



MOBEY FORUM IDENTIFIES BUSINESS ECOSYSTEMS FOR CONTACTLESS PAYMENTS WITH MOBILE DEVICES

Three inter-sector models identified for the niche, national and global markets

Mobey Forum has completed an extensive evaluation on the future development of the mobile financial services business ecosystem. In the analysis, Mobey Forum identified three main scenarios for successful contactless payments with mobile devices and other mobile financial services requiring Security Element - the platform on which sensitive information is stored. In each scenario, a different industry has the driving role, but all of them require cooperation between the parties. In the most promising international business ecosystem, personalization bureaus host the Security Element. National business ecosystems are expected to be driven by mobile operators that allow contactless applications to be stored on their SIM-cards. Banks and other large service providers may enable contactless payment business ecosystems suitable for niche markets. All the three business ecosystem scenarios identified by the analyses are relevant and justifiable in that they meet different market needs. The preferred business ecosystem scenario depends on the targeted market scope and inter-sector relations, particularly between the financial and telecom sectors.

Contactless services with mobile devices, such as payments and ticketing, will soon become reality as mobile devices with Near Field Communication technology enter the mass-market and they enable standard RFID-based communication. Mobile devices need a Security Element in order to store payment credentials and other sensitive information. In the Mobey Forum evaluation of the three business ecosystem scenarios, Platform Manager - which is the host for the Security Element - was recognized as being in the key position to define the attractiveness of the business ecosystem. Platform Manager controls the life cycle of the Security Element and enables service providers, such as banks and public transport companies, to upload their applications to an end user's mobile device.

The most promising international business ecosystem scenario is where global personalization bureaus take the role of Platform Manager. The likely form factors for the Security Element in the business ecosystem scenario are an embedded chip or Secure Memory Card. This scenario requires a strong drive from personalization bureaus. Service providers, such as banks, may reach international markets with secure standard technologies and consistent business models by making agreements with the very limited number of global personalization bureaus.

The national business model can be based on the business ecosystem scenario, where mobile operators act both as SIM Issuers and Platform Managers. This scenario may take place in markets where the key players have good trust and business relations. However, as the market scope expands from national to international markets, the business ecosystem becomes more complex due to the increased number of stakeholders. In this business ecosystem, mobile operators are the key drivers.

Banks or other service providers with large customer bases act as Platform Managers in the niche business ecosystem scenario, which allows launching mobile proximity services fully independent of any third party. However, too many Platform Managers will lead to a more complex and fragmented market. Such solutions are likely to attract certain niche segments, but they are unlikely to become mass-market solutions.

In addition to contactless services with mobile devices, these three business ecosystems are applicable to other mobile financial services that need the Security Element, such as end-user authentication with mobile device and mobile Internet payments. The mobile device is increasingly seen as an attractive end-user authentication device, and authentication credentials should be stored on the Security Element. Furthermore, the payment credentials to be used in mobile Internet commerce can be stored on the same platform.

Mr. Juha Risikko, Chair man of Mobey Forum, said, "Mobey Forum has put a great deal of effort into this evaluation and has included comments and input from several industries. We hope this study and outcome will facilitate the rapid take-off of contactless mobile payments and other mobile financial services and encourage discussion and cooperation between different stakeholders."

Mobey Forum will present the Mobile Financial Services Business Ecosystem evaluation at its meeting on 25-27 April 2006 in New York. Banks are welcome to join the meeting.

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About Mobey Forum

Mobey Forum is a financial industry-driven forum whose mission is to encourage the use of mobile technology in financial services - such as payment, remote banking and brokerage. Mobey Forum members are the world-leading companies ABN AMRO, Accenture, Bank of Ireland, BBS, BBVA, DnB NOR, HBOS, HSBC, Hewlett-Packard, INTRA, LaCaixa, Meridea, M-Systems, Nordea, Nokia, NCR, OTP Bank, Payzy, Sampo, The Royal Bank of Scotland, TietoEnator and UBS. For more information, please visit www.mobeyforum.org.