

Verizon Wireless nixes Google Wallet in new phone

6 December 2011, By PETER SVENSSON , AP Technology Writer

(AP) -- Verizon Wireless is blocking Google's new flagship phone from supporting Google's attempt to make the smartphone the credit card of the future.

In blocking the Google Wallet software from running on the new Samsung Galaxy Nexus, Verizon Wireless said Tuesday that it was holding off on providing a wallet application until it can offer "the best security and user experience." Verizon and rivals AT&T Inc. and T-Mobile USA are part of a consortium called ISIS that is planning its own payment system.

Google confirmed that Verizon had asked it not to include the wallet function in the Galaxy Nexus phone, due out soon.

The way Google Wallet is supposed to work, the phone can be used to pay for merchandise in some stores, by tapping it to payment terminals.

Google calls the payment application a "wallet" because it can be loaded with payment "cards" from multiple sources. Right now, there are only two cards available: Citibank MasterCard and a prepaid card issued by Google. But Google is making the wallet available to any financial institution that wants to participate.

Google's plan is to make money by acting as a conduit between merchants and shoppers, using the Wallet as a way to deliver advertising and coupons. It's competing not only with ISIS, but with Visa and MasterCard, which have their own wallet projects, and with eBay Inc.'s PayPal.

The Galaxy Nexus is the latest iteration of the Nexus line, which showcases new features and capabilities for phones running Google's Android software. In this case, the phone is the first to run a new version of Android, dubbed "Ice Cream Sandwich."

The previous Nexus phone, sold by Sprint Nextel

Corp., is the only phone yet to work with the Google Wallet application. Sprint is not part of ISIS.

U.S. phone companies effectively have veto rights on features sported by the phones they sell. Because of the clout Apple Inc. has gained by making the world's most popular smartphone, it has been able to turn that around and dictate terms to carriers. Google doesn't have the same leverage. It tried selling the first Nexus phone on its own, without going through the carriers, but ended that experiment because of weak sales.

Congress and regulators have occasionally raised questions about carriers blocking specific third-party applications. These days, carriers generally don't block applications directly, leaving it to Apple and Google to police their app stores.

Verizon Wireless spokesman Jeffrey Nelson said the company doesn't block applications, but Google Wallet is different because it accesses a security chip in the phone.

Examinations by Wired and other publications reveal that the international version of the Galaxy Nexus has the "Near-Field Communications" chip necessary to run Google Wallet. It's unclear whether the U.S. version will be lacking the chip or whether it will simply be blocked from running the Wallet application. Samsung Electronics had no immediate comment.

Google and Verizon Wireless united in 2009 to push Android phones as the major alternative to the iPhone. Verizon Wireless' "Droid" advertising campaign set the tone, to the extent that many people still call all Android phones "Droids." The Google-Verizon Wireless relationship has cooled this year, as the carrier started selling the iPhone.

Verizon Wireless is a joint venture of Verizon Communications Inc. of New York and Vodafone Group PLC of Britain.

Verizon Wireless' refusal of the Google Wallet was reported earlier on Computerworld's blog.

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APA citation: Verizon Wireless nixes Google Wallet in new phone (2011, December 6) retrieved 18 June 2019 from <https://phys.org/news/2011-12-verizon-wireless-nixes-google-wallet.html>

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