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Mobile payment, also termed as mobile funds transfer, mobile banking, mobile transactions, and mobile wallet generally refer to payment services functioning under financial regulation and performed via a mobile device like smart-phones using mobile payment applications. It is a substitute to payment methods like cash, cheques, or credit/debit cards; a shopper can use a smart-phone to pay for an extensive assortment of services and digital or hard goods such as: Music, Videos, Game, Apparels, Digital goods, Fares of Buses- Metros- Trains-Taxis, Books, Magazines, Movie and other tickets and different hard commodities.

The transmission of cash from one party to another swapping for merchandise and services is very restricted as today only very few mobile companies give the facilities of mobile payments. But this industry is growing up significantly and said to be valued more than a trillion dollars by 2016 according to The Wall Street Journal and we will see many mobile payment applications running on our smart-phones real soon as mobile application development has started to rule in every sector.

The merchants need to basically realize the worth of mobile payments system to their business and recognise the big opportunity. The business people involved would be to know mobile payments as an economical substitute to the card-swipe charges that shops give for every credit/debit card transaction they do. The reason behind many retail stores and coffee houses are issuing their own payment cards (and running private mobile payment applications) is to avoid multi transaction charges per customer. The strategy is to maintain more of their money and avoid money loss under the name of â€˜card transaction chargesâ€™ to the large banks.

We're on the verge to see an outburst in different kinds of mobile wallet applications that are customized to one particular store plus to the ones created by giant tech brands such as Google, the PayPal and Appleâ€™s Passbook. Companies especially big retail companies have started developing mobile payments systems that may use near-field communications the NFC- technology and various mobile apps are being created that implements NFCs. NFC hardware is programmed with mobile applications like wallets.

NFC allows smart-phones to commune at close & secure range, letting â€˜tap-to-payâ€™ at equipped retailers. Moreover, using a NFC transmission gives a feel of what may be called as a â€˜Digital Hand-Shakeâ€™. It's one of several methods trying to gain authorization with banks, retailers and start-ups implementing this technology.

NFC systems are contactless payment systems. These systems similar to the credit cards and electronic ticket smartcards, and permit mobile payment to replace or complement these systems. For example Mobile applications like Google Wallet permits customers to save credit card and store loyalty card data in a virtual wallet and then use an NFC-enabled device at terminals for transactions. Many European countries have tested NFC ticketing schemes for public transportation. China is using it all over the country in public bus transport and India is implementing NFC-based transactions in box offices for movie ticketing purposes.

Features of NFC include:

â€¢ Owing to little communication range, NFC-based transactions are probably secure for shopping in retail stores, payment in coffee shops etc.

â€¢ Instant payments and coupon delivery on smart-phones, as you do with your credit card or debit

card.

â€¢ Exchange of information such as schedules, maps and coupon delivery in less than a second.

â€¢ Payment for items just by waving your phone over the NFC capable devices

â€¢ Transferring photos, contacts, business cards and used in other ways of socialising.

The difference in mobile payments and mobile banking that in mobile payments, the account number is veiled from being public. One doesnâ€™t need know the account number of a person to transfer money unlike mobile banking. This unlocks a range of potentials- from buying tickets to paying taxi fare, both of which would not have been feasible had the account number been obligatory for a simple transaction.

Now-a-days, the one fixation more regularly carried than money by people is a smart-phone, which is making it the most rational type of payment system available. If rumours are to be believed, Apple is also going to integrate NFC into its mobile wallet application â€˜Passbookâ€™, perhaps positively in the new iPhone 5. By the end of the year we may see majority of smart-phones having NFC on them.

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