



Press Release

For more information, please visit
<http://www.smart.com.ph> or contact:

Ramon R. Isberto
Head, Public Affairs Group
Smart Communications, Inc.
T : +63 (2) 5113101
F : +63 (2) 5113100
E : rrisberto@smart.com.ph or
publicaffairs@smart.com.ph

FOR IMMEDIATE RELEASE

SMART Pilots First Mobile Payment Project based on Near Field Communication Technology in the Philippines

[November 18, 2008, Manila] - Smart Communications, Inc. (SMART), the largest mobile network operator in the Philippines with over 34 million customers, has successfully launched the country's first trial project enabling mobile phones for payment transactions using Near Field Communication or NFC, a short-range high frequency wireless communication technology which enables the exchange of data between two devices over a distance of a few centimeters from each other via a contactless interface.

For the trial, SMART is using NFC mobile phones from Nokia. German company and smart card technology leader Giesecke & Devrient (G&D) has provided the NFC-enabled SIM cards while NFC integrator Veriyon is responsible for the secure download and administration of the NFC applications over the mobile network.

The trial is part of the Pay-Buy-Mobile initiative of the GSM Association, the global trade association of GSM mobile phone operators, and is being conducted on MasterCard® PayPass™ mobile payments, MasterCard's contactless payment platform for NFC-enabled phones.

"By launching trials of this mobile payment system, we are paving the way for our customers to enjoy the benefits of NFC technology in the near future, especially because NFC-enabled cards guarantee the high level of security required for cash-equivalent transactions. With this innovative project, we are paving the way for a technology that can simplify payment transactions and in the long run, further spur the growth of mobile commerce in the country." said Jojo M. Malolos, group head for financial services, wireless consumer division, SMART.

With the technology, customers will simply need to hold their NFC phone near a contactless card reader such as a point-of-sales (POS) terminal to activate processing of a transaction. The customer will then receive a text message notification for every successful transaction. The speed and convenience offered by this method of payment is particularly useful in cases where a large number of transactions have to be processed in quick succession, for instance at commercial POS terminals in places like shopping malls, train stations and stadiums.

Nokia has provided a limited number of early NFC prototypes based on a modified Nokia 6131 NFC that enables the applications on the SIM card. The actual mobile payment application is securely stored together with the customer's data on a ProxSIM NFC-enabled SIM card

supplied by G&D. The ProxSIM card communicates with the NFC controller integrated in the phone using the single wire protocol (SWP).

“With SMART’s choice for a solution where the contactless payment application is stored on the SIM card, the provider’s customers will be guaranteed the maximum of security and flexibility when using their phones for mobile payment transactions,” declared Dr. Klaus Vedder, head of G&D’s Telecommunications division.

According to Shuan Ghaidan, head of product sales & delivery, Asia/Pacific, MasterCard Worldwide, “NFC mobile payment brings together the ubiquitous mobile phone and the payment function, creating great value for consumers who find the ability to make Tap & Go payments through their mobile phones extremely convenient and time-efficient – particularly in quick-pay environments such as supermarkets, gas stations, cinemas and the likes. MasterCard is pleased to be supporting this trial.”

“Nokia is excited to be involved in mobile NFC trials that make life easier for consumers by allowing them to take their payments cards with them wherever they take their phone,” says Jeremy Belostock, the Head of Near Field Communications, Nokia.

Venyon’s role in the SMART’s NFC trial project is that of the so-called Trusted Service Manager (TSM). TSMs provide a neutral and trusted service between the service providers, such as issuing banks and the mobile network operator to enable the third party NFC applications to be issued over the air (OTA) to the NFC-enabled SIM cards and to offer life-cycle management after the provisioning.

“TSM services utilizing over the air delivery channel provides a secure and easy-to-use solution for the banks to download and manage their applications on the NFC-enabled mobile phones. The SIM card is a natural choice for the secure storage and processing of the payment application and can be extended for other NFC applications and therefore increasing the consumer value,” adds Venyon CEO Lauri Pesonen.

Pay-Buy-Mobile is an initiative launched by the GSM Association (GSMA) with the support of 35 of the world’s major mobile telecom operators. It aims to promote the use of NFC technology for mobile payments. The GSMA advocates the use of SIM cards as a secure storage device for payment applications integrated in mobile phones. @

About SMART

Smart Communications, Inc. (SMART) is the Philippines' leading wireless services provider with 34.2 million subscribers on its GSM network as of end-September 2008. Of its total subscriber base, 20.9 million subscribers are served under the brands *Smart Buddy*, *Smart Gold* and *Smart Infinity* and another 13.3 million subscribers are served through its subsidiary, Pilipino Telephone Corp., under the brand *Talk 'N Text*. SMART has built a reputation for innovation, having introduced world-first wireless data services, including mobile commerce services such as *Smart Money*, *Smart Load* and *Smart Padala*. SMART also offers a 3G service, *Smart 3G*. Its *Smart Link* and *Blue Ocean Wireless* services provide communications to the global maritime industry. Another subsidiary, Smart Broadband, Inc., offers a wireless broadband service, *Smart BRO*. SMART is a wholly-owned subsidiary of the Philippines' leading telecommunications carrier, the Philippine Long Distance Telephone Company.

For more information, please contact:

Smart Communications, Inc.

Ramon R. Isberto

Public Affairs Group Head

Phone: +632 5113101/ 06

Fax: +632 511 3100

Email: publicaffairs@smart.com.ph

www.smart.com.ph