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WEARABLE PAYMENTS

7 setbacks for wearable payments

By [Daniel Wolfe](#) March 16, 2018 11:08 AM





The trouble with

Business Team Investment Entrepreneur Trading Concept

The market for wearable devices is still very experimental. Devices such as Google Glass were met with ridicule, while the options for smartwatches lack a consistent message. Even as companies like Apple and Fitbit forge ahead, few consumers are buying their products solely to make payments from their wrists.

What went wrong? Part of the issue is cost; smartwatches are already expensive, and adding an NFC chip for payments only drives up that cost. Another is the lack of infrastructure; wearable devices need the buy-in of major technology players, and many have different strategies for this market.

There are signs that the wearable payments market is starting to come into focus. However, that doesn't necessarily mean it's destined for success.

This listicle is compiled from reporting by PaymentsSource writers including John Adams, Kate Fitzgerald and David Heun. Click the links in each item to read more.



Lifestyle photo of Ionic Indoor Young Adult Male *Print Ads, Digital Ads, Web, Social, PR, Email, Signage, Packaging, Channel*

Fitbit Pay loses the spotlight

Fitbit Pay was never the biggest selling point of last year's Fitbit Ionic smartwatch, and this year's **Fitbit Versa** watch omits the wearable wallet entirely — unless users are willing to pay \$20 extra for a "special edition."

The difference in cost stems from the inclusion (or lack thereof) of an NFC chip for contactless payments. The standard edition comes in at \$200, making it \$100 cheaper than last year's Ionic; adding the extra NFC hardware would have narrowed the price gap between the two models.

Though the feature disparity makes sense for a watch designed to be more affordable, it is also a stunning lack of follow-through on Fitbit's 2016 acquisition of technology from the fintech company **Coin**. If Fitbit dials back its commitment to wearable payments, then the Coin investment is essentially wasted.

Ultimately, Fitbit may be letting the market decide whether a wearable wallet is worth driving up the cost of a smartwatch. Those who still want a wearable payment option can vote with their wallets — and those who don't care about payments may not even notice the feature is missing.





Kerv gets kicked off Kickstarter

After two years of development and fundraising, Kerv Wearables launched the [Kerv Ring](#) as a contactless payment device using a Mastercard prepaid account and the card brand's EMV chip technology in March of 2017.

The London-based company revealed last August that it was starting production of the [payments ring](#) as a result of a successful [Kickstarter campaign](#) that started nearly a year earlier. But after delays, [Kerv's Kickstarter page](#) was taken down in January of 2017 due to an intellectual property dispute; the Kickstarter page remains offline as of this writing, over a year later.

Though Kerv moved ahead to sell its ring via its own website, the removal of its Kickstarter page arguably cut off a major channel of communication with the product's biggest supporters.

"I am frustrated that [Kickstarter] choose to act without giving us the right to respond. We have started that process now," Kerv founder Philip Campbell told backers in an email shortly after the Kickstarter page went offline. "This doesn't impact the progress of our project."



Attendees listen to a keynote speech during the Google I/O Annual Developers Conference in San Francisco, California, U.S., on Wednesday, May 15, 2013. Google Inc. introduced a subscription music-streaming service, one of several product updates to be unveiled at a developer meeting this week as the search provider seeks to attract more users and advertisers. Photographer: David Paul Morris/Bloomberg *David Paul Morris/Bloomberg*

The death of a platform

Despite the early ridicule Google Glass endured as a face-worn computer, many people still believed Google would bring its wearable device to market after its early-adopter phase ended.

Thus, several companies forged ahead with the development of Glass apps for use in commerce and payments.

[Tesco](#), for example, let shoppers fill a shopping cart online by using the Glass headset. Unfortunately, Tesco's January 2015 trial launched just days before Google pulled the headset off the market.

Prior to Tesco, Mastercard experimented with enabling consumers to use Google Glass with its [Masterpass wallet and QkR mobile app](#), and LevelUp tested [giving Glass headsets to cashiers](#) to scan QR codes on shoppers' phones.

Going back to late 2013, RedBottle Design LLC launched a Google Glass-based bitcoin wallet called [GlassPay](#). A few months later, the Dutch company [Eaze](#) launched its own Google Glass bitcoin wallet for called "Nod to Pay."

The recent success of VR gaming platforms and augmented reality projects like Microsoft's HoloLens could invite a fresh wave of wearable wallet innovations. But the demise of Google Glass was a significant setback for all of these projects.



Joined at the hip with cryptocurrency

The problem that many wearable commerce developers face is that they can't build a new platform without a way to move money on it — and, absent a deal with a major card network, that often means tying their innovation to a cryptocurrency wallet.

Ultimately, this muddies the message that developers are trying to send. Is their product meant to solve the pain points of mainstream payments, or is it just a new way to use bitcoin and other digital currencies?

For [Bitcart](#), a Dublin-based discount gift card platform, it seems to be the latter.

"Virtual currency is not useful unless you can provide a way for people to spend it on something," Graham de Barra, CEO of Bitcart, told PaymentsSource last year.

Bitcart's Festy wallet uses a wristband tied to an account filled with the Dash currency. In that regard, Bitcart has an uphill climb. Not only must it convince consumers and merchants to use a wearable device instead of cash, cards or mobile wallets; it must also convince them to use the Dash currency as part of the process.

Neither are new innovations, but neither is widely used at this point.





Shades of pay

The problem with many wearable devices is that they still have to function as articles of clothing or accessories.

Visa's [WaveShades](#) would seem to be a step up from the fashion nightmare that was Google Glass, but in emulating a normal pair of sunglasses, Visa also limits the device's use.

The shades, which debuted last year in partnership with Inamo and Oberthur Technologies, are meant to be used in situations such as outdoor festivals where the consumer would want to wear sunglasses anyway — but the user must remove the WaveShades to tap them against a card reader to make a payment (assuming the user doesn't want to keep the shades on and headbutt the terminal).

The concept makes sense when dealing with food carts and other outdoor merchants, but would likely hold less appeal to people who need prescription lenses or would want to shop in traditional stores without wearing sunglasses indoors.

Of course, this isn't Visa's only experiment in wearable payments. Visa, a recurring major sponsor of the Olympics, offered contactless wristbands to [NFC-enabled rings](#) for 2016 Olympic athletes in Rio De Janeiro.



Smartwatches the Burg 12, manufactured by Burg, left, the LG G Watch R, manufactured by LG Electronics Inc., center, and the Moto 360, manufactured by Motorola Mobility LLC, are arranged for a photograph during the 2015 Consumer Electronics Show (CES) in Las Vegas, Nevada, U.S., on Tuesday, Jan. 6, 2015. The devices, two of which are based on Google Inc.'s Android Wear operating system, are just a few of the review models being provided by companies at CES this week.

Photographer: Patrick T. Fallon/Bloomberg *Patrick T. Fallon/Bloomberg*

Google fails to get smartwatch makers on board

When Google launched the Android Wear smartwatch platform in 2014, it didn't require watchmakers to include support for NFC or Android Pay. Thus, given that doing so would drive up the cost of an already expensive wearable, most Android Wear partners opted not to include NFC payments.

[The first Android Pay-capable smartwatch](#) didn't arrive until Feb. 2017, coinciding with the Android Wear 2.0 software revision.

This left app makers to deal with payments on a case-by-case basis. Some apps used software-based approaches to wearable payments, such as the QR code-based [LevelUp](#). The [Eat24](#) app was designed to suggest the user order a pizza based on the timing of past orders.

Perhaps this is due to change. Google has just announced plans to rebrand Android Wear as [Wear OS](#), and presumably will have a new range of smartwatches to sport the new software. Whether or not this revision requires NFC, it's a much-needed chance to get Google's smartwatch partners on the same page.



Businesswoman working on laptop computer and check the time on smart watch *leungchopan - Fotolia*

In search of a business model

Like many technologies, wearable wallets won't succeed unless they present a compelling use case.

If tapping a watch or ring against a payment reader is no more convenient than tapping a phone or a plastic card, most consumers won't be willing to pay for the capability.

Biowatch takes a different approach. As companies attempt to retire passwords in favor of more advanced methods, security providers will be pressured to find ways to make biometric options more **reliable** and **attractive** to users. In the past, biometric authentication methods have had a tough time taking hold in the retail world, with one of the most prominent flare-outs being the **Pay By Touch** system.

Biowatch's play is to authenticate a single time for multiple services. It uses a wrist vein reader to scan a person's veins and runs that image against a pre-registered template. Feedback tells the user the authentication is successful, then tells the user to close the clasp on the wearable. When the clasp is closed, the company's technology monitors the clasp to ensure it remains closed.

It's hard to say whether consumers will prefer this to the two-factor authentication offered through their mobile phones. But it's still a step ahead of devices that focus purely on payments and nothing else.



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