

Mobile payments: How safe are they?

More businesses using Square system for credit cards

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ORLANDO, Fla. -

From food to fashion -- the way you pay for what you want and what you need is changing.

Cash registers are on the way out, and those little white Square mobile payment systems are on the way in.

At the Ego Lab Salon in Downtown Orlando, hair stylist Wendi Stark lets her customers tip her using her smartphone. She's got the Square swiping mechanism attached to the top of her phone, and an app on the phone that processes the transaction.

"It kind of almost makes a cash register obsolete," says Stark.

Convenient, yes. Safe and secure? We wanted to investigate.

Wendi's phone does not store her customers' full credit card data. That information is encrypted and sent to the payment service. All Wendi can see are the last four digits, the date, and the amount of the transaction.

"It's pretty safe," says Don Benson, a cyber expert who runs the IT department at Keiser University in Orlando. "It's always difficult to say, because everything is hackable."

Benson says mobile payment systems are not that different from the swipe terminals at stores like Target. And your personal information is virtually as safe.

"If you go to a food truck and swipe through their Square device, none of that information is on their phone," says Benson.

Local 6 went to a food truck stop in Maitland, and we found a lot of Squares in use -- not just on the vendors' phones, but on their tablets as well.

Sarah Olivieri owns the Treehouse Truck and has her Square connected to her iPad. The app not only processes credit card purchases, it also tracks her entire business.

"I don't see the credit card number," says Olivieri. Just like at the Ego Lab Salon, Sarah only sees the last four digits of your credit card number.

The system also gives the customer the option of getting an instant e-mail or text message receipt.

"If the merchant says, for some reason, I can't do that, I can't give you a receipt, that is a red flag," says Don Benson from Keiser University. "If someone says, I can't give you a receipt, I wouldn't give them my credit card."

Benson also says you should be cautious if a merchant is using a mobile payment system that you're not familiar with. A few of the more common names are Square, Intuit, and PayPal.

These systems are really catching on -- from coffee shops, restaurants, farmers markets, retail shops, doctor's offices, you name it.

If you still have doubts about making a mobile payment, ask the merchant to show you the phone or tablet that will process your transaction.

Check the app to be sure it's not storing credit card numbers. Then, you should be safe to swipe.

Of course, always check your statement to confirm that the payment was processed correctly.



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