Google opening smartphone wallets (Update)

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The Google logo can be seen on bags in Hamburg in 2010. The Internet giant in May unveiled the free mobile application that turns a smartphone into an electronic wallet and promised it would be available by the end of September.

Google opened its smartphone wallet to the public on Monday.

Shops taking part in the program began letting people pay for purchases with taps of Nexus S 4G smartphones from US telecom carrier Sprint.

"With Google Wallet, you can tap, pay and save using your phone and near field communication (NFC)," said Osama Bedier, vice president of payments at the Internet giant.

Google Wallet uses an NFC chip embedded in a smartphone to allow a user to "tap-and-pay" for purchases at a checkout register equipped with the PayPass system from CitiMasterCard.

Wallet software is being sent to Sprint Nexus S 4G phones in the form of an automatic over-the-air update.

"Simply install the app and the next time you spot one of the more than 300,000 PayPass locations around the globe, you'll be ready to go," gdgt.com co-founder Ryan Block said in a blog post at the MasterCard website.

"I'm really excited about taking another step closer to a future where using your portable device to instantly pay is as easy, convenient, and commonplace as making a call from anywhere in the world," Block said.

Google and Sprint along with financial partners Citibank and MasterCard began testing Wallet in May.

Wallet initially works with the Nexus S 4G smartphone from Sprint and will eventually be expanded to more Android phones.

Visa, Discover and American Express made their respective NFC specifications available to Google on Monday so their payment cards could be added to future versions of Wallet, according to Bedier.

"Our goal is to make it possible for you to add all of your payment cards to Google Wallet, so you can say goodbye to even the biggest traditional wallets," Bedier said.

Customers can also use a Google Prepaid card to pay for purchases, topping up the Google card with any payment card, and take advantage of Google Offers, the Mountain View, California-based company's online discount coupon program.

Wallet will be accepted by more than 300,000 merchants around the world.

NFC technology is being tested or used in a number of countries already, notably France, but Wallet will be the first to bring it to the United States on a potentially large scale.

Stephanie Tilenius, Google's vice president for commerce and payments, has described Google Wallet as the "next generation of mobile commerce."

"We're building an open commerce ecosystem that for the first time will make it possible for you to pay with an NFC wallet and redeem consumer promotions all in one tap, while shopping offline," Tilenius said.

In addition to allowing for mobile payments, Wallet allows consumers to pay using gift cards and to redeem promotions such as discounts or coupons.

Google has been beefing up local content and services as online lifestyles increasingly revolve around smartphones with location-sensing capabilities.

Google recently bought Germany-based local bargains website DailyDeal and venerable restaurant review guide Zagat.

Wallet is a platform where online shopping or bargain-hunting can merge with consummating real-world transactions, according to Bedier.

"We notice a trend where people increasingly start shopping experiences online," Bedier told AFP.

"We want to tie it into something we normally do -- the payment process -- with magical experiences that save you time and money," he continued.

Google will focus on ramping up Wallet in San Francisco and New York City with feedback used to refine and expand the service.

"Ultimately, it becomes everything you have in your wallet is in your smartphone," Bedier said. "This is just the beginning for us."

He touted Wallet as more secure than credit cards.

Wallet essentially acts as a copy of a credit card stored on a smartphone, with no account data ever being put on Google servers.

"I think anyone who knows credit cards and how they work today will understand the magnitude of how safe this is," Bedier said of Wallet.

"You can lock this, decommission it, remotely delete the card from the Wallet," he continued. "And if you try to tamper with the chip, it basically self-destructs."

Google is defending itself against a lawsuit filed by eBay and PayPal charging the Internet giant tapped into the online financial transaction service's know-how for the mobile payments project.

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