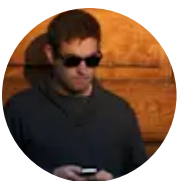


A week with Google Wallet (video)



Z. Honig | 09.19.11

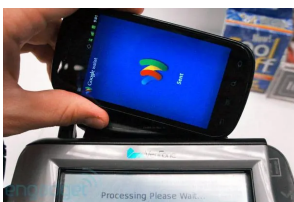


Z. Honig
September 19, 2011 4:25 PM





In this article: 4g, american express, AmericanExpress, android, android market, android marketplace, AndroidMarket.



Contactless payments have been something of a curiosity in the credit card industry. MasterCard's PayPass has been around for the better part of a

Sponsored Links



This Is The Present Everybody Talks About
GadgetsLaboratory



Seniors With Under \$2348 In SS

	Sections ▾		Login	
ContactlessPayments, credit card, credit cards, CreditCard, CreditCards, gift card, gift cards, GiftCard, GiftCards, google, google nexus, google nexus s, google offers, google wallet, GoogleNexus, GoogleNexusS, GoogleOffers, GoogleWallet, impressions, isis, maces, mastercard, mastercard paypass, MastercardPaypass, mobile app, mobile payment, mobile payments, MobileApp, MobilePayment, MobilePayments, motorola, near field communication, NearFieldCommunication, nexus, nexus prime, nexus s, nexus s 4g, NexusPrime, NexusS, NexusS4g, nfc, nfc chip, NfcChip, offers, payment, payments, paypass, preview, purchase, purchases, samsung, samsung nexus s 4g, SamsungNexusS4g, secure element, SecureElement, transaction, transactions, video, visa, wallet	hesitant to adopt the technology required to make the system work, and inconsistent implementation adds to the confusion -- particularly for customers. Google's new mobile phone- based Wallet service has the potential to transform the technology from its current status as a transaction turkey, to a future as a checkout champion. But will it work? We spent a week with a Wallet- enabled Nexus S 4G , using the device to pay whenever we encountered a		Just Gismos	

	Sections ▾	Login	
--	------------	-------	---

wasn't often enough, limiting us to just a handful of transactions in the first week. Still, with Google just beginning to roll out the service and only a limited selection of launch partners ready to go, it's impossible to deliver a complete verdict just yet. Jump past the break for an inside look at [Google Wallet](#), including a video of the service in action, and a brief look at what the world of contactless payments may look like in the future.%Gallery-130759%

Sections ▾

Login



Google Wallet is much, much more than just an Android app. From the [NFC](#) chip in the phone to the point of sale systems that process transactions, the service is made up of an incredibly sophisticated network of devices. As a customer, this means that you'll need to be using a Nexus S 4G phone on Sprint to activate the app (AT&T, T-Mobile and Verizon are working on their own version of the service, called [Isis](#)). If you happen to fall within the rather limited pool of users with that

	Sections ▾	Login	
PayPass enabled MasterCard issued by Citi -- there are currently just three. You can apply for the Citi Platinum Select, Thank You Preferred, or AAdvantage card if you don't already have one, or you can elect to fund Google's Prepaid Card, using any major credit or debit card. We applied for the Platinum Select card and were approved within two days, but didn't receive the card in the mail until a week after we applied. Citi's PR team was able to help us activate the card for use with Wallet before 			

Sections ▾

Login



temporary \$100
spending limit (an
activation code will
arrive in your postal
or electronic inbox
within a few days,
giving you access
to your full line of
credit).



If you happen to be
one of the lucky
few to stock those
first few
ingredients in the
pantry, then you'll
need to be rather
selective about
where you shop.
Testing the service
in New York City,
we were able to
find PayPass
terminals at
pharmacies and

Sections ▾

Login



all of the city's
taxis -- though
most of the
checkout systems
we used during the
week didn't
support Wallet.
Google seemed to
be confident that
many more
compatible
terminals will begin
to roll out soon, so
just because you
can't tap your
phone to pay now
doesn't mean you
won't be able to in
the very near
future. Google also
confirmed that it
has made and will
continue to make
investments in the
infrastructure,
along with
MasterCard and
other partners.

The most difficult

Sections ▾

Login



obtaining a Nexus S 4G -- the one and only phone that you can currently use with Google Wallet, but the company's [recent acquisition](#) of Motorola Mobility means that we're likely to see much broader compatibility in the future. Future NFC-enabled devices, such as the [Nexus Prime](#) that Google is expected to launch next month, will also need to include a Secure Element -- a hardware encryption module that limits access to your stored credit card information to Google Wallet, and Google Wallet

Sections ▾

Login



potentially help Google roll out the service to additional handsets, but they'll need to include not only NFC functionality, but also that Google-approved Secure Element. Long story short: you'll probably need to buy a new phone if you want to use this service -- now, and in the future.

Installation

If you meet those rather specific hardware and credit card requirements, you'll only need to

	Sections ▾	Login	
Google wallet is included in this OTA update as a native app. The first step after launch and linking your Google account is to select a four-digit PIN. The PIN is used exclusively for Wallet transactions, and will need to be entered after a user-selected timeout ranging from one minute to two hours. If your phone is stolen and a PIN is entered incorrectly five times, Google Wallet will be disabled. After selecting your PIN, you're ready to add one of the approved Citi MasterCard, or access the built-in Google Prepaid			

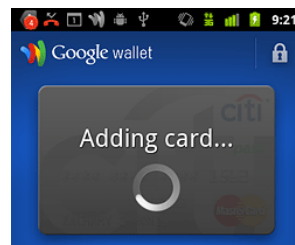
Sections ▾

Login



preloaded with \$10
(free money!).

Funding your account



MasterCard-xxx-

This process will run in the background and complete shortly.
A notification will be shown when the process is complete.

MasterCard

customers can link their Citi account with Wallet by adding their card number, expiration date, name, zip code, and birth year (for account verification).

There's also a link to sign up for a card at the top of the registration

Sections ▾

Login



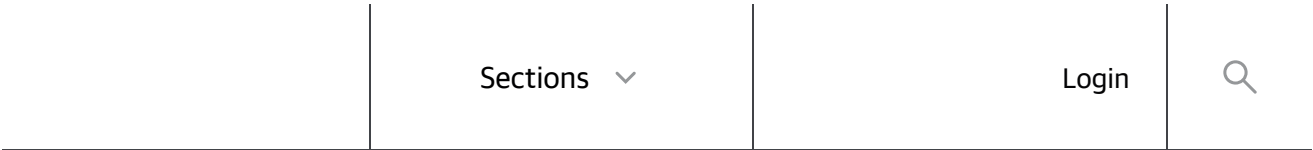
standard web application form -- there's no option to add instant credit *yet* (more on that later) -- so if you apply on your device you'll still need to wait for a card to arrive in the mail before you can use it with Wallet.

The card we ordered -- Citi's Platinum Select MasterCard -- arrived without built-in PayPass compatibility, but worked just fine with the app.

If you don't happen to have a PayPass-enabled account, then Google's Prepaid Card is your friend. After you use up the

	Sections ▾	Login	
--	------------	-------	---

pair of Snickers bars on Google's dime), you can fund your account using any major credit card. Google has confirmed that you'll earn rewards for the transaction, so if your bank typically offers miles or points for purchases, you should be able to earn the same rewards when you fund the prepaid card -- with the notable exception of tiered reward levels, since your source card won't be able to distinguish between a hotel stay and a tank of gas. Our transaction was processed in the



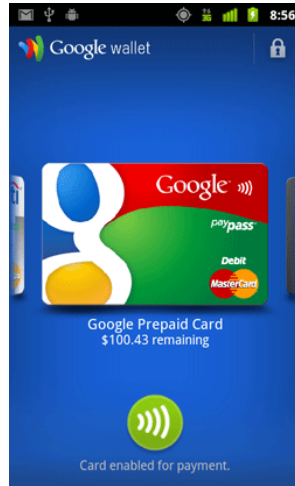
as you can see in the image below. This option also allows you to track purchases and remaining funds in realtime, while a credit card will not display this information. Funding an account takes only a few seconds -- the \$100 we added appeared almost immediately. Since you'll still be able to earn credit card rewards, there isn't a significant downside to using this option.



Making

Sections ▾

Login



If you've ever used MasterCard PayPass, American Express ExpressPay, or Visa payWave, then you're already familiar with the concept of contactless payments. Essentially, the technology enables you to simply hold your credit card over a compatible reader, rather than swiping. Most transactions less than \$50 don't

Sections ▾

Login



checkout without
swiping their card
or even signing a
receipt.

Google Wallet
works in much the
same way, using a
built-in Near Field
Communication
(NFC) chip to
communicate
wirelessly with a
payment terminal.
To make a
payment, you'll
first need to
activate a card
(only one card can
be active at one
time). One card is
always active by
default, but you
can easily switch
between payment
options with a
single flick and tap.
When your phone's
display is off, so is
the NFC chip -- so

	Sections ▾	Login	
--	------------	-------	---

simply power on the phone (you don't need to go beyond the lock screen, assuming you've recently used Wallet) and hold it over the PayPass sensor. The Nexus S will form a secure connection with the terminal, passing along essential credit card details to the reader. If all goes well, you'll receive a confirmation on both your device's screen and the checkout system, and a receipt will print. We did experience failed payments on several occasions, likely due to PayPass terminal issues, but funds were never

Sections ▾

Login



complete. If you haven't used Wallet within your pre-set timeout delay, you may also need to launch the app and enter your PIN before you'll be able to complete the transaction.

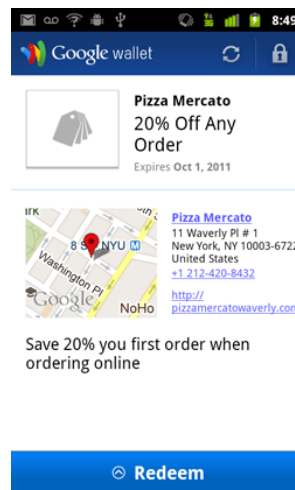
Though you'll need to be connected to the network to add or fund a card, you can still make payments while offline. We made purchases using the prepaid card while in Airplane mode, for example. Since the device is only responsible for storing your card information (transactions are processed in the cloud), you don't need to be online

Sections ▾

Login



Google Offers



Though it may seem that way to the untrained eye, Google is not in the business of providing free services without the potential to monetize. Sure, the company won't be collecting directly from each Wallet transaction, but Google Offers will be keeping the

	Sections ▾	Login	
--	------------	-------	---

similar to Groupon and other coupon deal sites, Offers has its very own "My Offers" icon on the Wallet home screen, letting you access saved offers (freebies include 10-20 percent discounts at local restaurants), and shop for new deals with the Google Shopper link. Once a deal is selected or purchased, it will appear within Wallet. Then, when you go to checkout, the prepaid amount will be pushed to the point of sale system along with your payment information, so a waiter or clerk won't need to enter your offer code.

Sections ▾

Login



Offers has the added benefit of hardware and payment method integration, making it attractive to both merchants and consumers. At launch, the current list of Offers was rather limited in New York City, and some pages were even missing images and other info. This makes Offers seem like almost an afterthought at launch, but Google clearly sees the potential here -- there will be much more to come. We're not sure what that will mean for the Groupons and LivingSocials of the world but

Sections ▾

Login



at the very least.

A contactless world

In the United States, contactless payments are limited to the credit card-sponsored systems we mentioned before, along with proprietary systems at corporate cafeterias and public transit systems, including SmarTrip in Washington D.C. -- but that's certainly not the case overseas. Hong Kong's Octopus Card and Tokyo's Suica have been in

	Sections ▾	Login	
--	------------	-------	---

now accepted throughout both cities, letting you pay for groceries or even some restaurant tabs using the same card that you use to access the subway system. In Hong Kong, Octopus Card is used not only for payments, but even for access to residential and corporate buildings. There are also key chains, wristbands, mobile phone covers, and even a phone-embedded Mobile Suica chip, which lets you reload a card using a Java mobile phone app. Still, none of these systems are as sophisticated as Google Wallet.

Sections ▾

Login



On the surface, it's unfortunate that Google is limiting Wallet access to users who happen to own one particular mobile handset. But this restriction allows the company to roll out its service to a broader group of experienced users, who can (and will) provide feedback, before opening the floodgates to the general public. Since this is a paid product, both Google and MasterCard will be providing telephone customer support, which means a

	Sections ▾	Login	
--	------------	-------	---

both companies.
Initially allowing
access to several
thousand users
instead of several
million will
definitely help to
keep things
manageable.

Future integration

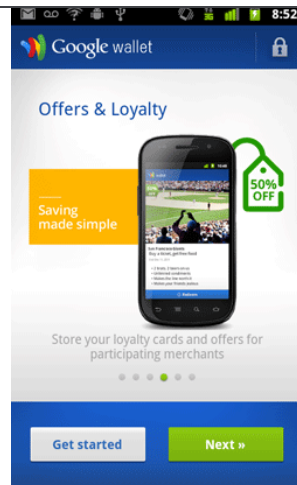
We're far more
excited about
Google Wallet's
future than we are
about this initial
release. For now,
you'll be able to
use the service to
pay exclusively at

	Sections ▾	Login	
--	------------	-------	---

preventing Google from opening it up to other banks and card providers -- and the company has confirmed that it's in talks with a few. If this initial rollout is successful, however, we're likely to see significant growth over the next few years, beginning with additional PayPass terminal availability -- with the roll out funded by both Google and MasterCard -- along with support for many more credit cards and additional mobile devices, perhaps (and hopefully) also including handsets from AT&T, Verizon, and

Sections ▾

Login



Eventually, you'll not only be able to pay using Wallet, but you may also see a detailed list of purchases, including GPS location, merchant information, and transaction data. Your phone will also become your rewards program membership card -- when you go to make a purchase at CVS, the transaction will sync not only with your credit card,

	Sections ▾	Login	
--	------------	-------	---

and redeem points. This feature is already enabled for American Eagle's Rewards program, but will eventually roll out to far more merchants and organizations (imagine going to the gym with nothing but your mobile phone, and a towel).

Adding credit cards could become much simpler as well. Rather than applying for a new card and waiting weeks for it to arrive in the mail, you may be able to fill out and submit your application from within the Google Wallet app. If you're approved, ...

Sections ▾

Login



automatically.
Instant credit can
be dangerous for
irresponsible
consumers, so
banks will likely
limit this
functionality to
pre-approved
customers -- but
you get the idea.

As we mentioned
before, the concept
of contactless
payments is
nothing new for
public transit
systems -- even
some close to
home. But with
Google Wallet
support at
faregates in major
cities like New York
and San Francisco,
cities could
gradually reduce
the need for card

	Sections ▾	Login	
--	------------	-------	---

infrastructures, along with associated costs. Sure, adding support to the entire New York City subway system, for example, will cost many millions of dollars, and with a limited budget, the organization is much more likely to replace aging trains than to invest in a new payment system. One way or another, we're headed for a contactless future -- it might just take several (read: many) years, and billions of dollars to get there.

Possible

Sections ▾

Login



With much of the required infrastructure already in place, albeit in limited doses, there are an enormous variety of possibilities for Google Wallet, and contactless systems in general. The company already has plans in place to take Wallet far beyond simple PayPass transactions, with two-way checkout communication enabling gift card, Offers, and loyalty program information to be sent to the merchant.

Take Offers, for example. Say there's a Google

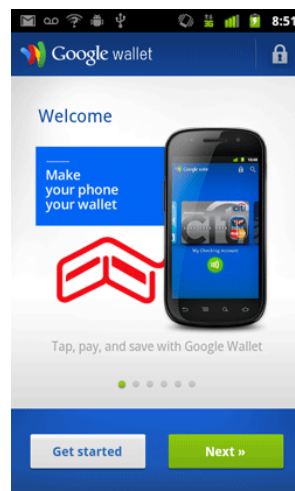
	Sections ▾	Login	
John's, but you decided to go to John's Neighborhood Pizzeria, which doesn't have a relationship with Google. After you pay for your pizza, your phone could push a notification alerting you to the Papa John's deal, prompting you to skip the local joint the next time around. While this sounds like a great deal for the consumer, it would likely prompt privacy and antitrust concerns, ultimately creating a monopoly for Google. With widespread Wallet use, pushed coupons could put merchants in an			

Sections ▾

Login



motivating them to partner with Google if only to avoid losing business because of a competitor's relationship.



Frequent travelers know this situation all too well: say you're traveling in a foreign country and your wallet is stolen. Even if you're able to call your bank immediately, it could take one to several days to

	Sections ▾	Login	
--	------------	-------	---

location, of course. With further integration, and once Wallet is rolled out overseas, you may be able to have a stolen card replaced immediately, and pushed directly to your device. If your phone is lost, you can replace the phone, or add your account to a friend's device for use in an emergency. This concept could also be applied to new activations -- apply for a card, receive instant approval, and have it sent directly to Wallet with instant access to your line of credit.

^

	Sections ▾	Login	
up a gift card during the holidays? Sending a gift card could simply mean flipping through Google Offers, selecting a restaurant or retailer, and pushing your gift directly to a contact's Wallet. When it comes time for your friend to pay, they'll simply tap their phone, and the gift card balance will be applied automatically. There are countless other future applications for Wallet -- replacing the ignition key in your car, tapping you into the gym, passing through			

Sections ▾

Login



may be a simple payment system right now, but it won't be for long.

As adoption grows and corporate users begin using Wallet, Google could even begin positioning an expense system replacement -- perhaps called Google Expense -- that would provide a seamless way for companies to track employee spending, without the need to scan a receipt. Companies could reimburse employees on the spot, and smaller expenses wouldn't be overlooked -- hey, those pens and paper clips *do* add up.

	Sections ▾	Login	
--	------------	-------	---

tried to split the bill among friends? Not only could Wallet simplify multiple-account payments directly with the merchant, but it could also make it easier to send money to friends if you need to divide things up later. Say your portion of the bill came to \$33.41, but one friend picked up the entire \$200.00 tab. Simply type \$33.41 and tap your friend's device to have the amount you owe transferred directly to them. Using this concept, merchants could even begin accepting payments using

Sections ▾

Login



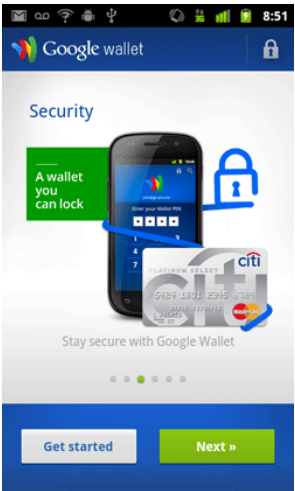
the point of sale
system.

Issues and concerns

The first issue that comes to mind when using Wallet is likely to affect all users at some point, and it's a doozy. What do you do when your cell phone battery dies? Obviously "use another form of payment" isn't the solution you want to hear, but when the lights go out, you really won't have much of a choice. By the time Wallet completely replaces *your* wallet, if it ever

	Sections ▾	Login	🔍
--	------------	-------	---

have adopted far more efficient battery technologies, making a dead device less of an issue. But, it's never ideal to be completely dependent on one form of payment -- and even though your Wallet will likely store a catalog of "cards," you'll probably still need to travel with a few bills in your pocket.



	Sections ▾	Login	
--	------------	-------	---

won't be able to access individual transactions, or compromise your card information, since critical details never leave the device, but many users will likely have privacy concerns at one time or another, considering the potential level of Wallet integration. Your data could be used anonymously, however -- to push deals based on your location, for example. You could also receive future deals based on previous purchases, offers for new credit cards based on your travel and usage habits, and gift card purchase

	Sections ▾	Login	
--	------------	-------	---

you've added the date to their contact page. But if complete privacy is critical to you, cold hard cash is probably the way to go.

A third concern, and perhaps the most important, relates to third-party products and services. Google's taking the privacy angle here, but one side effect of that ever-so-necessary Secure Element is that Google has the final say when it comes to who can access it. The company reinforced several times that Wallet is an "open" system, but it's really only open to

	Sections ▾	Login	
--	------------	-------	---

and competing services will have a very hard time getting their products out the door, if they even dare to try. Because of the tight hardware integration, launching a competing service will require partnerships with handset manufacturers, banks, credit card companies, and merchants. The barriers to entry are countless, and that has us very concerned.

Wrap-up

We've clearly only

Sections ▾

Login



Wallet, and what has the potential to become a very controversial, if also incredibly convenient service. If it's adopted successfully, Wallet will ultimately simplify the transaction process, for everyone involved, and could eventually replace your credit cards, loyalty cards, gift cards, membership cards, building access cards, corporate ID -- even your car keys. But most of that is yet to be seen.

The easiest way to evaluate Wallet is to break it down by who the service benefits.

	Sections ▾	Login	
--	------------	-------	---

users will have a simple tool for storing, adding to, and accessing their catalogue of cards. Google Offers could ultimately have financial benefits for customers, who will also be better positioned to take advantage of loyalty programs. Privacy concerns will reign supreme for some, but others will gladly make the sacrifice in exchange for convenience and savings.

2. Merchants:
Retailers will receive incentives to participate, and many will do so unknowingly, through the use of

	Sections ▾	Login	
--	------------	-------	---

Offers become a reality, merchants may face a do or die scenario, essentially forcing them to partner with Google to avoid losing business to competitors.

3. Banks: Fewer mailing costs, customer service calls, and easier access to credit are the chief benefits for financial institutions. Initial rollout costs will be high, but if the system succeeds, banks will see a return on their investment.

4. Manufacturers: Wallet is currently only compatible with Samsung's

Sections ▾

Login



change. If the service becomes a boon with users, it would likely influence their decision to purchase a Wallet-enabled device. NFC is here to stay -- this is only the beginning.

5. Google:

Unsurprisingly, Google will benefit most of all.

Merchant fees associated with Offers could potentially bring enormous returns, though likely not until Wallet is available with a wider variety of credit cards and on a greater selection of devices. Overall, Wallet is a big win for Google.

	Sections ▾	Login	
--	------------	-------	---

watching Google Wallet very closely as it continues to roll out and grow. The service seems innocent enough for now, and we can only hope that Google intends to keep it that way. For the time being, those leather wallets will stay in our pockets, however, filled with cash and plastic. But only time will tell what the future will bring.

All products recommended by Engadget are selected by our editorial team, independent of our parent company.

Sections ▾

Login



through one of these links, we may earn an affiliate commission. All prices are correct at the time of publishing.

About	Sections	Contribute	International
Engadget Masthead	Reviews	Comment Guidelines	繁體中文
About our Ads	Gear	Support	
Advertise	Gaming		
FAQ	Entertainment		
RSS Feed	Tomorrow		
	The Buyers Guide		
	Video		
	Search		

Sections ▾

Login



Subscribe to our two newsletters:

Engadget

Deals - A weekly roundup of our favorite tech deals

The Morning After - A daily dose of the news you need

Subscribe

Follow Us



© 2022 Yahoo. All rights reserved.

- About Us

Reprints and Permissions

Suggestions

Privacy Policy (Updated)

Terms of Service (Updated)
- Trademarks

Advertise

About Our Ads