

## Battle commences for 'mobile money'

February 25 2013, by Emmanuelle Trecolle

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Financial groups are battling to control the lucrative future of 'mobile money', which lets people pay via a smartphone. MasterCard, Visa and online payments service PayPal are struggling for a slice of the industry as the world's biggest mobile fair, Mobile World Congress, opens in Barcelona, Spain.

Global financial groups battled Monday to control the lucrative future of "mobile money", which will enable people to use a smartphone to go shopping instead of cash and credit cards.

MasterCard, Visa and online [payments service](#) PayPal struggled for a slice of the industry as the world's biggest mobile fair, [Mobile World](#)

Congress, opened in Barcelona, Spain.

It is a market with potentially rich rewards.

The [mobile money](#) industry is expected to grow from \$13.8 billion (10.4 billion euros) in 2013 to \$278.9 billion by 2018, according to a study released this month by [global research](#) group MarketsandMarkets, which estimates there will be about 5.3 billion mobile phones worldwide this year.

The banking and [credit card](#) world had previously been nervous of the mobile money industry, said Magnus Rehle, senior partner at Greenwich Consulting.

"Now I would say that Visa and MasterCard are pushing payment via the mobile but they want to include their existing systems," he added.

"It is more like the credit card is moving into your phone." MasterCard announced Monday a new digital payment system that lets people use a wide variety of devices including smartphones.



A customer pays via a smartphone application in a Auchan supermarket near Lille, northern France. The mobile money industry is expected to grow from \$13.8 billion (10.4 billion euros) in 2013 to \$278.9 billion by 2018, according to a study released this month by global research group MarketsandMarkets, which estimates there will be about 5.3 billion mobile phones worldwide this year.

The system, known as MasterPass, stores customers' banking and personal information in a "secure cloud" online where it is available for the moment of payment whether in a store or when browsing the Internet, the group said.

Banks and stores will be able to issue their customers with MasterPass-connected "[digital wallets](#)", which would accept credit and debit card information, including cards other than MasterCard's, the group said.

Shoppers would be able to use MasterPass on the web without having to key in their bank information and delivery address for each purchase.

But they also could make payments with the new system in other ways, including by waving a [smartphone](#) equipped with Near Field Communications, or NFC, technology near a special reader.

MasterPass will be launched in Australia and Canada by the end of March, in the United States in spring and Britain in the summer before expanding to other markets including Belgium, Brazil, China, France, Italy, Netherlands, Singapore, Spain and Sweden, MasterCard said.

MasterCard's archrival, Visa, was entering the fray with an announcement scheduled later in the day,



A sign promoting payment service PayPal at LeWeb Paris 2012 in Saint-Denis, near Paris. PayPal said it will be showcasing a new product that lets cash-based

businesses accept PIN-number based "smart" debit and credit cards.

In a pre-emptive strike five days before the World Mobile Congress, PayPal invaded MasterCard and Visa's territory.

PayPal said it will be showcasing a new product that lets cash-based businesses accept PIN-number based "smart" debit and credit cards.

Merchants will be able to download a Paypal Here application for their Android or iPhone smartphone and then pair the handset with the new device, which they have to buy. The device can accept secure payments and issue receipts. For each transaction, whether by credit card, debit card or PayPal account, PayPal receives a "small fee".

"For mobile money often the most innovative markets have been emerging markets rather than developed markets," said Ian Fogg, senior mobile analyst at research house IHS.

"What is interesting is the shift where you see people like Visa and MasterCard getting interested and involved," he said.

"They have a role that is cross country, cross bank and one of the challenges of the mobile service is getting that economy of scale, getting all the different parts of the ecosystem together and those guys are able to look across the ecosystem in a way that I think an individual bank finds it harder to do."

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