthen them.

It also calls for a legislative change that would enforce retailers to cover financial institution costs associated with a data breach and to address the violation of existing agreements and law by merchants and retailers who retain payment card information electronically.

Nafcu also supports the passage of legislation requiring any entity responsible for the storage of consumer data to meet standards similar to those imposed on financial institutions under the Gramm-Leach-Bliley Act, and rules requiring mandatory disclosure to consumers and banks of retailer breaches.

"Target Corporation is just the latest in a string of several large-scale data breaches impacting millions of American consumers. The aftermath of these previous breaches demonstrate what we have been communicating to Congress all along: credit unions and other financial institutions - not retailers and other entities - are out front protecting consumers, picking up the pieces after a data breach occurs," writes Berger. "It is the credit union or other financial institution that must notify its account holders, issue new cards, replenish stolen funds, change account numbers and accommodate increased customer service demands that inevitably follow a major data breach. Unfortunately, too often the negligent entity that caused these expenses by failing to protect consumer data loses nothing and is often undisclosed to the consumer."

http://finextra.com/news/fullstory.aspx?newsitemid=25567&topic=security

EPC and Cards Stakeholders Group publish the SEPA Cards Standardisation Volume ready for market implementation.

7 January

www.europeanpaymentscouncil.eu

On 7 January 2014, the European Payments Council (EPC), representing the European banking industry in relation to payments, together with the Cards Stakeholders Group (CSG) published version 7.0 of the Single Euro Payments Area (SEPA) Cards Standardisation Volume (the SCS Volume), ready for market implementation. This document defines a standard set of requirements to ensure an interoperable and scalable card and terminal infrastructure across SEPA, based on open international card standards. The SCS Volume does not establish specifications or standards as such, but rather sets (functional and security) standardisation requirements, which refer to existing international standards established by, for example, ISO (International Organization for Standardization), EMVCo (initially Europay MasterCard Visa) and PCI SCC (Payment Card Industry Security Standards Council). The version 7.0 of the SCS Volume is a major achievement reflecting a unique multi-stakeholder effort in the area of cards.

The CSG is a multi-stakeholder body representing retailers, vendors, processors, card schemes and the EPC. Created in 2009, the CSG develops and maintains the SCS Volume, and focuses on a cards standardisation programme that will create a better, safer, more cost efficient and functionally richer card services environment, whatever the card product or scheme may be.

Following the public consultation on the provisionary version 6.5 of the SCS Volume in June and July 2013, the CSG has processed more than 2,000 comments received from market participants. The six books of the SCS Volume version 7.0 cover a set of requirements applicable to card-present (face-to-face) transactions to allow investment decisions and implementation based on stable requirements. All stakeholders and interested parties active in the SEPA cards domain are encouraged to roll out services and products in line with the requirements set out in version 7.0 of the SCS Volume in a three-year period, i.e. by January 2017. This means: the SCS Volume requirements for card-present transactions are to be met for new cards and terminals being introduced in the market as from 2017.

http://www.europeanpaymentscouncil.eu/content.cfm?page=news&news_id=529

Payments Council responds to HM Treasury press release: 'New proposals to make cheque depositing easier and quicker to be unveiled'.

26 December

PAYMENTS COUNCIL

www.paymentscouncil.org.uk

Adrian Kamellard, Payments Council Chief Executive comments:

"Whether it's cheques, cards, electronic payments or cash the Payments Council believes that any innovation in the way we pay should be led by customer demand. The UK is globally renowned for delivering payments innovations: UK customers already enjoy contactless technology on their cards; internet and phone payments at the touch of a button; and next year thanks to a Payments Council project it will be possible to transfer money safely from a mobile phone using only a mobile phone number.

These services match or beat what customers enjoy elsewhere in the world. However, alongside all these exciting advances, some customers understandably still prefer cheques, which is why two years ago the industry committed to keep cheques for as long as customers need them. Therefore, given that customers have made it clear that they want cheques to stay it's entirely right that the government consults to understand the public's view on speeding up the clearing of cheques."

A cheque imaging fact sheet is available here.

http://www.paymentscouncil.org.uk/media_centre/press_releases/-/page/2791/

Card Signals Jammed in Latest Retail Theft Scheme

31 December

StorefrontBacktalk

http://storefrontbacktalk.com

Written by Christine Blank

The FBI is warning retailers about a recent rash of credit card fraud that involves jamming retailer's satellite signals with – you may want to sit down for this one – simple aluminum foil.

When card systems are down, thieves have been able to purchase cigarettes and high value electronics without paying for them. "If you're a small business owner, you need to be aware if your credit card system is down and someone is purchasing something, you need to make sure that it's really down and it's not something that's blocking your system," FBI Supervisory Special Agent Vicki Anderson said on the podcast, "FBI This Week".

The African criminal ring at the center of these incidents has stolen thousands of dollars in merchandise from convenience stores and other types of retailers in Indiana, Kentucky, Ohio, Pennsylvania, and West Virginia. The stolen merchandise is taken to New York, where it may be sold at pawn shops or exported to Africa, according to the FBI.

Here's how the thieves pull off this low-tech heist: working in a group, one of the thieves climbs on the roof of a store and uses aluminum foil to block the satellite antenna that the store uses to receive data from credit card companies to authorize sales—a gadget called a feed horn, according to BlombergBusinessweek.

"With the signal blocked, stores can't validate credit and debit card transactions. That opens the door, so to speak, for bandits to enter the store, load up their carts with electronics or cigarettes, and pay with stolen credit cards," BloombergBusinessweek reported. "Retailers often permit sales even if the link with the credit card company is down, figuring the transactions will go through once the connection is back up."

Once retailers remove the blocker on the roof, they realize that it was a scam and "the people have walked out the door with the merchandise and it's not been paid for," Anderson said.

"The thieves and their ill-gotten goods are long gone by the time a store realizes its satellite receiver has been wrapped up like a plate of leftover meatloaf," BloombergBusinessweek reported.

To make matters worse, when the sales are sent to card processors, they are denied because the sales involve stolen cards. As a result, retailers are stuck with the bill in this type of card fraud.

So far, we have heard of only two thieves arrested in the scheme, back in October. The two were stopped with more than $10,000 worth of cigarettes and electronics, and were linked to 600 stolen credit cards, according to the FBI.

While we are glad that the FBI is investigating this nationwide fiasco, we are concerned that things could get worse before they get better. "The crime could become more prevalent because of the low-tech way it's executed," Mollie Halpern with the FBI said on the podcast.

http://storefrontbacktalk.com/securityfraud/card-signals-jammed-in-latest-retail-theft-scheme/

Crooks use USB sticks to infect ATMs and steal cash

6 January

Finextra

http://finextra.com

Cyber-crooks have been cutting open ATMs to get to USB ports and installing malware which lets them empty the machines of cash, security researchers have demonstrated.

In a presentation, which can be watched online, at the Chaos Communication Congress, two researchers showed how hackers sliced open the ATMs of an unnamed bank and plugged in USB sticks containing malware.

Once the malware was installed and the ATMs patched up, the crooks used a 12-digit code to access a special interface on the machines which displayed a breakdown of how much money, and in what denominations, was in them.

With no honour among thieves, the malware required crooks to enter a second, one-time code to withdraw cash, which had to be obtained by phoning the gang leaders.

When the targeted bank realised that its ATMs were being hit, it stepped up surveillance and caught a man trying to cash out a machine. He was arrested with a malware-holding USB stick on him which was given to the security researchers for analysis.

The analysis suggests that the malicious code was designed only to remove cash - not to steal card data - and was written by a large and skilled team with a deep knowledge of ATMs, say the researchers. It had been written specifically to target one bank but could be of use against other machines running Windows XP.

http://finextra.com/news/fullstory.aspx?newsitemid=25577

Корпоративные новости

Russian smartphone has now been released for the first time

13 December

Mobile Commerce Press

www.mobilecommercepress.com

The device, which has been called the YotaPhone, is the first one from that country and was launched in Moscow.

The very first domestically designed Russian smartphone has now been unveiled in Moscow, under the name of the YotaPhone, which has a number of features to differentiate it from a broad spectrum of competing products that are all available in the country.

The design of the device includes an always-on second screen to help it to stand out from the rest.

This brand new Russian smartphone is based on the Android operating system from Google. It has a fixed price of €499 (about $678), and will soon be launched throughout the rest of the country after its Moscow unveiling. It will also experience a launch in Germany. Some online stores in France, Austria, and Spain will also be offering this new mobile handset.

The creators have said that this first Russian smartphone is innovative for its second screen function.

The always on e-ink second screen function of the mobile device will give users the ability to save considerable battery power by being able to check their notifications without having to activate the LCD display, which requires much more energy. According to Vlad Martynov, the general director at YotaPhone, this cell phone “rethinks our relation to smartphones.” He said this at the unveiling, which occurred at one of Moscow’s contemporary art galleries.

Aside from the full color touch screen, which is typical of nearly every type of mobile phone currently being produced, the YotaPhone also features a black and white screen on its reverse, which uses the same type of electronic ink technology that is employed by basic ereaders, such as the Kindle, the Kobo, and the Nook, among many others. This screen, which uses a very small amount of energy, stays on all the time, even after the device has been shut off. This gives the user the opportunity to check messages, the time, his or her schedule, or even a map, without having to fully activate the device. This means that the design of the Russian smartphone reduces the drain on the battery by a large amount.

By Julie Campbell

http://www.mobilecommercepress.com/russian-smartphone-now-released-first-time/859890/

MasterCard in mobile remittance joint venture

19 December

www.mobilepaymentstoday.com

MasterCard has expanded its role in mobile money remittances with the creation of HomeSend, a joint venture in which it has a controlling stake. MasterCard's partners in HomeSend are eServGlobal, a Paris-based provider of mobile money technology for telcos, and Brussels-based BICS (Belgacom International Carrier Services), a subsidiary of Belgacom and service provider to the global telecoms industry.

The HomeSend joint venture will use the existing HomeSend platform, a remittance hub for international mobile remittances that is based on eServGlobal technology and developed as part of a strategic partnership between eServGlobal and BICS. According to the partners, HomeSend is live in 50 countries with connections to mobile network operators, money transfer operators and cash agents.

The addition of MasterCard provides connectivity to 24,000 financial institutions on the MasterCard network, providing new options and flexibility for sending or receiving funds and remittances worldwide.

"HomeSend will provide an important platform to deliver improved remittance services, and bring person-to-person transfer capabilities to more financially underserved consumers around the globe," Ed McLaughlin, MasterCard's chief emerging payments officer, said in a statement. "MasterCard, eServGlobal and BICS each brings its own unique contribution to the newly formed entity."

MasterCard will own 55 percent of HomeSend, eServGlobal 35 percent and BICs 10 percent. eServGlobal will receive €9 million ($12.3m) in cash over two years as a result of the formation of HomeSend.

http://www.mobilepaymentstoday.com/article/225127/MasterCard-in-mobile-remittance-joint-venture

PayPal buys StackMob for mobile app platform and engineering team

18 December

www.mobilepaymentstoday.com

PayPal, the San Jose, Calif.-based subsidiary of eBay, is stepping up support for app developers with the acquisition of StackMob, a San Francisco start-up whose platform enables developers to create and manage mobile applications.

The engineering team from StackMob has joined PayPal, according to a blog post by PayPal CTO James Barrese.

"With the addition of the talented team from StackMob, we'll move even faster in creating, testing and deploying products that aim to transform payments for customers around the world," Baresse said. His statement was echoed by StackMob CEO Ty Amell. "We believe that our work at PayPal will make it easier for developers to create seamless payment solutions that span online, mobile, and in-store experiences," Amell said.

http://www.mobilepaymentstoday.com/article/225039/PayPal-buys-StackMob-for-mobile-app-platform-and-engineering-team