

Mobile money transfers gaining currency with consumers

December 15 2011, By Becky Yerak

If you need to pay a baby sitter, send money to a kid in college or reimburse a friend for lunch but don't have your checkbook or cash on hand, pick up your smartphone.

An increasing number of banks are rushing to offer or enhance person-to-person money transfer services. In many instances, all you need to send money to someone is their mobile number or email address.

Person-to-person [mobile payments](#) are still in their infancy in the United States, with only 4 percent of Web-connected adults using them in 2010, according to a report last month by Forrester Research Inc.

But those using the technology are enthusiastic about it: More than half of all mobile person-to-person payment users conduct such transactions at least monthly, and interest has been growing in the past three years, Forrester said.

Consider Angela Munasque, a New York writer and editor who signed up for Chase's QuickPay service in early December after she had run out of checks. She had seen Chase's QuickPay ad, which has been running on TV.

"It seemed to fit my needs since I rarely write checks and do a lot of online banking already," said Munasque, 27.

Chase QuickPay transfers should take about one business day if the

parties have Chase checking accounts, and two to five business days if one of the parties uses a different bank. Munasque said she has transferred funds to someone with a non-Chase account. "It was really, really easy for both of us," she said. "It takes a couple of days for non-Chase accounts to be verified, but you don't have to stop by the bank, you don't have to call anyone."

Some consumers, though, have experienced hitches with QuickPay.

Tim Wiseman, a digital media [marketing consultant](#) in Akron, Ohio, said QuickPay has mostly worked well for him. He said he has received money in less than 24 hours.

A few weeks ago, however, a transfer of money to him by a family member seemed to end up in limbo.

"This particular QuickPay took much longer, four business days, plus a weekend," said Wiseman. "Not only that, but my family member was charged three times for the transaction."

Chase quickly resolved the situation, reimbursing the person who was charged three times, said Wiseman, who continues to use QuickPay.

Sunny Vempati, 23, a Chicago software developer who started using the service more than six months ago, said QuickPay has been handy at restaurants that frown on dividing bills for multiple parties.

At a pre-Thanksgiving dinner with a large group of friends, for example, Vempati found that the restaurant would take only three credit cards to pay the bill. "I ended up paying for six to eight of my friends, and the best part about Chase QuickPay is you can request money from a person as well," he said. "That makes things so much easier, especially if your friends are forgetful."

Vempati said he has also used Venmo and PayPal, but prefers QuickPay.

Both State Farm Bank and Discover Financial in 2010 established person-to-person payment programs powered by PayPal.

Discover introduced its Money Messenger service in October 2010. When a Discover card holder sends money, PayPal sends a message to the recipient letting them know their money is ready. The recipient signs into their PayPal account to receive the money; if they don't have a PayPal account, they must sign up for one. The amount sent is charged to a customer's Discover card account just like a purchase.

State Farm plans to roll out new and faster enhancements to its person-to-person payment offerings starting in February.

Last month, Minneapolis-based U.S. Bank announced Pay-A-Person, which also allows customers to send money to anyone nationwide by using the recipient's mobile number or email address.

Chase, which has more than \$1 trillion in deposits and 20 million customers, says that since the beginning of 2011, more than 2 million customers have sent more than \$1.4 billion through QuickPay.

For Chase's QuickPay to work, both consumers must have a U.S. bank account, and at least one must have a Chase checking account.

The online enrollment process includes registering a Chase checking account, or a checking or savings account at any other U.S. bank. Chase coordinates the direct transfer between banks. If someone has gotten an alert that they've received money, the consumer must log on to their Chase QuickPay profile and click "accept" to complete the transfer. A recipient must be enrolled in QuickPay to begin accepting payments. If he or she isn't enrolled and is sent money, then he or she receives an

email alerting them that they have money waiting and must sign up for Chase QuickPay to receive it. Neither QuickPay user sees the other's account information.

The one benefit to being a Chase account customer on QuickPay is that only Chase customers can use the service to request money from others.

Chase also is part of a person-to-person payments consortium announced in May. Bank of America, Wells Fargo and Chase are among the banks in a new venture called clearXchange, enabling customers to move [money](#) using a mobile number or email address, instead of providing checking account and routing numbers.

"ClearXchange will expand the network and make the experience even better," Chase spokeswoman Christine Holevas said. "Currently, if you're a non-Chase customer and want to use QuickPay, you need to enroll through Chase." But once clearXchange is running, consumers can enroll via their own bank.

ClearXchange should be up and running in mid-2012, she said.

PERSON-TO-PERSON PAYMENTS:

The Federal Deposit Insurance Corp. recently issued a report on person-to-person payments via smartphones and other mobile devices. Among its findings:

- Banks' person-to-person payment services have the same federal consumer protections that you get when using your credit or debit card if the payment is linked to those. In contrast, mobile payment services from nonbanks might not be subject to the same U.S. or state laws.

-Every P2P provider should have a user agreement describing fees, consumer protections and dispute resolution procedures.

Chase's, for example, is 12 pages long when printed out. It says, for example, that depositors can't use QuickPay "for tax payments, payments pursuant to court orders, fines, payments to loan sharks, gambling debts or payments otherwise prohibited by law." While Chase's service is free, fees may apply if there are insufficient funds in an account. Also, the service agreement says, transfer limits are \$2,000 a day, \$8,000 a week, and \$16,000 a month.

-Many mobile financial applications do a poor job of safeguarding consumers' personal information stored on mobile devices, the FDIC said, citing a study by a private company.

Chase, however, says its QuickPay product is secure using encryption technology. User IDs and passwords are necessary to access account information, and images do not reside on the mobile device, which helps protect personal information in case of theft, Chase points out. Consumers are completely reimbursed for unauthorized transfers to or from their personal Chase checking and savings account initiated through the online and mobile bill payment and transfer service.

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