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New Smart Card Alliance Research: NFC-Based Proximity Adoption Will Happen

Eighty-six percent of industry stakeholders believe NFC-based proximity payments will be adopted, and it will happen with a "Collaboration Model," bringing together banks, mobile operators, merchants, handset manufacturers and other service providers, stated a new research report from the Smart Card Alliance Contactless Payments Council.

In a survey conducted of stakeholders in the mobile and financial payments industries, the Council considered four different business models for proximity mobile payments using NFC-enabled phones and interviewed executives at key organizations on critical questions pertaining to the success of each model.

"With the obvious market opportunities behind proximity mobile payments generally accepted across the industries involved, the purpose of this research was to get a sense of all of the different stakeholders' visions for how the mobile and payments ecosystems could come together to make these payments a reality," said Randy Vanderhoof, executive director of the Smart Card Alliance.

Survey responses indicate that, with so many players involved in the ecosystem for proximity mobile payments, the simple fact that no one is making the first move to mass deployment presents a large barrier for adoption. Respondents believe a third party in the role of trusted service manager needs to make a bold move to orchestrate the activities of all the key players, such as final selection of handset and chip standards, merchant enablement, standards for certifying and deploying secure payment applications, and development of a model for revenue-sharing.

The report contains the results of the survey, conducted by members of the Smart Card Alliance Contactless Payments Council Mobile Payments Work Group, by either in-person or telephone interviews during December 2007 and January 2008. Other findings in the report include stakeholders' opinions on potential new sources of revenue from advertising, loyalty and rewards, co-branding arrangements, and customer fees for new services.

The Smart Card Alliance Contactless Payments Council Mobile Payments Work Group members that contributed to this report include: Bank of America, Collis America, CPI Card Group, Discover Financial Services, Gemalto, Giesecke & Devrient, IfD Consulting, IBM, Infineon Technologies, INSIDE Contactless, JCB, Power2Process, Venyon, VeriFone and ViVOtech.

The Smart Card Alliance is a not-for-profit, multi-industry association working to stimulate the understanding, adoption, use and widespread application of smart card technology.

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