Change in Your Pocket

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For retailers – tablets equal gold. After entering the e-commerce space in the last years, and with the help of user-friendly mobile apps, retailers are pleased – and profitable. But this isn't the only wireless technology that they're (almost) smiling about.

Mobile payments are developing in their favor, thanks to near field communication. The act of pointing your NFC-enabled phone at a card reader to pay your train fare, to download details about the next time your favorite band is coming to town, or to quickly pay for dinner, is so simple and intuitive. Some retailers have already started using the technology, like Starbucks, Toys "R" Us, and Macy's, and although there is considerable activity around mobiles payments, uncertainty still lingers for both consumers and retailers.

Security issues are the culprits for this hesitation. One example of poor security is that of Google Wallet, a service that enabled customers to use new technology without first securing their sensitive data. Google Wallet made the mistake of saving the data to the device, rather than the user. Rumors are circling that they're working on a fix – but so far some user data remains vulnerable.

"Now what?" retailers and consumers ask.

Now we wait. We wait for an infrastructure to succeed. We wait for retailers to feel comfortable enough to invest. And we wait for consumers to adopt.

ARM, the London-based company that designs the chips in most of the world's smartphones, recently announced [1]a partnership with two other companies (Gemalto and Giesecke & Devrient) to improve security for mobile services. If ARM – or any company – succeeds, mobile payments will be much easier, on both your wallet and your mind.

But even still, there are additional facets to consider, like the number of NFC-enabled devices being shipped around the world. This year that number has increased, but is still fairly low. So the question remains, will this new wireless technology catch on and leave retailers smiling much like the profitable tablets did, or will it file itself in the fail folder?

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