Facebook to test mobile payments service (Update)

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Facebook plans to test a mobile payments service that lets users make purchases inside mobile applications using payment information they have added to their account on the social network.

Facebook Inc. said Thursday that it is working on a "very small test" and the company says there is no set schedule for making the service available to users. The service would use payment information that shoppers store on Facebook to automatically complete checkout forms of certain mobile apps. Then, the app would process the purchase.

Spokeswoman Tera Randall said in an e-mailed statement that Facebook has a "great relationship with PayPal, and this product is simply to test how we can help our app partners provide a more simple commerce

experience."

The test, she added, won't involve moving payment processing "away from an app's current payments provider, such as PayPal."

Nonetheless, shares of PayPal's owner, eBay Inc. declined on news of the potential competition. The stock closed down $1.05, or 1.9 percent, at $53.18.

Facebook's stock closed down 9 cents at $36.56.

Forrester Research analyst Denee Carrington thinks Facebook will face a challenge in offering mobile payments even though the company has been building up its database of users' credit cards.

"Consumers want safe, seamless and convenient mobile payments and there are a growing number of competitors that consumers trust more—such as PayPal, Visa (V.me) and others," Carrington said in an e-mailed statement.

News of the test was reported earlier by AllThingsD.

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