



press release

2nd September 2008

UK CONSUMERS WANT NFC ON THEIR MOBILES

O2 Wallet trial reveals 78% want to use contactless services on their mobile phone

The prospect of using your mobile phone to make purchases or pay for travel took a step forward today with the results from Europe's largest trial of Near Field Communications (NFC) technology on a mobile phone revealing clear consumer demand for such services.

Nine out of ten trialists were happy using NFC technology on a mobile phone and 78% said they would be interested in using contactless services if available. Convenience, ease-of-use and the status of having such an innovative device were seen as the main benefits.

Interest in having Oyster on their mobile phones was particularly strong with 89% of trialists saying they were interested in taking this up. Over two-thirds of trialists also said that they would be interested in having the Barclaycard Visa payWave feature on their mobile in the future.

The O2 Wallet trial took place over six months between November 2007 and May 2008 and involved 500 trialists. It tested consumer demand for having cards you would normally carry in a wallet, such as Oyster and credit cards, available on a Nokia 6131 NFC mobile phone. To travel on London's transport system or make purchases in retail stores, the user simply touched the phone against a reader. The trial involved a range of industry leaders including O2, Transport for London, Barclaycard, Visa Europe, TranSys, Nokia and AEG.

Imagine going out for the night and only taking your mobile phone with you, said Claire Maslen, Head of NFC. This trial takes us one step forward to achieving this by demonstrating that people want the convenience and practical benefits offered by services like the O2 Wallet.

Oyster on Mobile

Having Oyster on their mobile phone actually increased trialists use of public transport. One in five (22%) trialists using Pay as You Go Oyster reported that they increased the number of journeys they made on public transport during the trial. Overall, almost 50,000 tube journeys took place using the O2 Wallet during the six month trial.

Other key findings around Oyster on mobile include:

- 67% said that they found it more convenient to use than a standard Oyster card.
- 87% said that availability of the service would be likely to influence their purchase of a new mobile phone.

Contactless Payments on Mobile

A selection of trialists were provided with the Barclaycard Visa payWave application on the Nokia 6131 NFC mobile phone and following the trial over two-thirds stated that they would be interested in using cashless payments on their mobile in the future. In addition, nearly half (47%) of trialists stated that being able to use their mobile to make payments would influence their choice of handset in the future.

Insights for future services

The trial provides crucial insights into helping O2 and its partners ensure that the customer experience is right before bringing the O2 Wallet to market:-

- Choice of handsets is crucial . 85% of trialists felt that the make and model of the handset would influence their decision to take up NFC services
- User Interface . while the UI was popular, trialists wanted the ability to manage their accounts and view Oyster and Barclaycard balances through the application
- Security . while this was an important consideration, trialists wanted speed and convenience from using their mobile phone but could see the benefits of being asked for a PIN periodically to enhance security, similar to the contactless card experience today

Claire Maslen continued: %a theory, any card that you carry in your wallet could be on your mobile in the future. To make this a reality we need to work across industry with a shared vision of what commercial services will look like. To that end O2 will be proposing an industry taskforce with the aim of bringing together mobile operators, handset manufacturers and key players from the transport and finance sectors to form the foundations for commercial NFC on mobile services.+

-ENDS-

About the O2 Wallet Trial

NFC is a contactless functionality, enabling a wide range of secure uses including cashless payments, public transport, event ticketing and smart posters.

The six-month trial, which involved over 500 existing O2 customers, took place across London using a Nokia 6131 NFC mobile phone installed with the O2 Wallet application. Just like a normal wallet, this held various everyday cards, including Oyster and Barclaycard Visa payWave, but in virtual form. The trialists were able to use their Nokia 6131 handset to pay for travel on the Tube, buses and trams across London and also top-up their Oyster at Oyster ticket machines.

The Barclaycard Visa payWave payment application was also installed on the handset, enabling trialists to make contactless payments for £10 and under at the growing number of retailers across London including Books Etc, Chop, Coffee Republic, EAT, Krispy Kreme, Threshers and YO! Sushi. As well as making payments, participants could also use their Nokia 6131 NFC mobile phone to locate local retailers.

Notes to editors

Research

Research was conducted by GFK.

Partners

- In addition to Transport for London, Transys, Barclaycard, Visa Europe, AEG and Nokia, O2 worked with a number of other partners and suppliers to make the trial possible.
- O2 and Nokia collaborated on handsets that support NFC applications. In addition to the Nokia 6131 NFC phones used in this project Nokia also offered O2 a limited number of test or prototype phones that support the Single Wire Protocol (SWP) and the SIM as the Secure Element, or area where the applications are stored.
- Venyon managed the Over The Air (OTA) services including the OTA download and personalization of the Barclaycard pre-paid payment application and corresponding user-interface application (Visa Mobile Application).
- Giesecke & Devrient (G&D) handled the secure data management for the Barclaycard application based on G&D's Java card operating system. It is planned that in subsequent trial phases all NFC-applications will reside on NFC-enabled SIM cards.
- NEC and Fortress worked with O2 and AEG on the VIP club application.
- Innovision supplied the smart tags for the posters.
- Parrot supplied digital photo frames for touch and uploading of photos from the NFC phones.
- Consult Hyperion provided consulting and development services to O2 including the Blueroom access application.

About O2

- É Telefónica O2 UK Limited is a leading communications company for consumers and businesses in the UK, with over 18.7 million mobile customers and over 190,000 fixed broadband customers as at 30 June 2008.
- É Telefónica O2 UK Limited is part of Telefónica Europe plc which is a business division of Telefónica S.A. and which owns O2 in the UK, Ireland, Slovakia, Germany and the Czech Republic, and has 43.8 million customers.
- É In 2006 Telefónica Europe acquired Be, the UK fixed broadband provider, and in October 2007 O2 launched its broadband service using the Be network.
- É O2 is the naming rights partner of The O2, the world-class entertainment venue.
- É O2 was ranked the 6th best place to work in the Best Companies to Work for 2008 List and has been awarded a three-star accreditation denoting an extraordinary company.
- É O2 was launched on 1 May 2002 and now has more customers than any other UK mobile network.

- É O2's UK mobile network covers 99% of the UK's population. O2's 3G network covers 80% of the UK population and is fully HSDPA-enabled, providing speeds of up to 1.8 MBps for customers with an HSDPA-enabled device.
- É Telefónica Europe also owns 50% of the Tesco Mobile joint venture in the UK and Ireland, and 50% of the Tchibo Mobilfunk joint venture business in Germany.
- É For b-roll footage of O2, please visit www.thenewshub.co.uk
- É For further press information about O2 go to <http://mediacentre.o2.co.uk>

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About Transport for London:

TfL is a functional body of the Greater London Authority, and implements the Mayor of London's Transport Strategy and manages transport services across the Capital.

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About TranSys

The TranSys consortium, whose principal partners are EDS and Cubic, is responsible for developing, installing, managing and maintaining London's automated fare collection system, which includes the contactless smartcard Oyster, on behalf of Transport for London.

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About Barclaycard

Barclaycard is a multi-brand payment and credit card business with 11.9m UK customers and 11.2m international cards in issue. It is one of Europe's leading payment and credit card businesses and is the fastest growing credit card business in the United States.

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About Visa Europe

Visa Europe is a leading European payment system and provides member banks with the Visa payment brand which enjoys unsurpassed acceptance around the world.

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About Nokia

Nokia is the world leader in mobility, driving the transformation and growth of the converging Internet and communications industries.

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