The Implementation of Contactless Payments in the U.S.
Abstract

Forms of payment have changed dramatically over the years, with the latest transition from cash to e-payments. Electronic commerce has grown from payment cards to include mobile commerce. Mobile commerce not only includes mobile banking but also mobile payments, which take many different forms, the most prominent being near field communication (NFC) payments. They include contactless payments using Near Field technology in a debit or credit card, key chain fob, watch, and mobile phone. Another form of mobile payments is using a cell phone as a credit/debit card reader.

A number of current environmental trends support the growth of contactless payments. These environmental elements include socio-cultural, economic, and technological factors. The top American credit card issuers have already entered the contactless payment industry: MasterCard, Visa, American Express, and Discover. Other companies joining this trend are Google and Isis, a joint venture of AT&T, Verizon, and T-Mobile. The foreign market consists of various companies, such as Hong Kong’s Octopus Holdings Limited and even Sony. There are many strengths, weaknesses, opportunities, and threats of contactless payments. Their major strength is they are instantaneous. The main weakness and threat is the security of contactless payments. Even though security measures are already built within the system, some concerns remain.

The primary target market for this industry should be smartphone users from Generation Y. Also, since security is such a major concern for all users, the industry should create advertisements directly addressing this issue. Despite this security concern, the future is bright for contactless payments. By 2014, the value of mobile payments is expected to grow four times its value in 2010. The social, economical, technological, and global changes are all leading to the full implementation and acceptance of contactless payments in the United States.