

Mobile payments spur booming POS competition

Bankers often hear that mobile soon will take over the payments space, and that financial institutions will have to get on board or get left behind.

Just witness the IDC report in this issue of Tech Topics (see "Emerging payment technology"), which claims that one-third of American residents already use mobile payments in some form. Demand is clear, and banks need to make sure that nonbanks—which are more focused on this growth opportunity—don't dominate the market, says IDC.

Also, members of a panel moderated by Tech Topics for ClearPath Analysis (see "The future of banking: Part 2"), breathlessly proclaim that mobile payments are the wave of the future:

- "We have a robust payment systems practice and work with many different product offerings and IT solutions, which are being applied and adapted to traditional banking products. We expect this work to continue for many years to come," says Kevin Petrasic, partner at Paul Hastings LLC.

- "I believe that mobile technology will change the industry, at least in the retail banking arena. These technologies have the potential to change the entire consumer-banking business model by eliminating the need for brick and mortar branches and possibly even automated teller machines," maintains Bradley Schaufenbuel, director of information security, Midland States Bank, Effingham, Ill.

Who knows? They're probably right. Witness last week's announcement by American Express that its roadmap for EMV, or PIN-and-chip and NFC, card migration to the United States—a sure harbinger of expanded mobile payments—joins those of the other major card companies like Visa, Mastercard, and Discover.

This puts a crucial element of the mobile-payment chain—the merchant—in a curious position.

A notable deadline in all those plans is little more than a year away, October 2013, when Amex will institute a Fraud Liability Shift policy that will transfer liability for certain types of fraudulent transactions away from the party that has the most secure form of EMV technology. Visa and Mastercard have similar EMV-related fraud policies in place.

In other words, merchants that don't provide security equal to or better than what EMV is to provide, assume the liability for credit card misuse. Suddenly, there's a demand for new and compatible point-of-sale technology—both the hardware and software kind.

What's in store for the typical small-business retailer now? Here's a sampling gleaned from the past month or so from equally breathless POS vendors:

- NCR offers NCS Silver through the Apple App Store, claiming to be a simple and affordable cloud-based POS software platform that can track inventory and transactions, see profit margins, and provide customized marketing capabilities. Combine it with a wireless receipt printer, iPad stand, cash drawer, and encrypted credit card reader—available separately from NCR—and mobile payments can be taken anywhere.

- MokiMobility offers its +MDM device management platform that also can transform iPads into mobile POS devices, once integrated into the OlympusPOS system.

- Ingenico and Chase Paymentech are partnering to provide the new-generation Telium iCT250 POS terminal for sale to U.S. merchants. This device, with a color screen, allows merchants to accept current and future payment types "within a familiar, but powerful countertop form factor";

- IVR Technology Group teamed up with Fundtech to expand the functionality of the IVR Pay-by-Phone virtual terminal. It's said to turn any push-button telephone into a payment-processing terminal, through the use of ACH and credit card processing capability. An added benefit: IVR certifies the terminal does not store, process, or transmit payment card data over the VoIP network.

- Daily Systems LLC partnered with Aurus Inc. to combine the former's iAPS DS247i iPhone sled (a gadget that hooks onto an iPhone and allows swiping of credit cards) with the latter's whizPay iOS mobile-payment framework solution. The sled becomes a "complete, all-in-one mobile POS solution with an integrated thermal printer, mag-stripe reader, 2D-barcode reader, and smartcard reader";

- Agilysys unveiled its new mobile POS solution, InfoGenesis, which is built to accommodate Android technology, and is generally aimed at the hospitality industry.

• U.K.-based mPowa recently threw down the gauntlet with “a new mobile payment service” launching in the United States that will pose a serious challenge to those already operating in the sector. Its service includes a mobile-phone app and reader that connects to a smartphone or mobile device, allowing merchants to take payments on the go.

(Who makes up these names? What language are they speaking?)

Anyway, it seems the market will have to sort out the winners and losers in this area. There will be fits and starts and, undoubtedly, even more players to unveil new solutions. Given the compressed time frame, who knows what will ultimately show up on retail countertops in the next year or so?

Sources used in this article include:

Agilysys Announces Availability of New Mobile Point-of-Sale Solution

Daily Systems and Aurus, Inc. Announce Strategic Partnership at HITEC 2012 to provide the Complete Mobile POS Solution

IVR Technology Group and Fundtech Partner to Add Payment Services

Ingenico and Chase Paymentech Bring EMV, NFC and Point-of-Sale Payment Options to U.S. Customers

MokiMobility, OlympusPOS Bring Cloud-Based Management to iPad Point of Sale

UK Firm Threatens to Shake up US Market with Mobile Payment Service

NCR Silver brings breakthrough technology, competitive edge to small businesses

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