



April 10, 2012

VIA ONLINE SUBMISSION

Federal Trade Commission
Office of the Secretary
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: Mobile Payments Workshop –Panelist Proposal

VeriFone Systems, Inc. (“VeriFone”) is pleased to submit the following panelist proposal in response to the Federal Trade Commission’s (“FTC”) January 26, 2012, request for content submissions for the April 26, 2012 workshop that will examine the growing use of mobile payments in the marketplace and the effect of this emerging technology on consumer payment practices. VeriFone, which offers a range of hardware, software, and services targeting the mobile payments industry, is the global leader in secure electronic payment solutions and is ideally positioned to participate in the upcoming workshop. Specifically, a VeriFone representative can provide industry perspectives on the technologies and incentives that will spur further adoption of mobile payment technologies by both consumers and merchants, as well as practical recommendations on balancing consumer convenience with ongoing privacy and data security concerns.

I. VeriFone Is a Leading Voice in the Global Mobile Payments Industry

VeriFone is the industry leader in secure electronic payment technologies with projected revenues of close to \$2 billion in 2012. The company focuses on point of sale (PoS) payment services, and its systems and software process a broad spectrum of payment types, including mobile/contactless, signature and PIN-based debit cards, credit cards, EMV smart cards, value-added applications, and signature capture. VeriFone’s fast-expanding portfolio of mobile payment technology solutions includes the following:

- Devices that connect directly to a mobile phone and allow small merchants to process a consumer’s magnetic-strip card for payment. The card data is encrypted as it is read by the device and is decrypted only after the data reaches VeriFone’s secure data servers;
- PoS terminals that employ Near Field Communications (“NFC”), a technology which enables the processing of secure payment transactions between two NFC-enabled devices (such as a mobile phone and a contactless payment device) positioned within

close range. Millions of VeriFone systems deployed throughout the United States are capable of being upgraded to accept NFC payments;

- Solutions that can accept or interchange with “mobile wallets” offered by entities such as Google, Isis (the joint venture between AT&T Mobility, T-Mobile USA, and Verizon Wireless), merchant loyalty providers, and others that can contact, or link to, credit, debit, and prepaid card data used to make payments, as well as to loyalty and coupon discount systems that provide shoppers with financial rewards;
- Software operating on mobile devices (such as the iPad) that can link to store-based servers that, in turn, link to other software systems used by merchants to run their business. These integrated mobile payment systems allow merchants to deliver real-time incentives and offers that are tailored to a specific consumer based on the consumer’s prior shopping experience with that merchant;
- NFC-enabled devices that can process both magnetic stripe cards and NFC-equipped mobile phones for payment. For example, such devices installed within taxi cabs can be configured to display consumer content and advertising during a trip.

VeriFone is a technology innovator in the mobile payments space and develops customized secure industry solutions targeting the retail, hospitality, financial, government, and healthcare vertical markets. In March 2012, for example, VeriFone announced an agreement with Isis that will deliver Isis NFC mobile payment access to millions of checkout lanes within large to mid-size retail and petroleum/convenience merchant outlets nationwide.¹

Based on VeriFone’s deep experience in the mobile payments space, the company is well-positioned to discuss best practices with respect to technology deployment, industry adoption, and privacy and data security for each of the three distinct and evolving areas encompassed within the “mobile payments” definition. These areas include (1) secure mobile devices that enable a consumer to make a payment at a physical merchant location; (2) mobile devices used by brick-and-mortar merchants to accept payment from either another mobile device or a conventional credit card; and (3) secure mobile phone transactions between an online merchant and a consumer.

¹ Press Release, VeriFone to Enable Isis NFC Mobile Commerce Access for Millions of Retail Checkout Lanes Nationwide, VeriFone Systems, Inc. (Mar. 5, 2012), *available at* <http://www.verifone.com/2012/verifone-to-enable-isis-nfc-mobile-commerce-access-for-millions-of-retail-checkout-lanes.aspx>.

II. Proposed Topics of Discussion by VeriFone

Consumer and merchant adoption of mobile payment technologies continues to accelerate. As of January 2012, 12 percent of mobile phone owners acknowledged making a mobile payment within the past 12 months.² Further, in a recent global survey of large businesses that included retail merchants, telecom providers and financial services companies, 58 percent of the respondents reported that they have developed a mobile payments strategy.³ Yet, despite the continued growth within the mobile payments market, there continue to be barriers to adoption that center on consumer convenience and data security concerns. In accord with the timely and relevant topics identified by the Commission in its announcement on the upcoming workshop, VeriFone is available to address the following key topics:

- **Balancing consumer convenience with privacy protections:** The payments industry relies primarily on a “two factor” authentication model that, for example, requires a consumer to use a physical credit card or mobile phone, and then enter a pin number. New entrants into the market now require users to enter only a phone number and a pin number before the user receives notification *via* text message. VeriFone can discuss emerging payment innovations, such as consumer recognition based on bio-attributes, as well as other practical technologies that will minimize the consumer’s data entry requirements at the point of purchase when using a mobile device.
- **Encouraging mobile payments adoption through new business models:** Payments from a mobile phone represent the future bright spot for the mobile payments industry, and service providers already are embedding existing “contactless cards” technology into NFC-enabled mobile phones to support merchants’ sales and marketing programs. VeriFone believes that, as the consumer privacy issues are addressed, these mobile phone technologies will see widespread adoption among larger merchants as the technology becomes widely-available and is used by merchants to drive increased sales through targeted offers.
- **Improving data security through targeted government involvement:** VeriFone recognizes the broad consumer data collection capabilities enabled by mobile applications and encourages discussion among key stakeholders on legislation that

² Board of Governors of the Federal Reserve System, *Consumers and Mobile Financial Services* (March 2012), available at <http://www.federalreserve.gov/econresdata/mobile-device-report-201203.pdf>.

³ KPMG International, 2011 KPMG Mobile Payments Outlook (2011) at p. 7, available at <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/mobile-payments/pages/2011-mobile-payments-outlook.aspx>.



would require opt-in consent for the collection of consumer data *via* a mobile device and place data security requirements on all parties (including merchants) that handle sensitive financial information transferred in conjunction with mobile payments.

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VeriFone greatly appreciates the FTC Staff's commitment to this issue, and believes that a workshop panel discussion that includes all stakeholders within the mobile payments industry will generate practical guidance that addresses the key issues among consumers and industry participants, which ultimately will lead to broader adoption of convenient, accessible, and secure mobile payment platforms. VeriFone looks forward to continuing to engage with the FTC Staff on this important topic, and VeriFone's counsel will reach out to the Commission in the coming days to discuss the Company's participation in the workshop.

Respectfully Submitted,

/s/ Robert Dykes

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