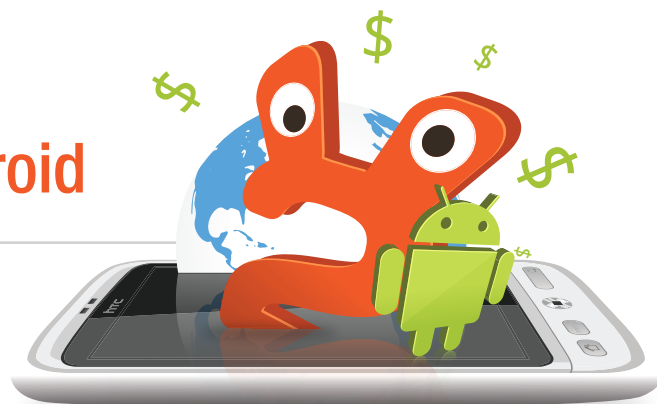# 4 Benefits of Using In-App Mobile Payments for Android

In-app billing provides users a fast secure way to pay for downloads as well as offering developers and merchants a new way to generate revenue.

In-app mobile payments engage PSMS and direct carrier billing to process the sale of virtual goods.

mobilepaymentstoday.com

In-app mobile billing is gaining traction across the industry as developers search for the sweet spot of revenue generation and customers crave fast secure payment methods. In-app mobile billing engages premium SMS (PSMS) and direct carrier billing in the form of in-app billing to offer a quick, easy method to sell virtual goods and services, process billing and other transactions, and smooth SMS integration. This trend could be critical in helping accelerate the growth of mobile payments (a market that's estimated to be worth $633.4 billion by 2014, according to digital media and research firm Generator Research Ltd.)

PSMS is a seamless micro-payment solution that provides customers instant access to direct bill payments with a cell phone. PSMS may be used to provide premium rate services to subscribers of a telephone network.

"In a global community always on the move, mobile devices and applications have become increasingly popular, especially in the past five years," said Mark Reiken, CEO of Text2Pay, an in-app billing company.

"With the advent of smartphones and the successful market penetration that followed, in-app mobile payments have become a natural extension of this success and a progression to a more mobile lifestyle."

In 2010, AT&T rolled out a trial of direct carrier billing with Zong, BilltoMobile and Boku. The trial represented a huge movement toward direct mobile billing in the U.S., thus allowing consumers to buy products and have the charges added directly to their wireless bills. Verizon Wireless introduced a partnership with BilltoMobile last year, but AT&T may help accelerate the adoption of direct billing by extending the service through some of the biggest names in mobile payments. Tap2Pay, offered by Text2Pay, has partnered with three top Canadian carriers to offer 95 percent carrier coverage in more than 70 countries.

Tap2Pay™
In-App Payments Solution!

Tap2Pay allows users to pay for digital currency and virtual goods through in-app mobile payments.
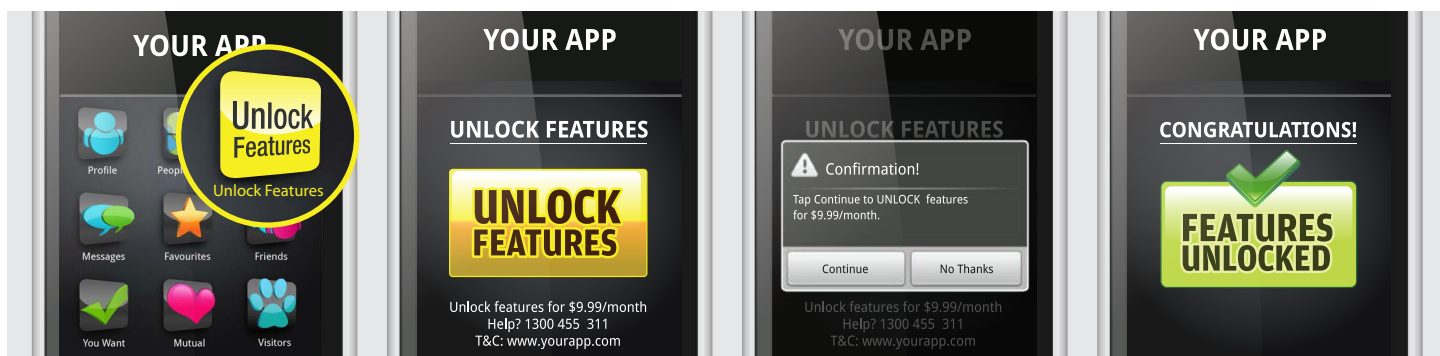
In terms of current environment, some of the iPhone's latest offerings include games that are free to download and generate revenue as players buy virtual goods in the game. Google's App Marketplace is another player in the in-app billing arena offering a range of apps to Android users.

"We believe this [type of in-app billing] will pave the way to easier, faster and dynamic payment solutions for mobile users world wide," Mark Reiken said.

In this white paper, sponsored by Text2Pay, learn the benefits of direct carrier billing via in-app mobile payments for users, developers and merchants.

Benefits for users

For users, in-app billing is a fast and easy way to pay for digital currency and goods online with a mobile phone, and without exiting the application itself. Tap2Pay, offered by Text2Pay, offers single tap purchasing through carrier billing, built-in support for one-off and subscription items along with virtual currency and virtual goods transactions. Users engage a PIN/ZIP code authentication for each transaction. They simply type in their mobile numbers then wait for a secure PIN text message. This PIN is redeemed for the virtual goods or services.

"For users, in-app payments are great. No one wants the experience of a game to be interrupted. The faster it is to get past the payment step the better," said James Wester, editor of MobilePaymentsToday.com.

The in-app process is faster and often safer, due to bank-grade security features, than using a credit card or debit card, where a user must take time to type in 16 digits plus the security code. Additionally, there are no lengthy registration forms to fill out. The charge is then added to the user's mobile phone bill.

Security is a primary focus for in-app billing services and a company would not get far with customers or developers if they offered flimsy security. Bank-grade billing via a mobile device prevents fraud since a cell-phone user is likely the only one using the mobile phone. The application on the phone is protected by a password set by the user during installation. Messages are encrypted and signed at point of origin (mobile handset) and decrypted only at point of termination (recipient's mobile handset or bank server) so the data remains protected. Mobile users are typically close to their devices and have more control over the situations when they are used, as opposed to a credit card, which could more easily be stolen.

Benefits for Developers and Merchants.

In-app billing offers a new variety of billing models, including a try-before-you-buy feature for testing out an app, the sale of virtual goods in games, and selling enhance-ments and upgrades. With some companies that offer in-app transactions, merchants enjoy billing featuring their brand, as well as customizable price points, features that are not necessarily available with PSMS billing. Additionally, in-app billing increases loyalty and pushes other app vendors to innovate and emulate this kind of functionality.

For app developers, in-app payment capabilities are a source of increased revenue. Typical premium SMS billing can have the developer sending around 50 percent of revenue to the carrier while in-app billing carriers take about 10 to 15 percent.

Developers who incorporate in-app payment features into their applications give the end user an element of convenience, which in turn encourages loyalty and positive word-of-mouth. Through a simple import, developers will find easy integration of in-app billing into their work.

"Developers don't want users to revisit their purchase decision," said Wester. "Making it convenient for users to pay without leaving the game or site means they're going to convert more users."

In-app purchasing not only gives developers more options for revenue generation, it also make it possible to combine free and paid services in one application, as opposed to providing separate free and paid apps. In the end it means more revenue for the developer.

White Label

More Revenue

More Revenue Options

Seamless Integration

Increases Loyalty

Try Before Buy

Making it convenient for users to pay without leaving the game or site means they're going to convert more users.

James Wester, editor, Mobile Payments Today

About the sponsor: Text2Pay is a leader in online payments using the mobile phone. Text2Pay makes it easier for consumers to pay for virtual goods and services by using their mobile phone. With strong security and high conversion rates being the most important factors, Text2Pay's goal is to make the customer's payments experience more enjoyable and easy.