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Press Kit

Mobile Contactless payment

Major players on the market – banks and operators – launch a joint experiment

(9 November 2007) Six large banks and four mobile operators launch a joint field trial, known as “Payez Mobile”, to test a mobile contactless payment service with a thousand customer testers and 200 stores in the towns of Caen and Strasbourg.

. A group of France’s large banks (BNP Paribas, Groupe Crédit Mutuel-CIC, Crédit Agricole and LCL, Groupe Caisses d’Epargne , La Banque Postale and Société Générale) joined forces with main mobile network operators (Bouygues Telecom, Orange, SFR) alongside NRJ Mobile to develop a solution for a mobile contactless payment service, in cooperation with MasterCard Worldwide and Visa Europe. This project, overseen by the French “Secure Electronic Transactions” (TES) cluster in Lower Normandy, relies on the combined capabilities of the above-mentioned groups.

Making payments easy

This Mobile contactless payment solution uses existing bank card infrastructure. One or more payment applications (one for each customer’s bank), installed on the SIM card, can be used to make payments, with the following additional facility:

- For amounts less than €20, customers can pay, if they wish, without using a PIN.
- For payments exceeding €20, the transaction requires a PIN.

The customer’s bank account linked with the application is debited by the amount paid, in the same way as it would be with a bank card.

At the store, there are two ways to make a mobile contactless payment. In both cases, the business enters the amount to be paid, which is displayed on the payment terminal. Then:

Method 1:



1. The customer enters the menu on their mobile phone and selects the "Pay" function.



2. The customer enters his PIN on the mobile and validates it.



3. The customer places the phone in front of the terminal. A payment receipt is then printed out.

Method 2:



1. The customer places their phone in front of the terminal. If the amount is less than €20, the payment is made and a ticket is printed out.



2. If the amount exceeds €20, the customer enters his PIN on his mobile and validates it.



3. To complete the payment, the customer places the mobile in front of the terminal once again. A payment receipt is then printed out.

Great value for customers...

Using a mobile phone for contactless payment is practical and offers the following advantages:

- **Speed:** The payment method allows checkout queues to move more quickly (no change to be given, no cheques to write, etc.)
- **Simplicity:** It avoids the need for several payment methods, which means less to carry around in your bag or pocket
- **Security:** The mobile phone is an object that people always keep on them. The increased number of usages, makes it unlikely to be forgotten and quickly noticed when missing

Some even see their mobile phone as an extension of themselves. Many users define it as an indispensable device. The fact that it integrates a variety of data and applications symbolically enhances people's control over their environment. Contactless functions are seen as factors which further accelerate and catalyse mobility, making everyday operations smoother.

... and for stores

This new means of payment is available to all stores, offering:

- **Fast and smoother waiting lines:** Small payments which do not require any PIN, which can be made in less than a second once the total is displayed on the payment terminal,

- *Savings*: Setting up a unique new payment method, complementary to bank cards, aiming to reduce the cost of handling cash,
- *Innovative image*: Bringing in new payment solutions is seen positively by customers who are keen to take on innovations.

Contributing to define an international standard

The mobile contactless payment solution proposed by the main players on the French market contributes to the definition of an international standard within the future SEPA (Single Euro Payments Area). It must therefore be:

- Compatible with contactless payment methods developed by international organisations such as Visa and/or MasterCard,
- In the long run, capable of processing all types of proximity transactions.

Technically speaking, the payment method is based on:

- A bank payment application installed on the SIM card of the mobile phone,
- The NFC (Near Field Communication) Technology.

It plays an active role in creating EMV standards for mobile contactless payments. It could well become an international standard, as French mobile operators and banks are very active across Europe. Early on, Banks involved Visa and MasterCard Worldwide to gain the scope and international certification needed.

Today, the project has taken on an increasingly international dimension through the interest shown by other European banks willing to carry out similar pilots in their own countries.

This pilot project has clear advantages over other international experiments:

- It is the first pilot bringing together all main banks and operators in a country.
- The two main acquiring networks, Visa and MasterCard, are involved.
- It can handle customers with multiple cards and accounts at different banks.
- It provides a technical solution that can be extended to other operators.

Finally, it offers undeniable advantages:

- Multi-application management (payment, transport, loyalty, access, etc.),
- The ability to remotely manage the SIM card in a secure manner
- The code is entered on the mobile
- The transaction amount is displayed on the mobile screen,
- A communicative device that will enable the development of new NFC-based applications.

Testing the concept with a pilot

The pilot will be launched in November 2007 and will last at least six months and will involve 1,000 customers and 200 sales outlets in the cities of Caen and Strasbourg.

These cities were selected for practical reasons: Caen is hosting the TES cluster, the heart of French initiatives for implementing payment standards. Strasbourg was chosen to enable stores and customers, equipped during a pilot initiated by Crédit Mutuel with NRJ Mobile and SFR, to benefit from new functions in a multi-bank, multi-operator context..

One objective is to test user's level of interest in the new payment method and to identify any possible reason for reluctance. Another is to test the interoperability among solutions developed by several industrial partners.

The participants in the project rely on the expertise of many different equipment suppliers. The pilot phase will start out with:

- Three mobile manufacturers: Motorola with the L7, Sagem with the My700X and LG with the L600V
- Two payment terminal manufacturers: Sagem Monetel and Ingenico
- Two providers of SIM cards and secure applications management platforms: Gemalto and Oberthur Card Systems,
- An NFC component supplier: Inside Contactless.

Other companies are expected to join the project throughout 2008.

Preparing for a commercial roll-out

Participants in the project all hope to standardise and market the solution at the end of the project.

During the initial framework phase, they defined the concept, the roles and responsibilities of each of the participants, as well as financial flows. Banks and operators will refine their own economic value chain and conduct bilateral negotiations to finalize the financial and contractual terms underlying the service.

The potential is enormous. Based on yearly mobile sales in France, the number of customers with NFC devices could increase rapidly. The project's participants believe that by 2012, several millions French consumers could use the new payment method.

With this challenging experiment, the participation of the major banks and mobile operators, and the willingness to contribute to the definition of an international standard, the main players in the French market have made a firm engagement to a new payment method. The ambition of the "Payez Mobile" project is not merely to carry out a technical or functional experiment, but rather to enable all users to benefit from a new service that will make their everyday lives easier.

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