

MUTED REACTION TO GOOGLE WALLET'S 'QUIET' MAKEOVER

Google quietly introduced its new version of the Google Wallet application recently, in which payment cards are stored on Google servers rather than in secure storage areas of Android-powered smartphones.

Now, a wallet identification is stored in that phone area, which is used to facilitate transactions at the point of sale. Google will instantly charge the user's selected credit or debit card (Visa, MasterCard, American Express, or Discover), according to Robin Dua, head of product management.

"This new approach speeds up the integration process for banks, so they can add their cards to the Wallet app in just a few weeks. Banks that want to help their customers save cards to Google Wallet, including their custom-card art, can apply here—there is no cost," she says.

The new version also allows card owners to use the web and remotely disable the mobile-wallet app from the Google Wallet account. The app is available now on Google Play. (The app link is included in the Google blog post, below.)

Interestingly, this news was so understated (it came in a blog post, not a traditional announcement) that reaction has been muted, to say the least. It's been weeks since other observers have commented on the change.

However, Discover not only discovered it, it formally embraced the new Google Wallet. In a partnership with Google, it is allowing its card members to save their credit cards directly into Google Wallet by logging into the online account center.

Discover card members will be able to tap and pay for purchases in-store using the Google Wallet app on compatible NFC smartphones, as well as make purchases online. Card members using Google Wallet to pay for items with Discover will continue to earn Cashback Bonus rewards.

"Our card holders regularly use their Discover card to make purchases and payments online, in-store, and now, more frequently, through their mobile devices," says Sanjay Gosalia, director of mobile at Discover. "By offering the ability to join Google Wallet through our account center, Discover is providing our card members with even greater flexibility and convenience when it comes to paying for their purchases."

The jury is still out, though, to say the least. One industry observer, Celent's Zilvinas Bareisis, wrote in his blog:

"The impact on banks is likely to be mixed. Most banks didn't want to play with Google when it was offering the opportunity to digitalize their payments credentials directly and remain in control of the payments portion of the transaction. Now, while the bank cards will continue to be part of the transaction, they are clearly taking the back seat and will have to deal with Google as a 'merchant of record' for their transactions. True, they won't have to incur the extra costs of provisioning their card credentials on to the secure element, but that would also rule them out from participating in other NFC ventures, such as Isis."

Another development was announced recently that promises to further complicate the already complicated payments evolution. A new entity called Merchant Customer Exchange (MCX) was created by a group of the nation's leading

merchants with a singular purpose: to offer "a customer-focused, versatile, and seamlessly integrated mobile-commerce platform."

Development of the mobile app is under way. Its initial focus will be on a flexible solution, offering merchants a customizable platform with the features and functionality to best meet consumers' needs. The app will be available through virtually any smartphone.

The company is led by 7-Eleven, Best Buy, CVS/pharmacy, Lowe's, Sears, Shell Oil, Sunoco, Target, and Walmart, among others.

"Combined, these participating member merchants already serve nearly every smartphone-enabled American on a weekly basis, giving MCX the unique ability to offer a mobile-commerce solution that truly works for consumers," the announcement says.

However, many details are lacking. MCX says more info will come "in the weeks and months ahead."

That announcement elicited almost immediate speculation. Here's the take from the Electronic Transactions Association's blog:

"Google raised a few eyebrows when it indicated early-on that it planned to make money on its Google Wallet by charging for access to its integrated Google Offers platform, rather than charging merchants a transaction fee. But the concept has apparently caught the eye of some big-brand merchants, who have announced plans for their own mobile wallet project under the name Merchant Customer Exchange."

And Hot Hardware, another techie blog, has this to say:

"It seems like each week a new group of companies are banding together to create a new way to pay for goods, and now, a huge swatch of mega-corps are joining hands to form the Merchant Customer Exchange ... Sounds like a mash-up between mobile payments and Groupon, honestly."

Obviously, nobody has heard the last of this yet.

Sources for this article include:

[Use any credit or debit card with Google Wallet](#)

[Discover Brings Google Wallet to Its Cardmembers](#)

[Google Wallet Relaunches and Takes on PayPal at Its Own Game](#)

[Merchant Customer Exchange \(MCX\) was created by a group of the nation's leading merchants with a singular purpose](#)

[Will Merchant-Backed Mobile Wallet Adopt Google Business Model?](#)

[Best Buy, Walmart And More Team Up To Form Merchant Customer Exchange](#)

About the Author

John Ginovsky is contributing editor of ABA Banking Journal and editor of the publication's TechTopics e-newsletter. For more than two decades he has written about the commercial banking industry. In particular, he's specialized in the technological side of banking and how it relates to the actual business of banking. He previously was senior editor for Community Banker magazine (which merged with ABA Banking Journal) and was a staff writer for ABA's Bankers News. You can email him at jginovsky@sbpub.com