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TEXT MESSAGE PAYMENTS IN FINLAND

Luottokunta, the 13th largest acquirer in Europe, has deployed a service that authenticates the identity of consumers making

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mobile payments without requiring any accessories (such as a card reader), software applications for the phone (such as mobile wallets), or certificates on a SIM card. Called iSMS, the service works with any model mobile phone able to send text messages, as well as with any mobile network operator (MNO).

The system authenticates transactions by combining multiple data elements to create a unique “fingerprint” that merchants include in a text message to the consumer. The consumer responds by typing

a specific letter or number — and their reply must contain the same fingerprint sent in the merchant’s message.

The iSMS service was developed by BookIT, a Finnish software and services company specializing in text messaging for businesses. It is currently used by about half of the Finnish population for various services including check-in on Finnair flights. Payments are a new development. They can be billed to any credit or debit card issued in Europe and carrying the Visa or MasterCard brands, as long as the issuer is capable of handling recurring payments.

Luottokunta’s eMobile payment service is free for the consumer. Merchants pay Visa or MasterCard transaction fees as well as monthly fees to both Luottokunta and BookIT. Merchant categories

represented so far include public transport, movie theaters, subscriptions, parking lots, and vending machines.

Luottokunta is owned collectively by all banks in Finland. Last year the company acquired more than €23 billion in payment card spending. Heikki Kapanen is CEO

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