



## BANKS: SEIZE THE eWALLET OR be left behind

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By 2012 some analysts estimate that 20 percent of cell phones and PDAs will ship with Near Field Communication capabilities (NFC), a technology that will allow consumers to make payments by waving their cell phone in front of a credit card reader.

According to a study from the Smartcard Alliance, US banks, mobile operators, merchants, handset manufacturers and other stake holders are in a strategic deadlock in which they are waiting for each other to make the first move into this market. This conflict is further exacerbated by the number of parties involved.

Mobile carriers and card networks are already debating how to split transaction revenues, but the bigger question is...what are the financial institutions going to do when the wireless carriers launch these mobile cards and become issuers of the new mobile credit? This is a significant shift in the traditional business models; mobile carriers will then be using cell phones as vehicles for issuing their own credit lines which will directly compete with, and eventually replace, traditional credit cards as methods of payment.

This begs the question: do banks

really need to wait until the NFC technology arrives to see if and how they could profit from offering mobile payments and electronic wallets (eWallets) to their customers? The winners of the mobile payments industry in the Americas will be those who quickly achieve critical mass, building their customer base now, leveraging technologies that make use of the existing phone models to ensure the lowest possible cost of entry for users and merchants.

Fortunately, there is a readily available alternative for regulated financial institutions with a guar-

anteed return on investment that can enable banks to offer mobile payments and eWallets to their customers. Banks can seize this opportunity and lead the change in paradigm by offering their customers a secure and reliable method of mobile payment; mobile network operators will shortly follow, making a reality the coveted collaborative approach.

This pre-NFC alternative is also inexpensive for the users because there is freeware already available that they can download into their existing phones should they choose to take advantage of this

option. This pre-NFC alternative enables merchants to quickly accept mobile payments below the cost of accepting credit or debit cards, does not force the merchant to purchase a new credit card reader (POS), and is available to today's consumer without forcing them to upgrade their phones.

This is an exciting leap in technology and consumer convenience; it will change the culture of cash and traditional credit cards in the Americas. Consumers will be empowered to use their cell phones as eWallets, leveraging the current infrastructure and becoming paperless-plasticless citizens.