
Mobile Payment Systems

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Mobile Payment

Mobile payment (M-Payment) is defined as any payment instrument where a mobile device is used to initiate, authorize and conform an exchange of financial value in return for goods and services.

Devices used for,

- Mobile phones.
- Personal Digital Assistants (PDA).

Mobile Payment Schemes

Three popular types of M-Payment schemes are currently being used:

- ❖ Bank account based.
- ❖ Credit card based.
- ❖ Micropayment.

Each payment scheme uses customer's banking information the service provider may charge small ammount.

Mobile Payment Schemes

Bank account based M-payment

- ❖ The bank account number is linked to customer's mobile number.
- ❖ Customer may make a transactions with vendor, based on the Bluetooth or wireless LAN connectivity with vendor.
- ❖ The bank account of the customer is debited and the value is credited to the vendor's account.
- ❖ M-Chek is linking credit or debit card with customer's mobile number.

Mobile Payment Schemes

Credit card based M-Payment

- ❖ The credit card number is linked with mobile number.
- ❖ When a customer makes a transactions with merchant, credit card is charged and the value is added merchant's account.

Micropayment

- ❖ It is intended for payment for small purchases such as vending machines.
- ❖ Mobile can connect with bluetooth and wireless LAN connect to make payment.

M-Commerce Security Issues

- ❖ Privacy Risks.
- ❖ Mobile devices difficult to find on the move.
- ❖ Mobile devices go online and offline frequently.
- ❖ Attacks would be very difficult to trace.
- ❖ Risk of mobile loss and theft.
- ❖ Fraud payment from stolen mobile is more difficult to track.
- ❖ Lack of any satisfactory mechanism to authenticate a particular user.