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**TECHNOLOGY TODAY**

**Mobile banking here, are payments next?  
MFOUNDRY CEO SEES FOUR PHASES COMING IN 12 TO 18 MONTHS**

Monday, January 14, 2008

**BY LORALEE STEVENS  
STAFF REPORTER**

SAUSALITO – Not everyone would call the progress mobile banking companies ClairMail and mFoundry made in 2007 “baby steps,” but that’s how they characterize it, compared with the strides the industry is about to take in 2008.

Analysts predict that most of the top 50 banks in the U.S. will launch some form of mobile banking service in 2008.

“The big banks are adopting it, and the smaller banks won’t want to be left out of the party,” said ClairMail Director of Marketing Communication John Aquino.

Novato-based ClairMail serves seven of the top banks in the U.S. with its banking by text messaging, mobile Web or client application solutions and two-way mobile alerts.

According to Sausalito-based mFoundry CEO Drew Sievers, banks such as Wachovia, Bank of America and online bank BB&T wanted to be first to offer mobile banking to their customers, and their early adoption brought down the barriers.

“We closed a number of banks in the last half of 2007, and also licensed our technology to two channel partners – Fidelity National and PSU Financial Services – that will bring the service to hundreds of member banks and credit unions,” he said.

The next year and a half will see four significant phases of mobile banking, according to Mr. Sievers, with the end result of a cell phone becoming a “virtual wallet.”

Phase I, already in the making, is authorized payment of bills, similar to online bill payment and most likely to be adopted by bank customers who currently pay bills online.

Phase II will bring peer-to-peer payments between mobile devices, with eBay subsidiary PayPal leading the charge, said Mr. Sievers.

“Using your mobile phone, you’ll be able to transfer funds directly from your own to a family member’s or friend’s bank or PayPal account. It’ll significantly increase the velocity of money,” he said.

In very early trials and expected to arrive late this year or early 2009 is Phase III: non-contactless point of sale transactions, where users receive a four-digit code on their mobile devices to key into terminals instead of swiping a card.

That’s not much different than current debit card technology, but it will pave the way for retailers to adapt Phase IV, contactless payment using a Near Field Communication chip in the phone which can be waved over an reader to authorize payment.

“This is a chicken and egg scenario,” said Mr. Sievers. “Either the adoption of NFC chips in mobile devices will encourage retailers to invest in the readers, or the other way around.”

Contactless payment has had some success in Japan, where it’s used by transit systems. In the U.S., he expects small conveniences such as paying transit tolls and opening office doors will drive the technology.

“Young people will be early adapters of contactless payments. They’re already so accustomed to using their phones for so much more than voice communication or messaging, and they’re less likely to be held back by fear of

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