Tyfone Chip Offers Mobile-pay Step for banks and Consumers

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The mobile banking technology vendor Tyfone,Inc has come up with a way for cosumers to install payments capabilities in their phones.

Banks are eager to turn mobile phones into payments devices using near-field communication chips that can make a handset function like a contactless payment card, but only a handful of phones have the technology today.

Tyfone's new NFC product, a platform call u4ia(Pronounced " euphoria"),is intergrated into a standard memory card that consumers can insert into mobile phones.

Mike Feliciano, Tyfone's senior vice president of business development, said that with this product banks and consumers would not have to wait for carriers to bring NFC-capable phones to market.

Mr.Feliciano said in an interview Monday that next quarter Tyfone expects some customers, including large technology and financial companies, to announce plans to test the card.

Analysts said the platform could open up the market,but the adoption of NFC memory cards could face challenges stemming from customer preference issues or unforeseen technical issues.

NFC technology has generated strong interest in recent years-Tyfone has counted 41 tests and small-scale deployments of NFC handsets worldwide in the past two years or so, typically involving banks or other card issuers-but there have been no full-scale rollouts, which Mr.Feliciano attributed to coordination problems among the handset manufacturers, mobile network operators and financial companies.

"Everyone is sort of feeling their way in this new medium", he said, and for the NFC chips to interact with phones' operating systems,they have to be intergrated into either the subscribe identity module,supplied by the carrier or into the handset itself.

With the Tyfone product on which it has a patent pending the NFC chip is intergrated with memory cards that use the Secure Digital Standard.

"We have changed the paradigm and eliminated the barriers to NFC adoption,"Mr.Feliciano said."There's no reason now for any kind of trade-off from an issuer perspective."

Tyfone,of Portland, Ore., estimates that 57% of the 458 models of handsets available in the United States have SD memory card slots.

Memory cards in phones are typically used to store camera – phone pictures or music for the handset's music players, Tyfone says; 70% of memory card sales are by the carriers.

Besides the chip, Tyfone software must be installed to permit the handset to communicate with the chip.

Tyfone has delivered a "kick the tires" development kit to 15 large companies with varying stakes in the industry for testing, Mr.Feliciano said.These include large financial institutions and nonbank card issuers,which he would not name.

In addition,Tyfone has technology alliances with copanies such as International Business Machines Corp.,Oracle Corp., and Wipro Ltd., Mr.Feliciano said.

MarkSchwanhausser,a research analyst at Javelin Strategy and Research in Pleasanton,Calif.,said the approach is attractive on paper, but he said it may have to clear some hurdles to achieve mass

market adoption.

“It has the potential, at least theoretically,to break the logjam among the carriers,Fls and merchants,”he said.

“it’s a more radical approach to the mobile wallet,” and it may allow banks to enter markets where they have less expertise that some of their rivals,he said.

And if NFC takes off in the market,the mobile carriers will likely respond and view banks that are delivering the cards as a competitive threat, Mr.Schwanhausser said.

“At some point mobile payment is going to be big and profitable,” he said.”The carriers don’t want to be just dump pipes.They want a piece of the action”.