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Mobile phone payments Hardware and software from Tyfone can be licensed by financial institutions to offer mobile-phone-based banking and payment applications. The technology is based on an external memory card that banks would issue for insertion into their customers' mobile phones. Tyfone expects that about 70% of all mobile phones worldwide will have external slots for memory cards by 2010. Tyfone's memory card allows phones to be used as proximity- payment devices at merchant locations where contactless chip readers have been installed. At merchants not set up for contactless chips, cards can be taken out of the phone and swiped in a magnetic card reader. This requires activating the card by using the phone's keypad to select previously registered credit and/or debit account numbers. The memory card then emulates a magnetic stripe by generating a time-varying magnetic field to transfer card account data to a reader. Research and development of Tyfone technologytakes place in India. Prabhakar Tadepalli is Managing Director at Tyfone Asia-Pacific in Bangalore, India, 91 (80) 4126-2875, prabhakar@tyfone.com.

For online banking, SMS text messages are sent to a bank's Web site. Text messages are encrypted using keys stored in the memory card, but Tyfone believes they will not cause mobile telecom carriers to bill consumers for a premium text message. (SMS text messages are typically billed at the same price as a voice transmission.) Bank servers will decrypt the SMS messages. Prototype memory cards are now available for trials of banking applications. Prototypes with payment applications are expected to be available in the first quarter of 2007. Tom Spitzer is CEO at Tyfone Inc. in Portland, Oregon, (503) 226-3939, tom@tyfone.com. Prior issues: 856, 854, 852, 848, 847, 831, 828, 826 r