Review: Incompatibility with competing mobile payment systems makes plastic more convenient

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NEW YORK (AP) -- For many of us, plastic has replaced cash for everyday shopping. If some technological wizards have their way, your phone will replace plastic one day.

We're still far from such a world, yet I was intrigued enough to try using my phone to make payments.

Over the past month, several major retailers announced plans to accept or expand such mobile payments, adding to services already available. One approach uses wireless technology to let merchants access credit and debit cards stored on your account, while the other uses a bar code on the phone screen that gets scanned at the register.

You might be wondering: Why fix what isn't broken, when plastic works just fine?

Systems that let you pay by cellphones can do more than store cards. Some can handle gift cards and coupons, so that discounts are automatically applied even if you left the originals at home. The mobile systems can also track patterns and perhaps reward you for repeat business.

You also get more security, at least if you trust the encryption provided. By the time you notice a card missing, someone could have gone on a shopping spree. You'd likely notice much sooner if you're missing your phone. With one call or visit to a website, you can disable access to all your cards at once. In addition, many services let you lock their apps with a security code, giving the cards extra protection.

Stores also might be able to reduce processing costs and, hopefully, pass the savings to you.

Here's how those promises met with reality using four systems I tried:

- Bar code systems

You can enter any credit or debit card into LevelUp's app. You get $2 off your first purchase at each store and other discounts after you've spent a certain amount there. The store has a phone that photographs the bar code on your app and sends it to LevelUp for processing. LevelUp charges your card and pays the store.

At two pizzerias, the system picked up my bar code fine, even with shaky hands, though it failed at a pita place when I had my phone slightly angled. A manager had to be called in.

The other bar code system I used was on the app for Dunkin' Donuts. It works only with the store's gift cards, so you'd have to buy one with a credit card first. Unfortunately, the register's scanner was broken when I tried to order breakfast, and it took three employees to transfer the order to another register. In that chaos, the staff forgot to make my sandwich.

With uncertainties about whether I'd run into technical troubles on a given visit, pulling out plastic is faster and more convenient.

- Google Wallet

This app lets you pay by tapping your device on a card reader at a store. It uses a wireless technology called near-field communications, or NFC, something that is starting to appear on devices running Google's Android mobile software.

A few dozen national chains accept Google Wallet using card readers equipped with MasterCard's PayPass technology. That includes at least four close to my home or office, but many more accept plastic.

The bigger problem: The app works with only a small number of Android phones on Sprint's network. The iPhone doesn't have the hardware. The other big wireless carriers have blocked or made it difficult to get Google's app even on devices that have the right hardware. That's because Verizon, AT&T and T-Mobile are jointly developing a competing wallet system called Isis. Can't everyone just get along?

I was able to borrow a Sprint device for my test and went on shopping and eating sprees at McDonald's, 7-Eleven and CVS and Duane Reade drug stores. It took several purchases and a few thousand calories to get the hang of it.

The first employee at McDonald's wasn't very helpful, suggesting that I try swiping the phone in the thin slot that barely fits the plastic card. I learned that it'll take more than getting the hardware in place to make mobile systems as ubiquitous as plastic. Customers and employees need to get used to it, too.

Google Wallet lets you store gift cards, but not those from the stores I have gift cards for. The app links to the Google Offers deals service and gives you instant discounts at some retail stores as long as you pay with the app. Again, none are for stores I plan to buy from in the near future.

Because I often had to enter a four-digit security code and tap a second time to complete transactions, I found swiping a card much easier. Although some card transactions require signatures, many merchants no longer bother for smaller sales. Discounts might be the draw, but I'm still waiting for an offer I can use.

- Square

The Pay With Square app lets you pay simply by giving the store your name, once you add a photo of yourself. The app uses location technology such as GPS to find

nearby stores that accept Square. You choose one and tell the store your name. The store sees names and photos for Square users nearby and chooses your account to charge.

Starbucks recently signed on to accept Square. So I tried to buy a chai latte with it the other day, only to face befuddled employees not knowing what I was talking about. Turns out the payments won't be accepted until this fall, and initially some stores will require bar codes instead of accepting your name.

I searched for other stores but couldn't find any close by that I needed anything from. I had to go out of my way to buy coffee and banana bread with Square.

Sigh.

I fully understand that a lot has to happen before paying by phone becomes as convenient as credit cards. Just as the Web didn't have many websites early on, mobile payment doesn't have many stores accepting it. That's bound to change over time.

But a few things might keep me away from mobile payments for good:

- With several competing systems, it's a pain to keep track of who accepts what, let alone which phones work with which program. As more get announced, mobile payment will be even more of a mess.

Imagine if your dry cleaner takes only dollars, your grocery store takes only euros and your gas station requires Norwegian kroner. Businesses behind mobile payments need to start working together. It's fine to compete, but make the competing systems compatible.

- Mobile payment services need to figure out how to ensure that you get the same credit card rewards and benefits as you would paying with plastic.

LevelUp charges appear as LevelUp, for instance. So I'd get straightforward rewards as a percentage of my charges, but not the bonuses for spending at specific types of retailers such as restaurants and grocery stores. Many credit card companies offer insurance for car rentals if you pay with their cards, but Google won't guarantee that with payments made through Wallet.

- It's not entirely clear to me what recourse I have should I run into disputes. What if Square lets a cashier charge the wrong person? What if I accidentally tap a card reader with Google Wallet activated?

I've never had problems working with my credit card company to resolve disputes in the past, but these new services are unknowns. It's possible dispute resolution will be smooth, but I don't have the years of experience to back that up.

It's going to be a long journey. To use a baseball analogy, we're still in batting practice during spring training, not even the first inning of a real game yet.

I look forward to a day when I can leave all my cards at home, but that day may never happen if business considerations trump consumer convenience.

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