



The Battle to Turn Your Phone Into a Credit Card Is Ramping Up

Description

By Cameron Conway

On Nov. 7, **Rogers** (TSX: RCI.B, NYSE:RCI) announced that in the coming weeks it would be rolling out its new [Suretap](#) wallet, making Rogers the first Canadian wireless carrier to provide such a service.

The program will give Rogers wireless customers the ability to “tap” their phone to make everyday purchases — after some upgrading, of course.

For someone to use [Suretap](#), in addition to the app, you’ll need a **CIBC** ([TSX:CM](#)) credit card (or a virtual Rogers Prepaid **MasterCard**), a new \$12.99 suretap SIM card, and, for now at least, either a [BlackBerry 9900](#) or a [Samsung Galaxy S III](#). Suretap is also limited to purchases under \$50, and can only be used at establishments capable of processing either **Visa** payWave or [MasterCard](#) PayPass.

A shift from plastic

Rogers and other companies are banking on a consumer shift away from traditional plastic and are hoping people will be comfortable using their already all-encompassing smartphones as a means of payment. The major hurdle will come in trying to assure customers of the security of this system, which has a similar risk to tap-and-pay cards/devices.

But if executed properly, this could be a move that is quite beneficial for corporate partnerships like the one between Rogers and CIBC — as long as they “get along” when it comes to fee-sharing and information storage. This also puts Rogers in an unusual position: it’s now competing with other financial institutions that are preparing to release similar apps.

Not alone

Rogers’ announcement came one day after **TD Bank** ([TSX:TD](#)) revealed plans of a [partnership](#) with **Loblaw** ([TSX:L](#)) entitled Ugo. Ugo is their version of an open wallet on your smartphone, but a key difference is that this program includes the PC Plus loyalty program in the wallet, giving customers the option to attach their PC Financial Master Card, a TD Visa, and their PC Points card to their

smartphones instead of carrying them in their wallets.

One clear downside, though: like the Rogers program, some hardware upgrades are required. TD isn't the only bank looking to move into the mobile wallets of Canadians — **RBC** and **BMO** have also begun to talk about expansion.

One sticking point in Rogers' plan could be the willingness for merchants to once again upgrade their financial terminals to accept this new service. That's a cost that may or not be recouped after the financial institutions collect their service fees.

A hard truth

Rogers' success in this program hinges on retailers upgrading to accept the phones and on the customers' willingness to use their phones instead of plastic or cash.

With the TD/Loblaw partnership, the ability to process the mobile wallet will be firmly in place and encouraged through loyalty programs. But don't forget ... Rogers is one of the "Big Three" telecoms, and it control the phones being used for these purchases. I wouldn't bet against it.

CATEGORY

1. Investing

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1. TSX:CM (Canadian Imperial Bank of Commerce)
2. TSX:L (Loblaw Companies Limited)
3. TSX:RCI.B (Rogers Communications Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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