

AF Security

# Online Credits and Micropayments: Technology and Applications

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MOVATION – A competitive advantage for ALL invited companies and for Norwegian Innovation

# What is micropayment

- The spending of small change ( less than 12 USD)\*
- Impractical to charge credit card for these amounts as transaction costs of credit cards too prohibitive
- Ideal for impulse purchases
- One click transactions



- Payment for digital goods - online
- Payment for physical goods - online
- Payment for physical goods - offline
- Person to person transfer of funds



	Name	Price
1	Foux Du Fafa	+ \$0.99 <a href="#">BUY SONG</a>
2	Inner City Pressure	+ \$0.99 <a href="#">BUY SONG</a>
3	Hiphopotamus Vs. Rhymenoc...	+ \$0.99 <a href="#">BUY SONG</a>
4	Think About It	+ \$0.99 <a href="#">BUY SONG</a>
5	Ladies of the World	+ \$0.99 <a href="#">BUY SONG</a>
6	Mutha'uckas	+ \$0.99 <a href="#">BUY SONG</a>
7	The Prince of Parties	+ \$0.99 <a href="#">BUY SONG</a>
8	Leggy Blonde (feat. Rhys Darby)	+ \$0.99 <a href="#">BUY SONG</a>

**PAYING** for online  
content that you  
buy

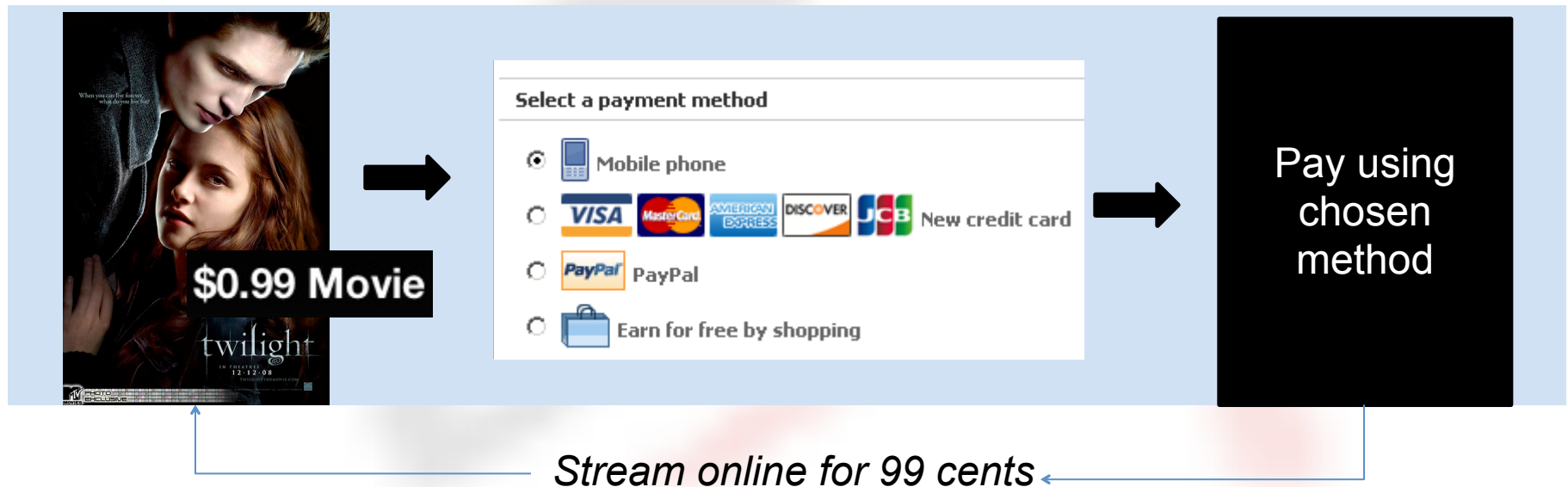


**TIPPING** for  
content that you  
like



traditional versus new concepts

# Users can pay each time



## Issues:

Charging 99 cents leads to prohibitive transaction costs

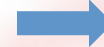
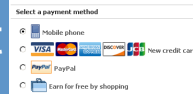
Users do not want to type in credit cards or other information for 99 cents

**Examples of companies that do this successfully:** Amazon, iTunes



**SCHIBSTED**

Register and prepay 100 NOK in to your account



**edda**  
MEDIA

Register and prepay 100 NOK in to your account



Register and prepay 100 NOK in to your account

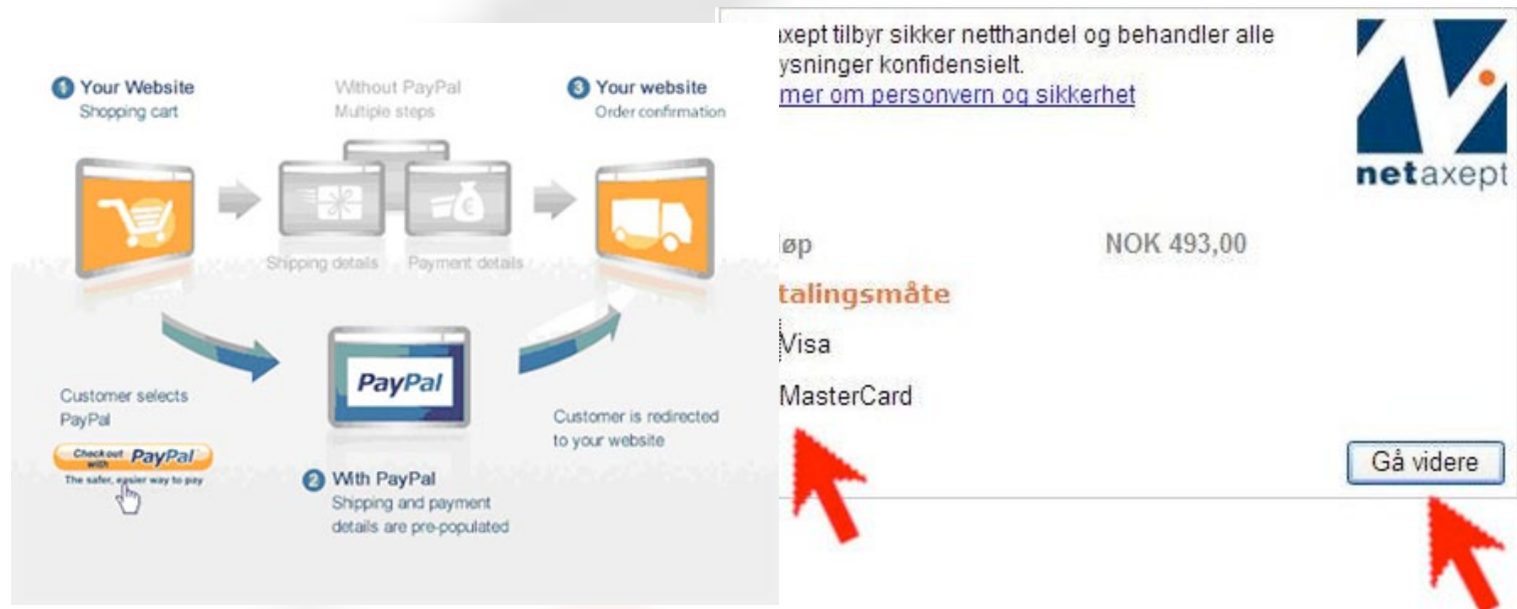


## Issues:

Users have to maintain multiple prepaid accounts on multiple sites  
User has multiple online wallets

**Examples of companies that do this successfully:** Skype, Facebook





## Issues:

- Users have to leave the original site - enter PayPal's site to make payment
- One click payment not possible
- High commission rates by PayPal to merchants for micropayment transactions



Register your online wallet with BBS once and add some credit to it

OR

Get your bank to create a 'petty cash' online wallet for you with a maximum upper limit of 100 NOK in a month

Immediately be able to pay for online videos, music, content, games etc on all sites that support payment from the 'online Wallet'

Example:



Payment is processed as usual and the amount is debited from the users wallet and credited to the bank in question

Example:



## Advantages:

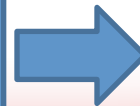
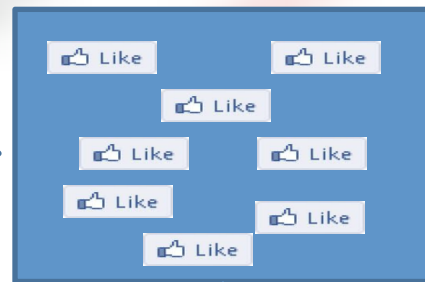
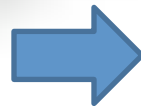
User does not have to leave the Media site to make the micropayment - one click transactions



- PayPal recently introduced new features to support micropayments.
- Google Checkout introducing Micropayments.
- Amazon introduces Payphrase
- New companies entering this arena: 2checkout.com, Zong.com, getitocard.com, billingrevolution.com, Kachingle, Bitcents



- User deposits 50 NOK cash in 'Tips' section of the Online Wallet each month. User clicks on 'Like' button when he or she likes an article in a blog or wants to tip



50 NOK/8 TIMES  
=  
6.25 NOK in each  
participating  
site's account

Clicked on 'LIKE' 8 times in one month on 8 different sites.  
For example: once on a blog, twice on donate now articles on Unicef, three times on his sports club page and twice on news items

- Flattr in Sweden
- Probably on Facebook's roadmap

### Advantages

- Extremely social: people can link to their sites
- An additional service to the Online Wallet
- Satisfies people's need to be philanthropic
- New way of funding for social causes: Unicef, Red cross etc without the hassle of paying the mediator ( telecom operator)

- To simplify payments across multiple countries
- To not be regulated as a bank
- To have the option of giving free credits ( as credits can be spent on only partner sites, where as cash implies that it can be withdrawn and spent anywhere)
- Facebook, Nintendo Wii, Skype Out – all sell credit instead of cash for these reasons

## Online Wallet

- “one click” solution for small amounts
- ease of use versus security

## Tips for micro-payment

- “I like this item” - share funds
- Current development in Movation