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Pay by phone: More merchants embrace direct mobile billing

By Roger Yu, USA TODAY

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Charge it to my phone.

It's the shopper's new mantra as wireless carriers increasingly let you tack on charges — racked up at other online stores — to your phone bill.

BilltoMobile, Boku and Zong (owned by PayPal) are luring online businesses to try their mobile payment software as an option for customers who don't have a credit card or can't be bothered with punching their credit card digits on a Web page or an app.

Getty Images, Sean Gallup

Boku and Zong are working to set up a payment system that works directly with your wireless carrier.

Hundreds of businesses, including Facebook, Zynga and dating website Lavalife, are among merchants that now accept direct-phone-billing payment. And that's despite the high commission rates — 10% to 20% of the

transaction — that the billing companies charge merchants. (Much of that goes to wireless carriers.)

Direct-phone-billing is much more prevalent in Asia, Europe and the [Middle East](#), where wireless carriers have more sophisticated billing systems.

The companies' payment systems are similar. You get an option to pay with your phone at the buy-now page, where you type in your phone number. Users of BilltoMobile and Zong must punch in a secret code that's texted to the phone immediately. Charges show up on the phone bill.

"There no need to type any credit card numbers," says Jim Greenwell, CEO of BilltoMobile, a Korean company whose system is accepted by about 300 merchants in the [U.S.](#)

You can't buy a couch on Target.com, however. U.S. wireless carriers only allow online purchases of songs, videos and data products such as Facebook credits and imaginary plants for *FarmVille*, an online game. The purchases are limited to about \$100 a month because the carriers don't want customers facing bill shock, says David Yoo of Boku.

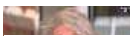
To grow domestically, the companies will have to convince skittish consumers who've been victimized by fraudulent and unitemized billing in the past from fly-by-nighters that sold ringtones and wallpapers, says Chetan Sharma, a mobile analyst. "The industry has learned from the experience, and there's more vetting of the merchants," he says.

Zong audits merchants by verifying executives and addresses, as well as visiting the site, says Hill Ferguson, PayPal's head of mobile.

Security concern from users who lose their phones is also a lingering issue. If a phone is reported lost to the carrier, the payment function is cut off immediately, Greenwell says. "We see very little fraud."

Merchants, carriers and the companies will also have to convince customers that charges will be itemized clearly and that refunds will be handled properly and quickly, says Steve Mott, an industry analyst at BetterBuyDesign. "They have to accept some sort of liability. Whether that's as good as credit cards remains to be seen," he says.

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