

# Salt Lake City to Give NFC Payment System a Go

April 7, 2011

By Erika Morphy | E-Commerce Times

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## Tech-Savvy Town

Moving forward with the pilot project is good news for the industry, said Kolja Reiss, managing director of Mopay — assuming it is able to overcome some of its challenges.

“This is an important announcement for the industry and Isis,” he told the E-Commerce Times, “and there are a number of reasons why the pilot should go smoothly.

For starters, Salt Lake City has a young demographic — a case Isis has also made, Reiss said — and younger people are more likely to try out new technology.

Also, the city has already experimented with similar technology, he pointed out. In 2009, the UTA transit system implemented a “tap on, tap off” system that allowed consumers to pay fares with their contactless credit and debit card by tapping an electronic fare reader on a bus or train platform.

“People there are more than ready to take it a step further and adapt that technology to their mobile devices,” Reiss said.

## Challenges Loom

The challenges, however, will be significant. For one, depending on how many banks or credit cards participate, it may not be a completely frictionless system for some users.

“If people don't have, say, a Discover card, will they have to apply for one? That is not clear,” said Reiss. Unless Isis is based on a very broad set of credit card and banking relationships, its use will be limited.

Isis has said its mobile commerce network will be available to all merchants, banks, payment networks and mobile carriers.

There are also unanswered questions about consumer protections in the case of fraud. How will a consumer whose phone is stolen and used to make purchases be compensated — if at all? Will the same protections inherent with credit cards — and to a lesser extent, debit cards — apply in this environment? Reiss wondered.

## Scaling to Reality

The Isis model also does not accommodate the changing use of mobile devices by many consumers, observed [Tyfone](#) CTO Siva Narendraha.

Namely, younger people tend to own at least a couple of mobile devices, he told the E-Commerce Times, at the very least.

Indeed, Isis' scalability will come under question from a consumer convenience perspective for two reasons, Narendraha said — and the fact that it doesn't take into account the multiplying number of devices people tend to own is just one.

“The other is the fact that it is not a neutral approach,” he pointed out, referring to the limited number of financial service providers and merchants that are involved in the project.

“For near field communications to work as a contactless payment technology, the three critical stakeholders — the merchants, the banks and the consumers — need to be equally involved in its development. In this case, they are not.”