

# Technology In Our Lives

## How To Preserve Your Privacy When Making Mobile Payments

(NAPS)—Did you know that now you can use a smartphone, tablet or other mobile devices to pay for some purchases? Mobile payments can be convenient—no need to write a check or to pull out your wallet for cash or plastic. No need to type in your payment information to buy something online. But what about your privacy? According to Consumer Federation of America, that's a good question to ask whenever you consider using new technology. Because you usually carry your phone or other mobile device with you, it's on most of the time, and it may contain very sensitive personal information, it's especially important to keep it, and its contents, safe and secure, especially if you want to use it to make mobile payments or conduct other financial business.

### How Do Mobile Payments Work?

• **Near Field Communication (NFC) mobile wallet payment.** NFC enables you to tap or wave your mobile device close to a "reader" next to a cash register or on a vending machine, turnstile, parking meter, etc. Your mobile device sends the account information that you are going to use for the payment through a radio signal with a short range of about four inches. The mobile wallet app stores your account number in a secure chip in the phone or in a secure file server linked to the mobile wallet app. Examples include Apple Pay and Google Android Pay.

• **Mobile web payments (WAP).** Use the web browser on your mobile device or a mobile app to make a purchase on the Internet and charge it to your credit, debit, prepaid or bank account.

• **QR code (quick response) scans.** Your mobile device produces a QR code on the screen to be scanned at the register. The QR code provides the link to the payment information. Usually, you download a mobile app for the merchant (such as Starbucks) or a



mobile wallet (such as LevelUp) that allows you to create the QR code on your mobile device.

• **Mobile text payments (SMS).** Send a code by text message to the seller using your mobile device to approve the payment. The purchase is charged to your wireless service bill or a prepaid account held by the mobile operator. Personal information, such as payment account number, should not be sent via SMS.

• **Direct mobile billing.** Provide your mobile phone number as your account number to the merchant. The purchase is charged to your wireless service bill. These are normally low-dollar digital payments for items such as ringtones, screen savers or apps, with most mobile operators establishing a transaction and consolidated dollar limit.

Mobile payments often involve using software programs called "apps." Apps may require you to provide personal information in order to download them and, once installed, they can access information from your mobile device. In some cases, you may be asked for permission for the app to obtain specific information, such as your location or your address book.

Some mobile payment apps will only collect and share the information that is required to make the payment; others may collect more information about you. Apps may use your personal information for purposes unrelated to making a payment, such as to sell you in-app features or advertise to you on

behalf of other companies. They might also share your personal information with other companies.

Who else could collect information from your use of a payment app? It could be the app store, an advertising network, a data broker that collects information about people from a variety of sources and packages it for sale, the manufacturer of your mobile device, the payment provider (such as your credit card issuer), a payment processor, your wireless carrier and broadband service provider, and the businesses that you are paying.

Not all mobile payment services involve using an app—whichever payment service you are using, read its privacy policy. And if you're making a purchase from a merchant's website, you'll also want to look at its privacy policy. Website operators and advertising networks often collect information about people who visit websites.

### Tips for Protecting Your Mobile Payment Privacy

• Read the privacy policies of the companies whose services you are using to make mobile payments and the companies that you are paying.

• If you don't like a company's privacy policy, take your business elsewhere.

• Don't voluntarily provide information that is not necessary to use a product or service or make a payment.

• Take advantage of the controls that you may be given over the collection and use of your personal information.

• Since mobile payments, like all electronic payments, leave a trail, if there are transactions that you would prefer to make anonymously, pay with cash.

For more about how to protect your privacy and security when you make mobile payments, go to [www.consumerfed.org/mobilepayments](http://www.consumerfed.org/mobilepayments). These new educational materials were produced with a grant from the Digital Trust Foundation.