

Apple to open payment chip to third parties and charge fees

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Credit: cottonbro studio from Pexels

On August 14, Apple Inc. announced it will begin letting third parties use the iPhone's payment chip to handle transactions, a move that allows banks and other services to compete with the Apple Pay platform.

The move follows years of pressure from regulators, including those in the European Union. Apple said it will allow developers to use the component starting in iOS 18.1, an upcoming software update for the iPhone. The payment chip relies on a technology called NFC, or near-field communication, to share information when the phone is near another device.

The change will allow outside providers to use the NFC chip for in-store payments, transit system fares, work badges, home and hotel keys, and reward cards. Support for government identification cards will come later, the company said. Users will also be able to set a third-party payment app as their default system, replacing Apple Pay.

Apple had been reluctant to open up the chip to developers, citing [security concerns](#). The change also threatens the revenue it generates from Apple Pay transactions. The company takes a cut of all payments made via the iPhone.

Under the new approach, though, Apple will still require developers to pay "associated fees" to use the NFC chip and enter into a "commercial agreement," according to the statement.

That ensures that only "authorized developers who meet certain industry and regulatory requirements and commit to Apple's ongoing security and privacy standards" can access the system, Apple said.

The Cupertino, California-based company plans to roll out the program in Australia, Brazil, Canada, Japan, New Zealand, the U.S. and U.K. It didn't mention the European Union, the region that has pushed for such a feature the most in recent months.

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