

# DIGITAL TRANSACTIONS - Trends in the Electronic Exchange of value

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DCS Launches Instant Issuance for NFC Memory Cards

Rising interest in contactless mobile payments via micro Secure Digital (SD) cards has led to the introduction of a feature that will let banks personalize SD cards for payments in a matter of minutes. The new feature, which can be used in branch or other office, has the potential to put near-field communication (NFC) capability in a mobile device far sooner than might be the case with cards supplied through the mail, and eliminates the need for so-called over-the-air downloads of accounts data, says the feature's vendor, Dynamic Card Solutions LLC.

The Englewood, Colo.-based company introduced the application on Tuesday as part of a platform it launched 16 months ago called Card Wizard Personal-to-Go (Digital Transactions News, May 21, 2009). The platform allows financial institutions to personalize, on the spot, cards, fobs, phones, and stickers for contactless payments. Adding memory cards to the platform was the natural next step, says Ron Zanotti, senior vice president at the company.

Recent announcements by major major banks of U.S. NFC pilots using micro SD technology, he says, "added validation" to the decision to give Personal-to-Go the capability to immediately program the cards with cardholder's account information. Bank of America Corp. and U.S. Bancorp last month said it would start a pilot this fall, and Wells Fargo & Co. followed suit shortly afterward. Meanwhile, technology companies Device Fidelity Inc. and Tyfone Inc. have struck deals with, respectively, Visa Inc. and First Data Corp., to supply NFC-capable memory cards. Device Fidelity's technology includes a special case for the Apple iPhone that allows the popular smart phone, which lack a memory card slot, to accept the chips. "We got on to it because we saw manufacturers coming out with micro SD cards [for NFC]," Zanotti says.

Still, while momentum may be starting to build for NFC, actual sales for Personal-to-Go have yet to materialize. Banks, Zanotti says, have been slowly testing the market for NFC. "We get a lot of oohs and ahs, but nobody has initiated a rollout program," he notes, adding that most merchant locations still lack the point-of-sale readers necessary to process contactless transactions.

But Zanotti sees reasons for near-term optimism, now that the platform has the capability of personalizing memory cards. The cards, he says, could turn out to be more popular with consumers than stickers, which contain chip and antenna inlays but don't interact with the phone's operating system. They are likely to appeal to security-conscious consumers especially, he suggests. "The issue with stickers is they're sort of visible on the phone," he says. "The micro SD card hides [card] information better."

Also, the ability to personalize memory cards in the branch should appeal to banks, Zanotti says, because it eliminates reliance on wireless carriers to transmit account data. "You don't need [over the air downloads]," he says. "You can personalize that card right in the branch without that middleman. It's one less mouth to feed in the value chain."

Zanotti says pilots like the one BofA has announced will also help. "BofA with their pilot is a good thing," he says. "If it's successful, a lot of other issuers will have to follow suit." That, he says, will finally start to drive sales for the Personal-to-Go platform. With Personal-to-Go, branch personnel place the fob, sticker, or phone on a so-called personal pad, a device about the size of an iPhone and less than an inch thick. The pad, which is linked to the bank employee's PC via a USB cable,

wirelessly transmits card – account data to the chip inside the fob, sticker, or phone. DCS's Cardwizard software manages the process, communicating with the bank's card-management system. Cardwizard's primary use is to do instant issuance of debit cards from bank branches. The platform requires a one – time software and hardware upgrade, for which DCS charges about \$ 10,000, Zanotti says. Then each Perso Pad runs \$349.