

# >> Fast Forward



## Tap, Pay and Go

Some community bankers are raving about Bling Nation's mobile payment service. Now they just have to convince customers and local merchants to use it. **BY BONNIE MCGEER**

It's likely most people in Stoneham, Mass., never heard of Bling Nation before this summer.

But Rule Loving is confident they'll take to the mobile payment service Bling created.

"There's no reason not to do it," says Loving, an assistant vice president at the \$420 million-asset StonehamBank, which tested the service with its employees before starting to roll it out to customers in June.

Users stick a small plastic tag on their mobile phones, allowing them to simply tap the phone to pay for purchases at participating local businesses.

Bling automatically transfers payment from the customer's bank account to the merchant's. A text message acts as a receipt, providing details of the transaction and the new account balance.

The service costs customers nothing,

just as if they had paid with a debit card, Loving says. And the transaction fee that the business pays is about half the amount it would be for a purchase with a card.

So far only about a dozen community banks work with Bling, and analysts are split about its prospects.

"I think Bling is one of the most interesting payment startups out there," says Gwenn Bezdard, a research director at Aite Group. With the money saved on fees, businesses often start a rewards program for Bling users, Bezdard says. And this gives customers more of an incentive to pay with Bling.

"Building a payment network is a challenging proposition, no doubt about it," he says. "But they don't necessarily need to have a massive national network right away. All they need is scale in a specific community."

Red Gillen, a senior analyst at Celent,

is skeptical about whether Bling can take off, though.

The challenge for a company introducing a new payment method is that getting consumers to use it requires signing up merchants to accept it, Gillen says. But getting merchants to try something new requires having enough consumers to make the effort worthwhile.

"They have to address the chicken and the egg," Gillen says. "Right now this model is going to make it very difficult to succeed, picking off one small bank and one small merchant at a time."

Loving is an evangelist. His bank wants to attract more young people as customers, and Loving expects they'll be enthusiastic about the ability to tap and pay with a mobile phone.

"We just rolled out mobile banking a few months ago, and we think Bling is very complementary to that," he says.

StonehamBank aims to have 30 percent of its customers actively using Bling by yearend, and based on early results from other banks, that seems like a realistic goal.

Meyer Malka, Bling's founder and co-chief executive, says the first bank to deploy the service last summer signed up half of its customers within four months. He says debit cards took years to gain a similar level of acceptance.

Customers at the initial bank averaged 11 debit card transactions monthly at the time, and Bling captured a share of that business. Now each Bling user there makes about six purchases monthly using the service.

Loving says businesses need to open an account at the bank to accept Bling payments. So the service is a way for the bank to initiate a relationship with prospects too.