New payment app aims to make shopping easier

Natasha Baker, Reuters

Ready to ditch your wallet, cash and credit cards? A mobile payment app lets users make purchases with their smartphone without taking the device out of their pocket or purse.

Developed by electronic payment startup Square, the app called Card Case allows customers to pay for products and services at local merchants automatically by simply providing their name to complete the transaction.

"You walk in, say your name, and walk out. It's a seamless payment experience," said Megan Quinn, director of products for Square.

The app automatically opens a tab when it detects that a customer is within 100 meters (328 feet) of a business, as long as they've enabled the functionality in the app and approved the business.

The user's arrival, along with their name and photo, is announced on the merchant's app giving them the ability to charge products and services to the customer's credit card.

"You can pay without ever reaching for your purse, taking out your wallet, or even your phone," said Quinn. "It requires no new or unusual customer behavior -- you don't have to wave your phone, or preload money."

By giving the merchant access to customers' names up front, and removing the transactional aspect, the company hopes to provide a personal touch, helping customers feel like regulars even at unexplored shops.

"We've removed the mechanics of the transaction and brought it back to the relationship and conversation between the merchant and their customer," Quinn explained, adding customers tend to return to places where they feel comfortable.

Over 20,000 merchants have signed up for the app across the United States in eight weeks, including coffee shops, bakers, barbers and even farmers market stalls.

Although other companies have announced mobile payment apps, many have implemented Near Field Communication (NFC) technology, which uses a chip in smartphones to send encrypted payment data when the phone is waved in front of the merchant's reader.

Last week, PayPal announced an update to their Android app that uses this technology to allow users to swap payments between each other by tapping their phones together. The Google Wallet app available for the Nexus S, uses the technology to allow payments anywhere MasterCard PayPass is accepted.

"NFC is an interesting technology that has the potential to power many interesting new applications," said Quinn. "We just don't think it's necessary to help small businesses grow."

There is currently no NFC chip included in iPhones, and NFC equipment amongst merchants is not yet mainstream.

Card Case, available for iOS and Android smartphones is only available in the United States, but the company plans to expand to international markets in 2012.

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