

The NFC Spring?

Dear members and friends of the Alliance,



Maybe it is a side effect of the mild winter we just went through but everything seems to be blooming a bit prematurely this spring. When the snow melts early and the spring flowers and trees start

to bloom well before they should, people start thinking optimistically that everything is great and it is going to stay that way. Invariably, we all become disappointed when normalcy returns, because we're left a bit disillusioned as things are still in flux.

I think that is the feeling I am getting about the "early blooming" of NFC mobile payments. Just last month I wrote and said that while I remain enthusiastic about the new payments tools we have, I also felt a sense of foreboding. While I put the Magic 8 ball away for good when my kids graduated high school, I still can't shake

my thought that the early spring of NFC mobile payments may be a case of our expectations blooming too early, leading some to feel disappointed.

Last month I put a call out for caution – to try and focus on what's accurate, and real, and feasible. I feel that just as strongly now. Let things unfold as they are meant to, and try and do our best to uncomplicate, educate, and think about the overall picture, which is this: the benefits, the gains and the knowledge that we are in the middle of what truly is a revolutionary time in the payments market.

As with any success story, it takes a lot of people and moving pieces to realize that success. One of the great things about the Smart Card Alliance is our ability to be in the forefront while also playing pitcher, catcher, moderator, or simply serving as a valuable, low-key utility player. I hope to see you at next month's NFC Solutions Summit. In the meantime, please feel free to contact me if you have questions, or simply want to talk about all the great things happening in our industry. As always, thank you for your support of the Alliance.

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Feature Article: Near Field Communication & Transit

NFC technology has the potential to redefine the mobile arena by offering new opportunities for people to communicate, make purchases, and access information. This month's article reviews how NFC applications can benefit the transit industry with fare payment, ticketing and information applications.

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Member Profile: Giesecke & Devrient's

This month Smart Card Talk spoke with Brian Russell, Senior Vice President, Payment and Transit, for Giesecke & Devrient's U.S. Mobile Security Division. Mr. Russell is based in the technology corridor of Northern Virginia and is responsible for overseeing the sales and marketing of G&D's Commercial Bank and Transit products in the US market.

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About Smart Card Talk

Smart Card Talk is the monthly e-newsletter published by the Smart Card Alliance to report on industry news, information and events and to provide highlights of Alliance activities and membership.

About the Smart Card Alliance

The Smart Card Alliance is a not-for-profit, multi-industry association working to stimulate the understanding, adoption, use and widespread application of smart card technology.



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The NFC Spring?



Dear members and friends of the Alliance,

We're one quarter into the year that was supposed to be the year of NFC. But it's April 2012, and it looks as if we have a few more months of dark and cold before NFC will arrive -- if it even does arrive this year. There are still no NFC phones being marketed by AT&T Mobile, Verizon Wireless, or T-Mobile. Those three companies, who collectively control 75% of the U.S. market, have ceded all control over NFC to their joint venture, Isis. The Isis timetable for its limited launch is still many months away. Unless

you live in Salt Lake City or Austin where the Isis launch is planned, you probably will have to wait another year before NFC comes to a mobile store near you. Sprint, the sole mobile operator partner of Google Wallet, still only offers two Samsung Nexus model smart phones. Unless you are a Sprint customer, with a Samsung phone, and a Citi customer, and live in either New York City or San Francisco, where the Google Wallet merchant rollouts are, you might as well be sitting in an ice cave waiting for it to melt before the NFC spring arrives for you.

The feeling of premature expectations for NFC applies to the regulatory climate surrounding mobile payments as well. A few weeks ago, I was asked to give [testimony to a Congressional subcommittee](#) about the future of money and how mobile payments will change financial services. I was honored to be selected to participate in a panel of witnesses to express the Alliance's views about how mobile payments, and particularly NFC payments, are based on proven technology and with sound security, backed by trusted organizations in both the mobile industry and financial industry. The questions that the House Committee members asked after my presentation indicated that they had two primary concerns, both of which are not accurate. First, there seemed to be an overall concern that mobile payments are arriving too quickly and, second, that regulators and consumers were concerned about too many mobile payments options in the market. And as a result of this second inaccuracy, consumers are at risk because of a lack of standards and government oversight.

Nothing could be further from reality. The facts are that we are dealing with a technology that has too many standards, not enough options available to make a mobile payment a reality, and not nearly enough mobile payments devices and applications capable of giving consumers the option to pay with their phone.

So has NFC not bloomed yet because the technology isn't ready? Not at all. The technology has been ready for more than a year. A myriad of business obstacles is the source of the problem that is choking off NFC's spring growth. Google Wallet has been rocked by internal business development challenges, and one of them is Sprint, the smallest player in the mobile market. While Google Android phones command nearly 50% market share and many models are capable of supporting NFC, they are not being ordered by the three other competing mobile operators because they are locked into the Isis joint venture. Isis' slow progress towards its planned limited rollout this summer is hampered by difficult business negotiations with merchants and card issuers to get them to agree to the Isis business model.

The higher than expected costs to fully participate in the NFC mobile wallet have issuers and merchants questioning their own value propositions for mobile payments. Further complicating NFC roll-out is the need for issuers and merchants to support EMV contact and contactless cards in the near future -- yet another change to the issuance and acceptance infrastructure.

The unfortunate casualty of these frozen NFC business models is the use of NFC-enabled mobile devices for non-payments applications. Promising applications are delayed due to lack of access to the NFC secure element. Non-payments applications that are being stymied include storing secure identity credentials on a mobile device and using those credentials over the NFC interface to access a building; or authenticating yourself to a secure Internet site over the mobile network or via WiFi by using an identity credential stored in the secure element on the NFC-equipped mobile phone or tablet. The secure element is controlled by the device operating system (Google Android) and hardware platform or by the mobile network operators (under Isis) and they are holding out for the financial windfall that they expect will come from mobile payments.

The Smart Card Alliance is doing what it can to hasten the arrival of springtime for NFC. We will be bringing NFC industry stakeholders together for the NFC Solutions Summit 2012, being held May 22-24 in San Francisco. One of the highlights of this event will be two pre-conference workshops on May 21st to provide the needed technical and business knowledge about NFC prior to the start of the conference agenda. Another highlight will be the open conference format on the last day of the event, where individuals can volunteer to form small mini-conference sessions to try to bring the industry together to tackle issues that are challenging the adoption of NFC for payments and non-payments use cases. I hope you will be there to share in the experience, either as a subject matter expert or as an interested listener.

Sincerely,

Randy Vanderhoof
Executive Director

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CSCIP – Latin America



Dear members and friends of the Smart Card Alliance Latin America,

Last month, SCALA conducted its first Certified Smart Card Industry Professional (CSCIP) training and exam on March 14 in Latin America. This is was a great milestone for the chapter, given all of our education initiatives. A total of 12 brave souls took on the challenge to gain the knowledge of our current experts, be welcomed into our industry, and be considered by their peers as certified professionals in the smart card industry.

Most of the attendees for the CSCIP course and exam came from the financial sector and were quick to understand the opportunities brought to their industry through the introduction of smart card technology. While these professionals have been working on their institutions' EMV migration, they have begun to coordinate, with their business channel managers, how the smart card can be used as a tool to provide new products and services.

The first group to take the course experienced some challenges with the course materials, preparatory course, and exam. The language issue was probably the most significant challenge. While all attendees spoke English, many of them had only been recently introduced to the technical material. Being faced with new terms in another language, coupled with time constraints, was a bit unnerving for these professionals, whom I aptly termed "brave souls" at the beginning of this letter.

To further prepare the group, we deployed an alternate study strategy that went beyond the materials and the prep course. We conducted two study sessions in addition to the main preparatory course, which were designed to explain the course materials and concepts in Spanish. While mindful that the purpose of the course

was to help attendees with information necessary to pass the exam, we felt it was equally important that they fully understand the material first.

During the preparatory course, SCALA had three past CSCIP professionals available to answer any questions from the attendees. After the exam, most attendees expressed their gratitude and felt that SCALA did a great job at explaining the course material. They also gave us recommendations for improving the preparation and qualifications the next time we offer the session. There's plenty of information about the CSCIP program on the [Smart Card Alliance web site](#), and I invite you to check it out to see how valuable the certification is within the industry.

Wishing all of you a wonderful April,

Edgar Betts

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This month Smart Card Talk spoke with Brian Russell, Senior Vice President, Payment and Transit, for Giesecke & Devrient's U.S. Mobile Security Division. Mr. Russell is based in the technology corridor of Northern Virginia and is responsible for overseeing the sales and marketing of G&D's Commercial Bank and Transit products in the U.S. market. He also manages U.S. Manufacturing Operations, Customer Service and Marketing Communications for the Mobile Security Division. Mr. Russell represents G&D as a member of the Smart Card Alliance Board of Directors.

Before coming to G&D in January 2009, Mr. Russell served as General Manager – Financial Services for Catalina Marketing in Purchase, NY, heading their financial services business. Prior to that Mr. Russell worked at MyPoints, a subsidiary of United Airlines.

Mr. Russell also spent 7 years with MasterCard Worldwide, where he helped create and implement MasterCard's global smart card strategy and e-commerce and mobile commerce efforts as they related to smart cards. He led early stage sales efforts in the Americas for EMV and was Project Manager for MasterCard's launch of Mondex in New York City, as well as being responsible for smart card sales in the Americas.

Mr. Russell has a BA from Colby College in Maine and an MBA from the Wharton School at the University of Pennsylvania.



1. What are G&D's main business profile and offerings?

Giesecke & Devrient (G&D) is a privately held, international corporation headquartered in Munich, Germany. The company was founded in 1852, and today has over 50 subsidiaries in 32 countries. G&D employs nearly 10,000 people worldwide with annual revenue exceeding \$2.4 billion.

G&D is a leading provider of mobile security solutions, covering the telecommunications, payment, transportation, health, identification, government and enterprise markets. G&D is also the leading company in the world offering banknote and security printing, security paper, and banknote processing services.

2. What role does smart card technology play in supporting G&D's business?

For G&D, it's all about securing credentials. Over the past 40 plus years, G&D has developed smart card technology, driven standards to ensure interoperability, educated our customers and built strong relationships with banks, mobile network operators, transit authorities, governments and corporations. As convergence occurs in these industries, G&D will be there, securing transactions and authenticity with smart card technology. We have a unique ability to help bridge the gaps in the new ecosystem – with partnerships and technology – and to help drive adoption of new technology, such as Near Field Communication (NFC).

G&D continually develops new products and services to meet market demands and innovations to eliminate obstacles to smart card adoption. We actively participate in dozens of standards bodies and industry organizations, like the Alliance, to further interoperability. We have regular and constant discussions with our customers, potential customers, and industry associates – like those within the Smart Card Alliance industry councils – to educate, clarify, and ultimately dissolve concerns in order to continue to increase the number of cards, other devices, and solutions using smart card technology.

3. What trends do you see developing in the market that G&D hopes to capitalize on?

- G&D is actively participating in the emerging markets of NFC and machine-to-machine (M2M) applications. Both of these areas are natural extensions of our expertise in smart card technology. While not new, NFC is transitioning from





small pilots to commercial implementations. This market is also bringing new players into the mix that have not traditionally participated in the smart card space, which alters the landscape and encourages new partnerships, such as the one we've developed with Intel. With embedded SIMs, the M2M market has introduced new complexities for subscription management, another round of new players, and new considerations as to how smart card products impact the daily lives of consumers.

- G&D is also watching the “cloud” to ensure there are appropriate measures implemented to manage the security of data and credentials. We're also hoping to capitalize on the security mechanisms needed for the trusted execution environment.
- And, of course, we're assisting the market with the long awaited transition to EMV in the U.S.

4. What obstacles to growth do you see that must be overcome to capitalize on these opportunities?

The obstacles to growth in these areas are not new. We have been challenged by a lack of infrastructure, consumer fears, and security concerns since the inception of smart card technology. Interoperability of IT system components is another major area to overcome, particularly with legacy systems that don't communicate with each other. Over the years, consumer knowledge has greatly increased, but even some employees who work in the smart card industry are cautious about the security risks associated with using aspects of the technology. We need to provide education, not only to the consumer, but also to the issuer to ensure that they are using the inherent security mechanisms, such as encryption, to protect consumers' private information and reduce fraud.

5. What do you see are the key factors driving smart card technology in government and commercial markets in the U.S.?

Convenience for the consumer is one of the most important factors, but the technology must be secure and trusted. With smart phones becoming commonplace, we are in a position of capital-

izing on the convenience of doing everything with one device through NFC, from paying bills and purchasing items to turning on house lights and closing garage doors to validating the authenticity of people and products. The purely digital world, though, is fraught with risk, if the technology to secure the activity isn't used. In the industry, we know and understand that security and it is our duty to convey to issuers the importance of safeguarding credentials. Otherwise, fraudsters will have easy access to non-secure data and consumers will shy away from the smart card technology that enables this convenience.

The old goal of one card for all uses now looks like one phone for all uses, but is still years away. We are seeing activity toward multi-application cards, which will certainly help in the adoption of smart card technology. Movement from transit-only cards to open payment cards used in a transit environment is one of those activities.

Certainly, the transition from magnetic stripe bank cards to EMV will eventually put a smart card, or several, in everyone's wallet (or on everyone's handset).

6. How do you see your involvement in the Alliance and the industry councils helping G&D?

G&D's active participation in the various industry councils of the Alliance encourages networking with peers, sharing industry knowledge and trends, and furthering knowledge of and adoption of smart card technology by the end users through outreach programs. The Alliance is instrumental to our collective vertical markets, raising the bar throughout the industry and providing an unbiased information access point for our potential customers.

7. What's hot in 2012?

The hot topics for 2012 are:

- Technology migration from the magnetic stripe-based payments infrastructure to EMV in the U.S.
- M2M subscription management
- Non-card-based mobile carriers adopting the LTE UICC (Long Term Evolution Universal Integrated Circuit Card), which essentially doubles the size of the SIM (Subscriber Identity Module) market
- Security in the cloud

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Near Field Communication and Transit

Near Field Communication (NFC) technology is a standards-based wireless communication technology that allows data to be exchanged between devices located a few centimeters apart. The NFC based “touch paradigm” supports a range of new applications for mobile phones, including:

- Making payments with a touch of a device anywhere contactless POS readers have been deployed
- Reading information and picking up special offers, coupons, and discounts from posters or billboards on which an NFC tag has been embedded (for example, in smart posters and billboards)
- Storing travel data, fare product, or tickets for transportation, parking access, or events securely, and enabling fast transactions at the point of entry or exit
- Storing information that protects secure building access
- Sharing content between two NFC phones

This article provides an overview of the basics of NFC technology and describes three different NFC applications that can benefit transit:

- NFC-enabled bank card payment for transit fares
- NFC-enabled closed system transit ticketing and payment
- NFC-enabled transit information applications

NFC Basics

NFC-enabled devices are governed by multiple standards (ISO/IEC standard 18092, ETSI standard TS 102 10 V1.1.1 [2003-03], and ECMA standard 340) and by specifications published by the industry association, the NFC Forum. ISO/IEC 18092 allows for backward compatibility with current contactless devices by supporting ISO/IEC 14443 (the standard used by payment-network-branded contactless payment cards and devices) and the Japanese Industrial Standard (JIS) X 6319-4 (also known as Felica) contactless interface protocols.

An NFC-enabled device can operate in reader/writer, peer-to-peer, and card emulation mode. For mobile contactless payments and mobile ticketing, the NFC-

enabled mobile device operates in card emulation mode; an external reader sees it as a traditional contactless smart card. Payment information is stored in the mobile phone in a secure element, which is a smart card chip that protects stored data and enables secure transactions. For transit, card emulation mode can facilitate either a conventional read/write transit transaction or an account-based open payments transaction.

NFC-enabled mobile phones are compatible with the contactless smart card acceptance infrastructure (based on ISO/IEC 14443). NFC phones can therefore be used with current contactless payment and ticketing services without requiring additional investment in an already contactless-enabled terminal infrastructure. Current contactless bank card applications or a transit fare payment card can be supported on a mobile phone—a new form factor. Use of a mobile phone for contactless applications replaces the “passive” plastic card with something much more powerful—a mobile device on which applications can be managed online and through which the consumer experience can be greatly enhanced, thanks to the mobile device’s rich user interface.

NFC-Enabled Open Bank Card Payment

One of the significant benefits to transit operators of supporting a fare collection system that accepts contactless bank cards is that other payment technologies compatible with ISO/IEC 14443 can easily be integrated into the system. A transaction processing model that supports contactless bank cards will support those same applications to the same extent using NFC-based card emulation.

While basic integration for a payment transaction is relatively simple, NFC-enabled devices can support richer interactive user experiences than can a card, providing the consumer with both greater control and greater flexibility. NFC-enabled applications can deliver more robust capabilities in the three primary stages of the consumer fare payment life cycle:

1. Fare product acquisition
2. System entry and exit, and transaction processing

3. Post-purchase inspection and processing (consumer and operator)

A more complete description of how contactless open bank cards are used for fare payment can be found in the Transportation Council white paper, [Transit and Contactless Open Payments: An Emerging Approach for Fare Collection](#).

Fare Product Acquisition

An NFC-enabled mobile device equipped with an open payment application can make fare product acquisition more convenient for consumers. Consumers can purchase products using mobile applications and mobile Web sites or tap on NFC tags available throughout the transit system, making fare product purchases possible literally anywhere.

NFC capability allows agencies to explore new fare purchase use cases. For example, an operator can deploy a map with tags representing locations; passengers can touch their devices to the points on the map that represent their daily journey. The mobile app can then recommend the most efficient product based on the identified destination locations. The passenger can confirm the product selection and select a payment account using either a mobile wallet or a pre-registered funding account. In open payment environments, the payment product residing in the wallet can be used to pay for the fare product.

Some passengers have standing orders to repurchase a product when the current product runs out. In the mobile environment, the passenger has more control and can complete the purchase in real-time or permit the repurchase to occur as usual, at which time the passenger can be prompted to confirm that the product should be purchased. The passenger can be given the opportunity to alter the product to be purchased, the date of the purchase, or the source of funds used to pay for the purchase.

A mobile device can also make it easier for passengers to confirm the purchase of a transit product.



System Entry and Exit, and Transaction Processing

NFC-enabled devices function in a manner very similar to contactless cards at points of entry (and exit) when a transaction is processed. However, passengers have more control over how the information is presented.

A key benefit is the passenger's ability to access available balances or the status of the payment account or of pre-purchased products, such as transit stored-value or multi-ride products, before reaching the boarding point. Additionally, different accounts can be selected for different journeys, avoiding possible conflicts when a passenger has multiple contactless accounts.

Another key benefit of the NFC-enabled mobile wallet is that passengers can turn the device's payment capability on or off as they choose. For example, a passcode may be required and an account selected before the device is presented to the gate, enhancing security and mitigating potential fraud. Alternatively, passengers can use the wallet to set up an easy-to-use "card" mode, in which a default application is selected, the NFC antenna operates in passive mode,

and no direct passenger interaction is required to complete a payment.

If the transit operator can support offline authorization, counters in NFC-enabled mobile devices can be updated over-the-air, without requiring an online transaction, resulting in more frequent counter refresh and a lower likelihood of passengers running out of funds for offline transactions.

Post-Purchase Inspection and Processing

After a transaction has occurred, a mobile device or application can present the passenger with a current balance

or recent ride history. A transit app stored on the mobile device can retain a record of recent transactions that can be used for revenue inspection.

NFC-Enabled Closed System Transit Ticketing and Payment

NFC systems make it possible to buy new tickets, top up tickets, check maps, and check timetables using a passenger's NFC-enabled mobile phone. An NFC-enabled phone provides passengers with alternative means of acquiring a traditional closed system transit ticket conveniently over-the-air.

Fare Media Acquisition and Top Up

Passengers can use NFC-enabled phones to connect to an NFC-enabled kiosk and download a fare product, or a fare product can be sent directly to their NFC-enabled phone over-the-air (OTA).

Using the phone as an interactive device, a passenger selects a mobile transit application which will start the provisioning of the transit ticket to the NFC-enabled phone. The mobile phone transit application interacts with the trusted service manager

(TSM) to load and install the ticket to the secure element (SE) on the phone.

Once installed, the ticket application and information on the SE emulates the traditional ticket and can be used as a normal closed-looped transit contactless fare card. OTA provisioning enables transit issuers to download and personalize credentials for public transportation securely. Different transit operators and issuing authorities have different requirements and processes, so that OTA services will need to be configured individually. OTA issuance and life-cycle management processes should be carried out by a TSM.

Once the credential is provisioned to the phone, OTA top-up services offer significant benefits for both transit application issuers and passengers. One of the biggest benefits is a universal framework for purchasing unique products from any local transit system, enabling seamless travel. In addition, queuing at a ticket counter is no longer necessary, and real-time travel information can be delivered along with the ticket.

OTA services also support passenger requirements to reload value onto a ticket application. This service can be performed independent of time and place. This top-up functionality offers benefit to passengers and a powerful new service to issuers.

In addition, NFC-enabled mobile phones can be used as a ticket vending machine to top-up an existing contactless transit fare payment card.

System Entry/Exit

After the fare product is successfully downloaded to the NFC phone, tapping the phone to a reader validates the ticket and permits access to the transportation system. Alternatively, in ungated systems, the ticket is stored on the handset for inspection and/or electronic validation.

Payment Validation

Putting payment and ticketing applications on NFC handsets facilitates payment and payment validation for merchants, banks, and mobile network operators (MNOs), as well as passengers. For merchants, NFC payments offer a fast payment experience

using existing contactless payment readers. In addition, passengers have a record of even the smallest payments, which is more difficult when payments are made in cash.

Revenue enforcement officers can also use NFC-enabled mobile devices to validate proper fare payment.

NFC-Enabled Transit Information Applications

Contactless payment and transit ticketing are not the only applications supported by NFC technology. Other applications, such as service discovery, loyalty and frequent-user cards, coupons, event tickets, and logical and physical access control, can be stored on NFC-enabled mobile phones. These applications can then be used to collect points, enjoy rebates and events, or access information services and office facilities.

Since consumers apply for NFC services after they acquire enabled devices, applications need to be deliverable anytime, anywhere. OTA provisioning enables issuers to download and, if necessary, personalize applications on the consumer's NFC handset securely.

Service initiation can also occur when an NFC device is touched to an NFC tag, which then transfers a small amount of information to the device. The information can be several lines of text, a Web address, a phone number, or other simple data. For example, by touching an NFC handset to an NFC tag embedded in a smart poster at a transit station, a passenger can be directed to a convenient vendor for goods and services. Smart posters can be used to promote products, services, or events.

Summary

NFC technology has the potential to redefine the mobile arena by offering new opportunities for people to communicate, make purchases, and access information. For payments, NFC supports a richer user experience than contactless cards. Transit applications can deliver new capabilities, including payment acquisition, system entry/exit, payment processing, and post-purchase inspection processing. In effect, transit ticketing is poised to become one



step in a seamless process of purchasing, topping-up accounts, planning trips, and viewing next vehicle arrival information.

Through the various field trials, full system implementations in Asia, and a variety of market and focus group studies, it has been continually demonstrated that transit patrons warmly embrace mobile fare payment and associated real-time information services. User acceptance rates are very

high with the participants citing convenience, access to information (e.g., account balance and status), and transit service data all offering substantial value. These user benefits can be offered to consumers in both closed loop transit card systems (such as BART and Oyster) or in open loop environments, such as those now being introduced to markets such as London, Chicago, Philadelphia and New Jersey.

About this Article

This article is an extract from the Smart Card Alliance Transportation Council white paper, [Near Field Communication \(NFC\) and Transit: Applications, Technology and Implementation Considerations](#). The white paper discusses mobile applications that are relevant to the transit industry and provides an overview of the benefits and implementation considerations for NFC applications.

Transportation Council members involved in the development of this white paper included: [Accenture](#); [ACS, A Xerox Company](#); [American Express](#); [Ashok Joshi](#); [Collis](#); [Connexem Consulting](#); [Cubic Transportation Systems](#); [Dallas Area Rapid Transit \(DART\)](#); [Giesecke & Devrient](#); [HP Enterprise Services](#); [Identive Group](#); [Infineon Technologies](#); [INSIDE Secure](#); [JPMorgan Chase](#); [LTK Engineering Services](#); [MasterCard Worldwide](#); [MTA New York City Transit](#); [NJ TRANSIT](#); [NXP Semiconductors](#); [OTI America](#); [Quadagno & Associates](#); [Southeastern Pennsylvania Transportation Authority \(SEPTA\)](#); [U.S. Department of Transportation/Volpe Center](#); [VeriFone](#); [Visa Inc.](#); [Washington Metropolitan Area Transit Authority \(WMATA\)](#).

About the Transportation Council

The [Transportation Council](#) is focused on promoting the adoption of interoperable contactless smart card payment systems for transit and other transportation services. The overall goal of the Transportation Council is to help accelerate the deployment of standards-based smart card payment programs within the transportation industry. The Transportation Council includes participants from across the smart card and transportation industry.

WEB SITE NEWS

Updated web content:

- [Randy Vanderhoof testimony](#) to House Committee on Financial Services, Subcommittee on Financial Institutions and Consumer Credit hearing, “The Future of Money: How Mobile Payments Could Change Financial Services”
- [Contactless Payments: Financial, Mobile, Transit Payments Issuance and Acceptance Workshop video and presentations](#) [LEAP member only]
- Updated [CSCIP](#) and [CSCIP/G](#) Modules and new [CSCIP/P](#) Modules (CSCIP applicants only)
- Added EMV banner to SCALA section of site

MARCH 2012 WEB STATISTICS

- 97,793 visitor sessions for the month
- 3,154 visitor sessions per day
- 357,433 total page views for the month
- 145,119 Industry News items viewed
- 873 Card Reader Catalog items displayed
- 15,601 PDF downloads
- 20,945 Product and Service Directory page views

If you have any suggestions on content that you'd like to see on the Alliance web site, please send them to info@smartcardalliance.org.

NEW MEMBERS

- Stephen Potter
Member Level: Associate
Member Contact: Stephen Potter
Description: Graduate Student

NEW CSCIP Members

Bret Berta	FIS Global	Feb 2012
Terry Schindler	Q-Card	Feb 2012
Deborah P Spidle	Paragon Application Systems	Feb 2012
William Thaw	Visa, Inc	Feb 2012
Nidia Ceballos Molinar	First Data	Mar 2012
Ariadne Quintero	TELERED S.A.	Mar 2012

ALLIANCE IN THE NEWS

The Alliance has an active communications program to promote industry messages in business, vertical market, and technology publications. Coverage results from both Alliance press releases and interviews with publications writing articles about smart cards. Selected recent coverage is shown below with links to online articles.

- American Banker, 3 /5 /2012, Retailers Build Their Own Mobile Wallet, Seeking Security and Control
- BankInfoSecurity, 3 /26/2012, [How Mobile Can Curb Fraud](#)
- Communications Daily, 3 /22/2012, Lead Agency, Faster Adoption, Adequate Security Lacking In Mobile Payment Space [no link available]
- Courthouse News Service, 3 /22/2012, [Judge Backs \\$1 Million Heartland Settlement](#)
- Credit Union Times, 3 /28/2012, Mobility Matters – [Tracking the Mobile Banking Revolution](#)
- C-SPAN, 3 /22/2012, [House Members Examine Mobile Payment Trends](#)
- DigitalID News, 3 /1 /2012, [Smart Card Alliance councils release PIV-I educational resources](#)
- EXPO: The Magazine for Exposition Management, 3/29/2012, [Event Pro: Citywide NFC Test A Success](#)
- NFC Magazine, 3 /7 /2012, [NFC Solutions Summit 2012](#)
- Payments Source, 3 /5 /2012, [Rattling Their Own M-Wallet Initiative, Retailers Look For Better Security, Control](#)
- SecureID News, 3 /1 /2012, [Smart Card Alliance councils release PIV-I educational resources](#)
- Source Security, 3 /28/2012, [Quantum participates in the Smart Card Alliance Technology Pavilion at ISC West 2012](#)
- Storefront Backtalk, 3 /8 /2012, [Revolt Over Interchange: Home Depot, Wal-Mart Lead Way](#)
- TechTaffy, 3 /24/2012, [Smart Card Alliance Director Testifies Before Congress](#)

Updates from the Alliance Industry Councils

HEALTHCARE

- The [Healthcare Council](#) is working on two projects: a brief on smart cards vs. biometrics-only solutions for healthcare applications; an update to the smart card technology in healthcare FAQ.
- The Council's LinkedIn group, [Healthcare Identity Management](#), is open for discussion on healthcare identity security and management. The group is open to both members and non-members.

IDENTITY

- The [Identity Council](#) is working on a new brief on mobile devices and identity.

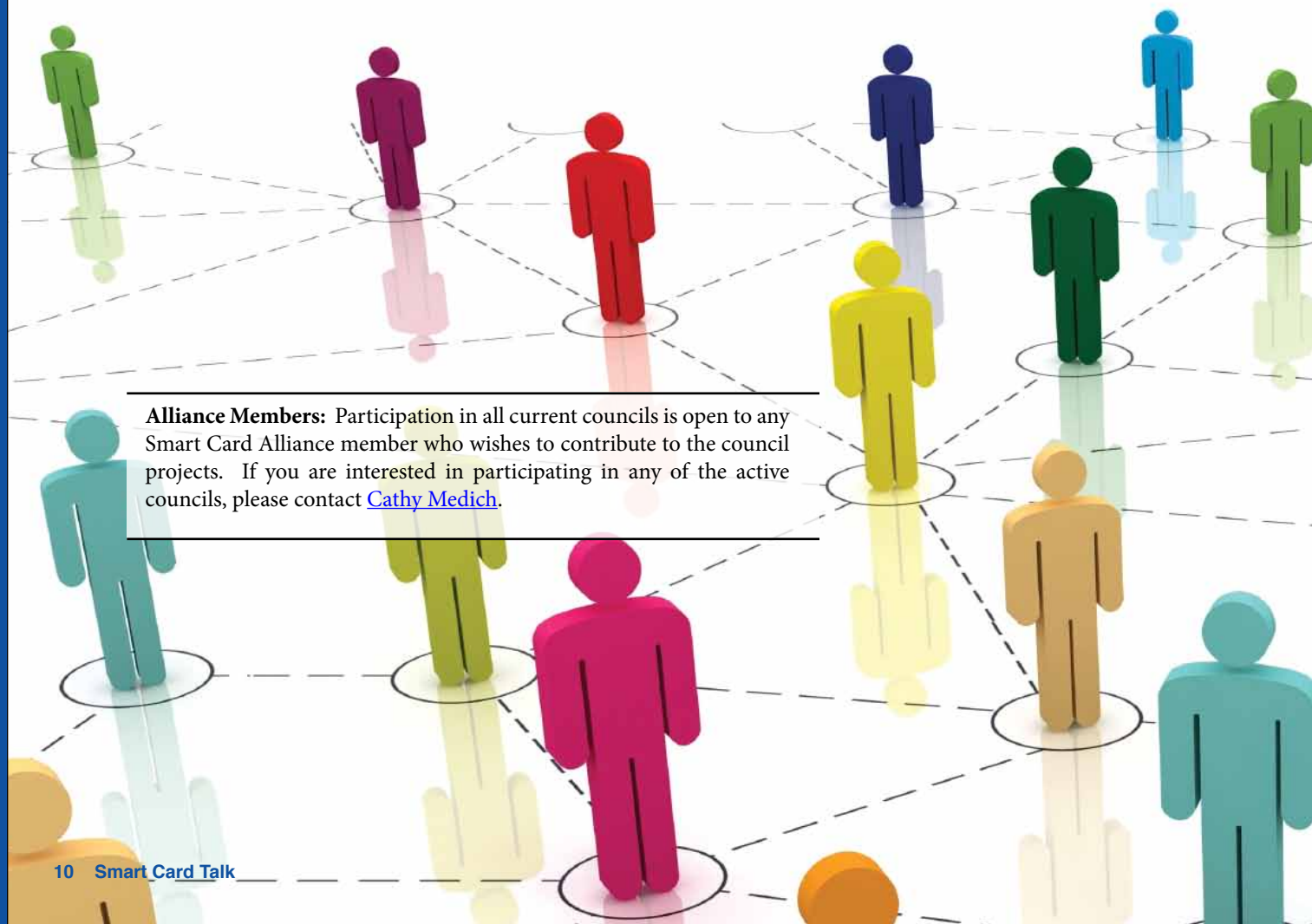
PAYMENTS

- The [Payments Council](#) is defining its 2012 projects, including an update to the February 2011 EMV roadmap white paper, a new EMV and NFC white paper, and a brief on the EMV ecosystem.
- The Council's LinkedIn group, [Smart Payments](#), is open for discussion on payments and fraud. The group is open to both members and non-members.

ACCESS CONTROL

- The [Access Control Council](#) is working on a new white paper on strong authentication using smart cards.
- The Smart Card Alliance held a well-attended ISC West pre-conference workshop, [Standards-Based Secure Identity Credentials: Leveraging the Personal Identity Verification](#)

Alliance Members: Participation in all current councils is open to any Smart Card Alliance member who wishes to contribute to the council projects. If you are interested in participating in any of the active councils, please contact [Cathy Medich](#).



[\(PIV\) Specifications for Commercial Credentialing Programs](#), on March 27, 2012, at the Sands Convention Center in Las Vegas, NV. Workshop presentations covered PIV, PIV-I and CIV specifications and the physical and logical access applications that they support in a converged credentialing program. Members presenting in the workshop included: Renato Aldaz, Oberthur Technologies; Tony Damalas, Diebold; Bob Dulude, HID Global; Chris Edwards, Intercede; Frazier Evans, Booz Allen Hamilton; Gerald Hubbard, XTec, Inc.; Lolie Kull, HP Enterprise Services; LaChelle LeVan, Probaris; Steve Rogers, Intellisoft, Inc.; Lars Suneborn, Hirsch-Identive; Chris Williams, SAIC; Rob Zivney, Identive Group.

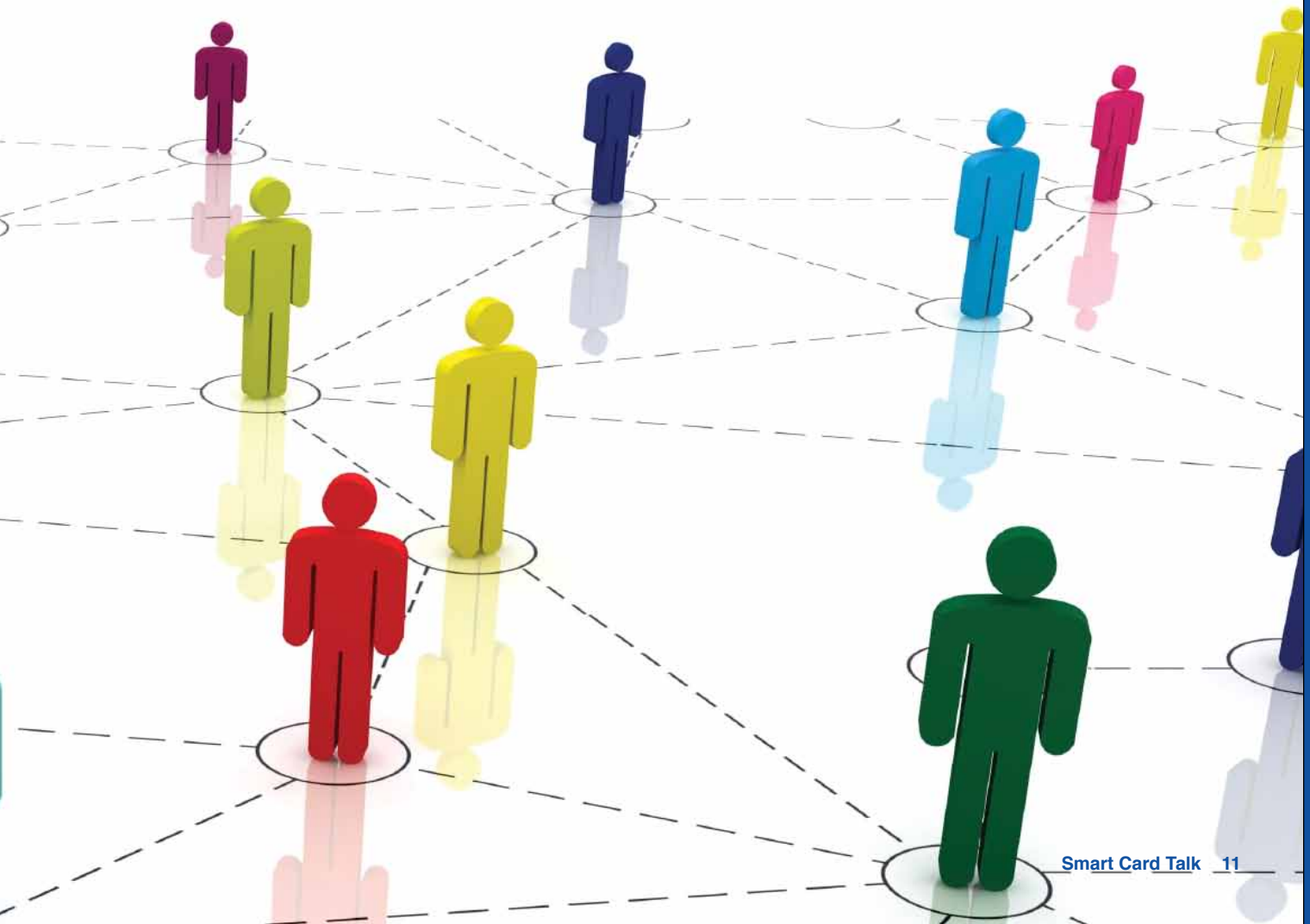
TRANSPORTATION

- The [Transportation Council](#) is defining its 2012 projects, including projects on EMV and transit; convergence of payments for parking, tolling and transit; open payments implementation; and PIV card use in transit. The Council is also discussing having a face-to-face members-only meeting in the fall to continue discussions on open payments in transit.

- The [Smart.Transit LinkedIn Group](#) is open for discussion on transit payments. The group is open to both members and public transit agencies.

OTHER COUNCIL INFORMATION

- Members-only council web pages are available at <http://www.smartcardalliance.org/councils>. These are password-protected pages that contain council working and background documents and contact lists. Each Council area has a separate password since Councils may have different membership policies. If you are a Smart Card Alliance member and would like access to a council site, please contact [Cathy Medich](#).
- A Council meeting calendar is available on the members-only web site at <http://www.smartcardalliance.org/pages/members-council-resources>.
- If you are interested in forming or participating in an Alliance council, contact [Cathy Medich](#).



[ARM, Gemalto and Giesecke & Devrient Form Joint Venture to Deliver Next-Generation Security for Services Running on Connected Devices](#)

Industry leaders invest to accelerate adoption of a common security standard, creating a vibrant ecosystem that simplifies, improves and extends our digital lives

Cambridge, UK; Amsterdam, The Netherlands; & Munich, Germany - Apr 3, 2012 – ARM, Gemalto and Giesecke & Devrient today announced the creation of a joint venture dedicated to delivering a secure, accessible environment for advanced services running on the growing range of connected devices. This includes tablets, smart-TVs, games consoles and smartphones. All three companies are investing to accelerate adoption of a common security standard and create a vibrant ecosystem that will enable a new generation of innovative services. Security is critical for companies that wish to do business over these types of connected devices and provide the rich, seamless services that consumers expect. With improved security, delivered in a way that is easy to use, consumers will engage with a greater level of trust in the devices and services available.

[PATCO Pilot Moves Into Phase Two, Accepting MasterCard and Discover in Addition to Visa Contactless Payment Cards](#)

As open payment methods expand, PATCO Wave & Pay Card Pilot Program Introduces Ride Free for 100 Days Contest

CAMDEN, N.J., March 30, 2012. Cubic Transportation Systems, Inc., a business segment of Cubic Corporation (NYSE:CUB) and the integrator of intelligent transport systems and services that created the PATCO Wave & Pay ANYWHERE Visa® Prepaid Card, has announced Phase Two of the open payment pilot program. During Phase two, riders will be able to use a plastic contactless Visa, MasterCard or Discover card, or a virtual card in a mobile wallet, to make secure transit payments at PATCO (Port Authority Transit Corporation) gates and parking terminals.

Riders will simply tap their cards and go, paying their PATCO fares with a quick flick of the wrist.

[Gemalto selected by KDDI for Japan's first mobile NFC launch](#)

CARTES in Asia, Hong-Kong - Mar 29, 2012 - Gemalto (Euronext NL0000400653), the world leader in digital security, announces being selected by KDDI for Japan's first commercial launch of mobile NFC services. KDDI serves over 34 million subscribers in Japan. Successfully launched in January, Gemalto provides a one-stop service to KDDI, encompassing its [Allynis Trusted Service Manager \(TSM\) software and UpTeq NFC high-end security device](#).

The launch is a part of the recently announced Japan Mobile NFC Consortium that brings together the country's three largest operators to coordinate the adoption of multiple international standards for NFC. Subscribers are able to experience various types of contactless services ranging from mobile payments, transportation services, e-driver's licenses, e-ticketing as well as information acquisition from smart posters. The launch sees participation from a wide-range of leading industries including car manufacturers, airlines and cinema operators. The launch in Japan will also allow end users to use NFC services both domestically and outside of Japan.

[Gemalto Wins Two Excellence Awards in China](#)

Recognized for its innovation in payment technologies and continuous commitment towards the Chinese Market

CARTES in Asia, Hong-Kong - Mar 28, 2012 - Gemalto (Euronext NL0000400653 GTO), the world leader in digital security, announces its Allynis [Trusted Service Manager \(TSM\)](#) has won the "2011 Payment Industry Editor's Choice of Excellent Products Award" awarded by PayNews, China's first online portal for payment industry. Its [Dexxis Instant Issuance solution](#) also won an "Excellent Solution for Financial Industry Award" from Financial Computerizing magazine, a leading publication supervised by the People's Bank of China. These accolades recognize Gemalto's innovation capacity and leadership in secure payment solutions and services, with a number of deployments around the world.

[NFC Contactless Technology Provides Secure and Resilient Foundation for Mobile Payments](#)

Smart Card Alliance Executive Director Randy Vanderhoof Testifies Before Congress

Princeton Junction, N.J., March 22, 2012–Testifying before Congress on mobile payments today, Smart Card Alliance Executive Director Randy Vanderhoof detailed all the reasons why the future of money is in good hands with NFC mobile contactless payment technology, which builds on a well-established foundation created by the leaders in the financial services and wireless sectors.

[Gemalto to issue an additional 15 million eHealth cards in 2012 for AOK insurees](#)

Germany's largest health insurance fund to receive new batch of second-generation microprocessor cards

Amsterdam, March 20, 2012–Gemalto (Euronext NL0000400653 GTO), the world leader in digital security, will issue an additional [15 million second-generation eHealth cards](#) ("eGK", elektronische Gesundheitskarte) to AOK in 2012. AOK ("Allgemeine Ortskrankenkasse"), the Health Insurance Fund, looks after around 25 million people, approximately one third of the population in Germany. Last year alone Gemalto issued two and a half million health cards for the German National Health Insurance Scheme. In the

joint, large-scale project, Gemalto is responsible for the entire card production process for Germany's largest health insurance company. From production and personalization through to fulfillment services, Gemalto is demonstrating its excellence in operation.

[Watchdata WatchKey™ is the first PKI Token compliant with ICP in Brazil](#)

RSA Conference, San Francisco–02 March 2012. Watchdata Technologies announced during the RSA Security Conference that one of its global products, the “WatchKey” USB PKI security token, has successfully passed all the NSH-1 compliance tests for ICP-Brazil. This is the first USB PKI security token fully compliant with the standards established in Brazil by the ITI (National Institute of Information Technology).

This achievement is the result of Watchdata's efforts to actively combine its international experience in PKI technology with a deep understanding of local requirements to guarantee superior security and interoperability, independent of the platform. The technical procedures, guides and norms established by ITI, comprise the Brazilian PKI requirements for cryptographic tokens to operate under the ICP-Brazil's Root-CA certification authority. Compliance to these technical requirements is mandatory for cryptographic products used in Brazil.

[Smart Card Alliance Latin America \(SCALA\) Hosts First Smart Card Summit at Expo Seguridad 2012 in Mexico City](#)

PRINCETON JUNCTION, N.J., MARCH 13, 2012–The [Smart Card Alliance Latin America chapter \(SCALA\)](#) is bringing its industry knowledge and experience to Expo Seguridad Mexico 2012, the premiere security exhibition, seminar and conference program in Latin America. SCALA, in partnership with Reed Exhibitions, will host the first smart card conference, “[Mexico-Smart Card Summit](#)” and training workshop within Expo Seguridad on April 24-26, 2012 at Centro Banamex in Mexico City.

[Mobily Selects Gemalto for Machine-to-Machine Services in Saudi Arabia](#)

First Middle Eastern deployment using M2M dedicated solutions

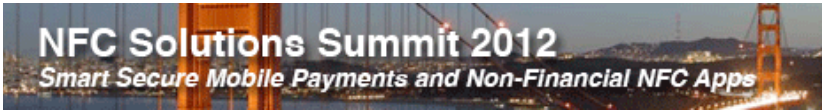
Amsterdam, Mar 13, 2012 – Gemalto (Euronext NL0000400653), the world leader in digital security, announces that Mobily, Saudi Arabia's leading mobile operator, has selected Gemalto's [Machine Identification Module \(MIM\)](#) for the deployment of Machine-to-Machine (M2M) services. Gemalto's MIM specifically meets the demanding and high durability requirements of industrial environments especially in Saudi Arabia's acute climates, and will be the first implementation of dedicated M2M technology in the Middle East. The Gemalto devices will be installed for upcoming Saudi M2M projects in the power management and transportation industries such as Smart Grid Metering and Fleet Tracking.

Members submit news each month to the Smart Card Alliance, with news items highlighted on the Alliance web site and in the monthly news letter. Members are invited to submit their news releases (as a Word document) to news@smartcardalliance.org to contribute to the Members in the News content.

SCALA Smart Card Summit

at Expo Seguridad 2012 - Mexico

April 24-26, 2012



NFC Solutions Summit 2012

A joint Smart Card Alliance and NFC Forum event

San Francisco, CA

May 22-24, 2012

EMV Tour-Ecuador

A joint SCALA and PaymentMedia event

Quito, Ecuador

June 6, 2012



Cardware 2012: Payment Insights

June 19-20, 2012

Marriott Gateway on the Falls

Niagara Falls, ON, Canada

2nd World IC Card Summit - BEIJING

Beijing International Hotel Convention Center

Beijing, CHINA

July 24-25, 2012

Smart Card Alliance Government Conference 2012

Walter E. Washington Convention Center

Washington, DC

November 28-30, 2012

Cartes 2012

November 6-8, 2012

Paris, FRANCE

The Industry's Leaders Join Forces to Present a Comprehensive Conference Showcase for the Entire NFC Value Chain

NFC Solutions Summit 2012

Smart Secure Mobile Payments and Non-Financial NFC Apps

*May 22-23 • Hyatt Regency San Francisco Airport, Burlingame, California
(Pre-conference workshops May 21)*

The Smart Card Alliance and the NFC Forum are pleased to present NFC Solutions Summit—the first comprehensive American showcase for the burgeoning technology of Near Field Communications. The NFC Solutions Summit will cover the state of this promising technology, developments in new NFC devices and add-ons, the status of the growing NFC ecosystem, the promise of NFC-enabled payments and other popular applications, NFC implementation, and American and international market forecasts.

In 2012 NFC technology will be widely available in new smart phone handsets, enabling quick transactions, ticketing, digital content exchange, secure identification, social networking and communication between electronic devices. The authoritative expertise of the NFC Forum and Smart Card Alliance will create the interest and momentum necessary bring together a broad base of industry players. The conference will feature leaders from every relevant sector for an interactive, instructive forum on the business issues, implementation milestones, and technology advancements happening in NFC markets.



In the Technology Capital of the Americas

NFC Solutions Summit will take place at the Hyatt Regency San Francisco Airport, a high-quality, self-contained conference venue with easy access for both domestic and international participants, only 20 minutes from the many attractions of San Francisco, and 30 minutes from the high-tech industry leaders of Silicon Valley.

A Joint Presentation by:



Conference Agenda

Built on a Broad Base of Association Expertise

The conference presentations will leverage the extensive experience and resources of Smart Card Alliance and NFC Forum, both widely regarded as leading voices for the application of this technology. Conference content will include:

Standards and Technology: Smart Phones and Devices, NFC System Architectures, Standards for Trusted Service Manager (TSM), and NFC Forum Specifications

Security and Applications Management: Security Architectures for NFC, Bank Card Payments Application Security, Identity Credentials Storage in NFC Devices, NFC Secure Element Architectures, NFC Application Download and Management

Implementation and Applications Topics: Financial Service Applications, Identity and Security Applications, Ticketing and Fare Collection Applications, Retail Applications

Market and Business Model Topics: Challenges and Opportunities for Financial Institutions, NFC Business Partnership Opportunities and Challenges, Use Cases for NFC, Reports on Commercial Services and Pilots

Exhibit and Sponsorship Opportunities Available. Contact Bill Rutledge at +1-212-866-2169 | bill@cnxtd.com

Stay Tuned: Registration Opens in October • www.smartcardalliance.org