

## JANUARY NEWSLETTER HIGHLIGHTS

- ★ NEW Contactless Payment Lesson Plan
  - Professional content update
  - Note taking guide
  - PowerPoint presentation
  - Information Sheet
- ★ FEFE National Conference
  - Westward Look Resort, Tucson, AZ
  - Chance to win registration (\$450 value)! - page 6
  - Participant grants - page 5
  - Register early to receive the early bird discount and guarantee your spot!

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A Collaborative Project Among:



## WHAT IS CONTACTLESS PAYMENT?

The United States payments system continues to transition from a predominantly paper-based system to one that is increasingly electronic. In 2005, paying with a debit card tied with cash as the most frequently used payment method for in-store purchases, according to a study from American Bankers Association and

Dove Consulting<sup>4</sup>, and the use of cash is predicted to continue decreasing with the conversion to electronic transactions<sup>5</sup>. **Contactless payment** is the latest implementation of wireless payment technology that was designed for small purchases such as convenience store purchases or movie tickets. Contactless payment transactions can be

completed with no physical connection between the contactless payment device and the physical point of sale (POS) terminal or store clerk<sup>1</sup>. Within seconds, purchases can be made by simply tapping an electronic payment device in front of a sensor and the customer is on his or her way.

## TECHNOLOGY

Contactless payment involves using a device with a tiny chip and antenna embedded in it that communicates through radio frequencies (RF)<sup>1</sup>. This technology allows fast, secure transactions and is used in government and corporate identification cards, and electronic passports and visas<sup>1</sup>. Contactless smart chips can securely manage, store and provide access to data on the device in which they are embedded<sup>1</sup>. Currently, various forms exist including plastic cards, watches,

key fobs, key chains, money clips and other handheld devices such as cellular phones<sup>1,4,5</sup>. When making a purchase with a contactless payment device, the customer must hold it in front of a sensor, usually on a POS terminal, for a couple of seconds. If the purchase is less than \$25, no signature or Personal Identification Number (PIN) is required. If the purchase is more than \$25, a PIN or signature may be required<sup>7,8,9</sup>. Contactless payment devices are distributed through financial

institutions and connected to an issuer such as Visa. Purchases will either be automatically deducted from the designated financial institution account, or will be included in the monthly credit card bill.

*It is essential to determine contactless payment devices are issued by Master Card®, American Express® or Visa when ensuring the highest quality of safety and customer satisfaction.*

## HISTORY

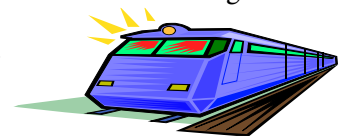
ExxonMobil can be credited with launching the first contactless payment in the United States when the fuel company introduced “Speedpass” in 1997. Speedpass is a free service that allows customers to pay for gas at the pump with a flash of a key fob and is still currently in use<sup>5</sup>. Today however, the term contactless payment refers to the use of payment products currently supported by American Express® Master Card® and Visa which all include the same contactless smart chip technology and RF communication<sup>1</sup>. In 2003, American Express® launched its ExpressPay “waveable” product, and MasterCard® introduced PayPass™, a “tap and go” product. And, in 2004, Visa introduced Visa Contactless<sup>5</sup>.

Company	Contactless Payment Device	Issuer
JPMorgan Chase	“blink” credit and debit card	PayPass™ and Visa Contactless
American Express	credit card	ExpressPay
Bank of America	credit card (specifically targets sports stadiums)	PayPass™
Citibank	debit card and key fob	PayPass™
Key Bank	debit card	PayPass™
HSBC Bank	debit card	PayPass™
Citizens Bank	debit card	PayPass™
Wells Fargo Bank	credit card	Visa Contactless

## TESTS

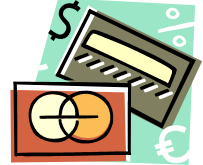
Various pilot programs have also been launched to test innovative uses of contactless payment. In New York City, contactless payment is being tested to pay for access directly on the NYC transit system. At Giant Stadium in September 2006, the first five thousand fans were given a wristband pre-loaded with twenty five dollars to spend at the concession stand. In Atlanta, GA and

Dallas, TX several companies have teamed up to test contactless payment in cellular phones. From new devices such as wristbands and cell phones to new acceptance locations such as vending machines, contactless payment technology is fueling innovation in the payments industry<sup>1</sup>.



## SAFETY

According to Smart Card Alliance, contactless payment, as implemented by American Express® MasterCard® and Visa, is secure<sup>1</sup>. Older forms of contactless payment that used radio frequency identification (RFID) do not have all of the safety precautions described below. Today however, American Express®, Master Card® and Visa contactless payment devices use the same secure financial payments networks used to process millions of magnetic stripe transactions in years past. Their contactless payment devices also include the following added security features<sup>1</sup>:



- Each contactless payment device has its own unique code that changes for each transaction which allows payment networks to automatically detect and reject any attempt to use the same transaction information more than once.
- The processing of contactless payments does not require the cardholder name to be exchanged between card and terminal. In fact, best practices being used with the industry do not include the cardholder name in the contactless chip.
- Some contactless payment devices do not include the cardholder's account number, but use an alternate number that is associated with a payment account by the issuer's processing system.
- Cardholders control both the transaction and the card through the transaction, thus account information is not shared to a third party.



## GROWTH

The use of contactless payment is growing significantly. Since 2005, millions of contactless payment devices have been distributed to consumers and are being used at POS systems with contactless readers. The rate of deployment of the new contactless payment system is the highest ever observed for emerging payment products and technology in recent memory<sup>1</sup>. Consumers today seek two features in the marketplace; speed and convenience<sup>1</sup>. With contactless payment, consumers no longer have to fumble with cash and change when making payments and the worry of not having enough cash is eliminated. The new contactless technology eliminates the exchange between a store clerk and customer, wait time is decreased thus speeding up the check-out process. Aite Group reports that CVS, the drug store chain, has found the average contactless transaction takes 12.5 seconds versus 26.7 seconds for a magnetic-stripe card payment and 33.7 seconds for a cash transaction. In addition, they have reported that the average transaction amount with a contactless payment is twenty percent higher than that of a cash transaction<sup>5</sup>.

*Over thirty-five thousand merchant locations are enabling their POS systems to accept contactless payment cards and key fobs.*

## NEW LESSON PLAN

PayPass™, Express Pay and Visa Contactless are the newest payment methods available to consumers. **Contactless Payment 1.7.5 lesson plan** introduces the latest implementation of wireless payment technology by describing how the new "tap and go" contactless payment devices work, safety features included, and tips to protecting ones identity. After learning about the various objects the new payment can be embedded in, such as plastic cards, key chains, money clips and cell phones, and benefits for the issuer, consumer and merchant, students write an essay or create a tri-fold brochure to inform others of the emerging payment products. You can download the Contactless Payment lesson plan from <http://www.fefe.arizona.edu/curriculum.php?categoryID=9#201>.

## ADDITIONAL RESOURCES

1. "The What, Who and Why of Contactless Payments" [http://www.smartcardalliance.org/resources/pdf/CP\\_What\\_Who\\_Why\\_Final.pdf](http://www.smartcardalliance.org/resources/pdf/CP_What_Who_Why_Final.pdf)
2. "Contactless Payments: Consumer Attitudes and Acceptance in the United States" <http://www.smartcardalliance.org/pages/publications-contactless-payments-attitudes-acceptance>
3. "Contactless Payments Security Questions & Answers" [http://www.smartcardalliance.org/resources/pdf/Contactless\\_Payment\\_Security\\_QA.pdf](http://www.smartcardalliance.org/resources/pdf/Contactless_Payment_Security_QA.pdf)
4. "Wave Good-Bye to Swiping: Customers Can Pay Without a Pin, Signature or Cash" <http://www.kansascityfed.org/publicat/ten/TENmainSpring2006.htm>
5. "Contactless: The Next Payment Wave?" <http://www.kansascityfed.org/PUBLICAT/PSR/Briefings/Dec05Briefing.pdf>
6. "Paying With a Wave, Tap and 'Blink': Contactless Payments in the US" [http://www.smartcardalliance.org/newsletter/august\\_2005/feature\\_0805.html](http://www.smartcardalliance.org/newsletter/august_2005/feature_0805.html)
7. [www.visa.com](http://www.visa.com)
8. [www.mastercard.com](http://www.mastercard.com)
9. [www.americanexpress.com](http://www.americanexpress.com)

## FEFE NATIONAL TRAINING



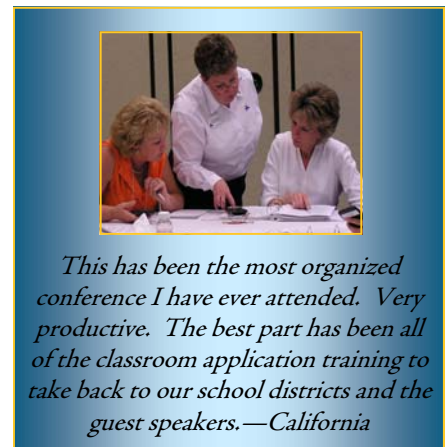
Mark your calendars and get ready to attend this year's *FEFE National Training JUNE 18-21, 2007* in Tucson, Arizona at the Westward Look Resort and Spa. This one-of-a-kind highly interactive training honors educators for their diligent work improving the life of individuals, families and communities with financial education training. The greatly subsidized registration package allows participants to revitalize at the world class Westward Look Resort while receiving an abundance of ready-to-teach curriculum materials and new ideas guaranteed to make you want to begin using the materials immediately. If interested, please download the registration packet on the FEFE Web site at <http://www.fefe.arizona.edu/trainingSeminars.php>.

## REGISTRATION PACKAGE SUMMARY

The FEFE staff understands how busy an educators life is and strives to make attending the FEFE National Training as simple, fun, and cost-effective as possible by creating an inclusive registration package where the fee includes lodging, most meals, and curriculum materials.

The standard registration package is \$450 and includes the following:

- ★ **LODGING:** At the Westward Look Resort the nights of June 17-20, 2007. You are required to share a room with one person. Options are available for single rooms or no lodging for an adjusted registration fee.
- ★ **MEALS:** Daily breakfasts, lunches, afternoon breaks and dinner on Monday evening is included in the registration fee. All meals are prepared by Chef Jamie West with seasonal ingredients fresh from the Chef's Garden.
- ★ **EDUCATIONAL MATERIALS, \$400 VALUE;**
  - ★ **Take Charge of Your Finances:** Participants will receive hard copies of the thirty-four lesson plans in the Take Charge of Your Finances curriculum assembled in two 2" notebooks in addition to supplemental materials required to teach the course. A list of the lesson plans included can be found at <http://fefe.arizona.edu/takeCharge.php>.
  - ★ **Get Ready to Take Charge of Your Finances:** Participants will receive a 1" notebook with hard copies of seven Get Ready to Take Charge of your finances lesson plans. Information about Get Ready lesson plans can be found <http://fefe.arizona.edu/educationalResources.php>
  - ★ **Tricks, Tips, & Tools of Financial Education:** Participants will receive additional teaching ideas and learn about financial programs.
  - ★ **No Curriculum Option:** Participants may choose to reduce their registration fee by not receiving hard copies of the curriculum materials. All curriculum provided at the training may also be downloaded from the FEFE Web site free of charge. Choosing not to receive curriculum materials reduces the registration fee by \$100.



*This has been the most organized conference I have ever attended. Very productive. The best part has been all of the classroom application training to take back to our school districts and the guest speakers.—California*

*Limited space is available and registrations will be accepted on a first-come first-serve basis!*

Register by **April 15, 2007** to receive the early bird discount!

## FEFE NATIONAL TRAINING GRANTS

### FEFE NATIONAL TRAINING GRANT

FEFE is offering a chance to apply for a grant to attend the national training June 18-21, 2007 in Tucson, AZ . The grant is open to educators actively teaching or will be teaching junior high or high school financial education.

**The grant includes:**

- ★ “Take Charge of Your Finances” semester curriculum, “Get Ready to Take Charge” lessons, and supplemental materials necessary to teach the curriculum - \$400.
- ★ Travel stipend. Up to \$150 mileage or \$300 airfare reimbursed.
- ★ Training registration fee - \$450.
- ★ Meals - All breakfasts, lunches, and one dinner
- ★ Lodging - 4 nights (Sunday, June 17, 2007 – Wednesday, June 20, 2007) in a shared room with one individual. Single rooms available for a fee.

The 2007 National Training Grant Application is *now available* and is due on **January 31, 2007**. To apply, please login to your account and follow this link [www.fefe.arizona.edu/scholarships.php](http://www.fefe.arizona.edu/scholarships.php) to the 2007 National Training page.

**January 31, 2007**  
**Due Date:**

- ★ **FEFE National Training Grant**
- ★ **FCCLA & FEFE Programming Adviser Grant**
- ★ **Master Teacher Application**

★ **Grants will be awarded in February 2007** ★

### FCCLA PROGRAMMING ADVISER GRANT

There is a grant available for active **FCCLA advisers** who teach financial and economic education and are interested in attending the FEFE National Conference. Applications are due **January 31, 2007**.

- ★ Must be willing to be a mentor by disseminating the information in a minimum of three ways. This includes, but is not limited to: conducting curriculum workshops, guiding educators who want to teach financial education, sharing the information with others, etc. A detailed action plan must be submitted (after being selected) in addition to a report of the dissemination results;
- ★ Work with the FEFE staff to develop one enhancement tool.

*To apply for an FCCLA - FEFE Programming Adviser grant, please login to your account on the FEFE Web site and submit the 2007 National Training Grant application AS WELL AS the FCCLA-FEFE Programming Adviser application.*

**ATTENTION FCCLA ADVISERS!**

### FEFE MASTER TEACHER PROGRAM

The Family Economics & Financial Education project began in 2001 with the goal of determining what makes a curriculum work and how to effectively disseminate it to educators. In a collaborative effort with educators, a curriculum which is easy to understand, simple to use, and low in cost has been developed. Because of this partnership with educators, the FEFE curriculum is one of the few which can accurately state “*the curriculum was designed, tested, and edited by educators for educators.*”

Annually, FEFE conducts an application procedure to accept new professionals to be utilized as an active part of the FEFE staff and presenter team. They are a diverse group of quality professionals representing family and consumer sciences and business professionals, serving junior high and high school students, and large and small classroom sizes. If you are interested in becoming a Master Teacher, download the application at <http://www.fefe.arizona.edu/masterTeacher.php> and submit by **January 31, 2007**.

## AWARDS AND OPPORTUNITIES

### ANNUAL SURVEY: COMPLETE AND WIN!

The FEFE Project is a grant based project which is generously funded annually by Take Charge America, Inc. FEFE conducts a **January Survey** to learn more about FEFE users and to identify the number of individuals impacted. In addition, knowledge gained from the survey is used to assess programming, enhance FEFE training, and improve the curriculum. It is imperative that FEFE receives feedback through completion of this on-line ten minute survey to address your needs and continue to offer this service through maintained funding. The link to complete the survey was e-mailed to all FEFE Web site users in early January. If you did not receive the e-mail, please follow this link to complete the survey <http://www.surveymonkey.com/s.asp?u=590193065814>

One respondent will be randomly selected to win FREE (\$450 value) registration to the National FEFE Conference held June 18-21, 2007 at the Westward Look Resort in Tucson, AZ. Complete the survey by **January 29** for a chance to win!

*Don't miss the  
March 1, 2007  
deadline!*

### Have you submitted your FEFE-FCCLA National Program Award?

If not, check out these FREE financial education materials for a chance to win the **\$1000 national** or **\$500 runner-up award!**

- ★ **Enhancement Tools & Integration Guides** —provide project ideas for all FCCLA national programs to help plan and complete chapter projects

For more information on the award or how to access project ideas, contact FEFE at [FEFE@cals.arizona.edu](mailto:FEFE@cals.arizona.edu)!



Submit your application to FCCLA by March 1st!



### NEW LESSON PLAN

**Major Expenditure Mania 2.15.2 lesson plan**—a newly developed Get Ready to Take Charge of Your Finances lesson plan. Students are introduced to the largest expenditure categories in a spending plan; housing, transportation, food and insurance along with many other expenses that need to be included. The total cost of the major expenditures is explored and factors to consider before making a purchase are analyzed. By taking a look at the Fernandez family's values, needs and wants, spending plan decisions are made using a hands-on approach. Major Expenditure Mania can be downloaded from <http://www.fefe.arizona.edu/curriculum.php?categoryID=20#200>.

