

Top Carriers Form Joint Venture for Micropayments in France

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France's top three carriers (Orange, SFR, Bouygues) and IT firm Atos Origin have created a joint venture, Buyster, that will build an online payments platform. Buyster is a platform for online merchants. "Over the next five years, we are counting on a share of the m-commerce market representing 10% of the turnover for ecommerce with an estimated amount of just over 6 billion Euros" said Eric Gontier, CEO of Buyster.

The platform, which is expected to be ready for commercial transactions by the end of June, will enable fixed and mobile Internet users to make online payments. This initiative has already been endorsed by several major French online retailers, including Aquarelle, Brandalley, Darty and Rue du Commerce.

Users will be able to use Buyster to link their bank card to their phone number in a secure way. They can then use their phone number and a Buyster code to make purchases online.

Tarifica's Take

In previous issues of the *Alert*, we have reported how carries in different countries (like [US](#) or [Germany](#)) are forming similar joint ventures to capitalize on the mobile payments opportunity.

French carriers, although creating a similar alliance, are following a different path in their attempt to compete with other online payment platforms such as Paypal, Google Checkout or Amazon Payments. After rolling out this service, the French operators will begin offering services similar to those of mobile payments startups Zong and Boku. We have covered in previous issues how these companies work and [their partnerships in the US with AT&T and Verizon](#).

In our view, French carriers aren't following the right path for several reasons:

- **Building a national platform to compete with established online payment platforms will be difficult.** Existing platforms are international in scope and coverage, making it easier for consumers to use the same payment service for online retailers based in different countries. Additionally, most online retailers either have their own payment platform, or they rely on those that consumers already know, such as Paypal. Because of this, the retailers who have endorsed Buyster won't likely be offering it as their only payment alternative, since offering only one option usually lowers the conversion rate for online sales. Therefore, in order to effectively compete with the established platforms, Buyster will have to build a reputation and be offered as an option by more retailers.
- **Mobile payments that require message confirmation don't work as efficiently as other payment methods.** When users have to confirm a payment by entering a code received on the cell-phone or sent via text message, the number of uncompleted transactions increases. Since this joint venture is formed by carriers, they should have pursued alternatives, such as NFC (Near Field Communication), that don't require additional confirmations.
- **NFC will prevail over other mobile payments technologies.** Most players involved in mobile payments (device manufactures, credit card companies and banks) are focusing on NFC as their primary technology as they build mobile payments solutions, and it is unlikely that operators will be able to bypass them with a technology that is less convenient for the end user.

In summary, we don't expect Buyster to be successful in the long term and we think that the carriers will eventually switch to NFC shortly after deploying this new service.

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