Gemalto and Payez Mobile: Bringing the Trusted Services Manager to life

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With its radically new and innovative architecture spanning the worlds of mobile communications and secure transactions, it’s hardly surprising that the Payez Mobile project has attracted worldwide attention. Unlike any other mobile NFC payment initiative conducted so far, this original and ambitious experiment involves multiple players from the banking and telecommunication world. It also spotlights the crucial role of the wise intermediary, the Trusted Services Manager.

Project background

Payez Mobile is the brainchild of the Pegasus consortium, which brings together seven major French banks - BNP Paribas, Crédit Agricole-LCL, Crédit Mutuel-CIC, Caisse d’Epargne, Banque Populaire, La Banque Postale and Société Générale - mobile operators Bouygues Telecom, Orange and SFR, and the MVNO NRJ Mobile. Card schemes MasterCard and Visa have also been heavily involved. The plan, was to launch a contactless mobile payment program with 1,000 consumers and 200 merchants in the cities of Caen and Strasbourg. Participating consumers would be able to pay for purchases at those merchants using the contactless capabilities of a special SIM card in their mobile phones - a practical, intuitive and fast means of conducting transactions with benefits for consumer and merchant alike.

The rules were simple. Payments of more than 20 € required PIN confirmation; for those below 20 €, the PIN would be optional. The amount would be debited from the consumer’s bank account, like any debit card transaction. The program would also define a common, interoperable solution, with the aim of defining a national standard. Target date for the launch was November 2007.

Challenges

The primary challenge for the consortium was to find the right partners. They would need to understand the technologies required to connect the different members of the consortium, speaking different languages, with the goal of global interoperability - and all this within exceptionally demanding timescales. For any financial institution, security of transactions and integrity of data are paramount. So the involvement of a trusted third party who would ensure that any payment applications could be personalized, activated and managed safely on the same user SIM card, without compromise and on any operator’s network, was essential. That third party - the Trusted Services Manager, or TSM - would also be the key to maintaining consumer confidence, on which the success of the whole project depended. In March 2007 five of the seven banks in the consortium chose Gemalto to fill the role of TSM during the pilot stage. Later, after the very positive responses to the first months’ operation were evaluated, Gemalto’s tenure would be extended.

Pivotal role

As TSM, Gemalto plays a pivotal role in this groundbreaking project. As well as handling the complexities of the multi-application SIM card, Single Wire Protocol and the advanced browser-style mobile user interface, it provides the full range of services required to manage mobile NFC applications in complete security, for every participant, using any network and working with three different handsets. These services are based on the established Allynis managed service infrastructure, and operated from dedicated secure data centers. The system architecture leverages Gemalto’s banking and telecom expertise, with security, flexibility and versatility to the forefront.

Initial results

By the end of August 2008, Gemalto had performed Over-the-Air (OTA) personalization for more than 70% of trialists. Thousands of OTA transaction counter update operations confirmed mobile contactless payment usage and customer adoption, and a number of application ‘locks’ had been performed to prove that security management was under control.

Studies conducted by the Pegasus group at the end of the trial phase confirmed users’ interest in the new means of payment, with a customer satisfaction rate of over 90%. Among consumers, the “all-in-one” approach and ease of use were seen as the greatest benefits, while merchants cited ‘shorter waiting times’.

Next steps

Gemalto continues to fill its pioneering role as TSM in the thriving Payez Mobile scheme, strengthening its position as an independent supplier of intermediation services. It is now involved in more than 30 NFC trials worldwide, in North America, Europe and Asia.

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Gemalto as Trusted Services Manager

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