



WAL-MART TO LAUNCH OWN MOBILE PAY SYSTEM



The mobile payment wars are heating up.

Wal-Mart Stores Inc., the world's largest retailer, said it's launching its own mobile payment system that will allow shoppers to pay with any major credit or debit card or its own store gift card through its existing smartphone app at the cash register.

It started testing the new payment feature Thursday at its stores in the Bentonville, Arkansas area, where the retailer is based. It plans to launch the payment system called Walmart Pay in all 4,500-plus U.S. stores in early next year.





It's part of Wal-Mart's overall mobile strategy to making shopping easier and faster, but the launch is the latest salvo in the battle for mobile payments that's in the early stages. Wal-Mart has moved into the field as Apple's one-year-old tap-and-pay system is being expanded to other merchants like Best Buy and KFC and several months after Google launched the Android Pay mobile wallet app and Samsung came out with Samsung Pay. They're all trying to get a piece of what could be a very lucrative business, but none of them have cracked the market so far.

The move signals that Walmart believes it's best to build its own system to better serve its customers, even as it backs a retail industrywide mobile payment program that is in test phase.

"We are creating a seamless shopping experience that includes payment," Neil Ashe, president and CEO of Wal-Mart's global eCommerce, told reporters on a conference call on Wednesday. "It's fast. It's simple, and it's a secure way for customers to use their smartphone."

Twenty-two million customers use the Wal-Mart app each month, and more than half of Wal-Mart's online orders are now coming from a mobile device. This holiday season, Wal-Mart added new features like allowing online shoppers to check in once they get to the parking lot so they could have their online orders ready for pickup.

Wal-Mart executives said that after evaluating various mobile options, they found that they had different constraints, working only on certain devices or payment types. Apple Pay requires iPhones. But Google's own tap-and-pay services, Android Pay and Samsung's Samsung Pay require Android phones.

However, Ashe and Daniel Eckert, Wal-Mart's senior vice president of services, told reporters the system is designed to integrate with other payment applications like Apple Pay - if the retailer decides to include them.

Wal-Mart's move could be a blow to Merchant Customer Exchange, or MCX, set up a few years ago by a consortium of retailers and restaurants to create an industrywide mobile payment system. Wal-Mart has been a key player. But Wal-Mart executives told reporters they remain excited about the MCX pilot program for the payment system called "CurrentC." A pilot test is being conducted in Columbus, Ohio, and it involves Wal-Mart and 10 other retailers.

Nevertheless, Eckert noted, "We are listening to the needs of the customer. We are looking at innovating the checkout experience and using payment to do that."

Wal-Mart's new mobile payment systems works this way: Shoppers download the Walmart app and then select a payment method. At the register, they open up the app and then they activate the camera function to scan a QR code on the reader. That connects the phone to the basket of items they're checking out. Customers can put the phone away and an e-receipt application will be sent to the app.

Mobile-payment services from Apple, Google and Samsung all rely on wireless technology called NFC. The customer merely taps the phone next to a payment machine at the store and authorizes the purchase, usually with a fingerprint ID. But it works only in stores with newer, NFC equipment. Samsung goes further in offering a backup: The phone can mimic the



Walmart



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old-school magnetic signals produced by card swipes and work with most existing equipment.

JPMorgan Chase, meanwhile, is working on its own system for mobile payments. But Chase Pay won't use NFC when it debuts next year. Rather, it will rely on QR that can be scanned by a register.

All of these services offer security benefits: They store and transmit an alternate card number that's generated by the card issuer. The merchant never gets the real card number, so it remains safe even if the store's system gets hacked. With Wal-Mart Pay, the company says no card information is stored on the phone, but the real card number is still stored at what it says is a secure data center.

The retail consortium's CurrentC system is similar to Apple - but customers don't use a fingerprint, and it doesn't use NFC technology. Customers scan a QR code on the reader.

Apple and others have faced some challenges to change the behavior of shoppers accustomed to just taking out their wallets to pay. Technology at the stores also has not kept pace with the efforts of the like of Apple.

When Apple launched in the U.S., the U.S. had 200,000 tap-capable machines. That's expected to surpass 1.5 million this year. The growth includes about 100,000 small to medium-sized merchants each month, Apple said. Apple has said that Cinnabon will add Apple Pay to all its U.S. locations next year, while Domino's company-owned pizza stores will get it by year's end. Apple also is conducting a pilot program with Starbucks, with a broader rollout next year, while KFC will launch next spring.







WHY BITCOIN'S FOUNDER MATTERS, AS SPOTLIGHT HITS AUSTRALIAN



Since the founding of the cryptocurrency Bitcoin in 2009, its inventor - or inventors - have been shrouded in mystery. For six years, that individual or group has lurked behind the pseudonym Satoshi Nakamoto and hoarded a pile of the digital currency so large it might crash the market if sold today.

The hunt for Bitcoin's secretive founder has taken a turn. The technology magazine *Wired* and the website *Gizmodo* both published investigative pieces this week that sorted through a trove of leaked (and possibly hacked) emails and documents that pointed to Craig Stephen Wright, a 44-year-old Australian bitcoin entrepreneur living in a posh suburb of Sydney.

While neither report was conclusive - no attempt at identification can be without the founder sending a message or moving bitcoins using Nakamoto's own encrypted signature, known as a PGP key - both raised startling circumstantial evidence that puts a bright spotlight on Wright.

Attempts to reach Wright on Wednesday were unsuccessful.

The hunt for Bitcoin's founder has become a cottage industry among some journalists. The chase has veered from a Finnish sociologist to a Japanese mathematician to a Japanese-American engineer, all of whom denied it - the latter after a car chase with reporters that ended at the offices of The Associated Press in Los Angeles in March 2014.

Why anyone cares boils down to three key things:

- Bitcoin is designed for secure financial transactions that require no central authority
- no banks, no government regulators. That makes it attractive to off-the-grid types such as libertarians, people who want to evade tax authorities, and criminals, even though Bitcoin doesn't guarantee anonymity, since it documents every transaction in a public forum. Still, it attracts conspiracy theorists interested in the very conspiracy that created it.

"It's part of the mystery of Bitcoin," said James Angel, associate professor of finance at Georgetown University. "Usually when people invent something really cool, they're more than happy to take credit for it. Here, we have this obsessive anonymity. You kind of wonder, 'Who is Satoshi Nakamoto?'"



Image: Jim Urquhart