

## Mobile Wallets Analysis and Strategy: How the Game Changes With Apple Pay

07 October 2014 By: Mary Monahan

In one of the biggest announcements of the year, Apple finally threw its entry into the mobile payments ring with Apple Pay. It offers an NFC-based solution that includes tokenization and biometrics and leaves the data to others. But will Apple Pay prove to be a successful model for consumers, merchants, mobile network operators, and/or financial institutions? Mobile wallets at the point of sale continue to flounder in the U.S., even as consumers show greater signs of comfort with purchasing using smartphones. While primary banks and credit unions are first overall for consumer preference for a mobile wallet, the gap is narrowing between other players. PayPal, the top brand, continues to move up in consumer likelihood to adopt even as eBay has announced it will split PayPal off. This report dissects the Apple Pay model, provides a state of the union look at the mobile wallet ecosystem, assesses strengths, weaknesses, opportunities, and threats of the top 10 wallets, covers 16 wallet models in total, and advises financial institutions, technology companies and merchants where to invest. It also provides segmented consumer perceptions of different mobile payment types, technologies, and use cases for marketing.

### Primary Questions:

- What is the consumer readiness for mobile wallets?
- What are the differences among NFC (near field communication), HCE (host cloud emulation), cloud, bar code, beacon (Bluetooth Low Energy, or BLE), and hybrid mobile wallets, and what are their advantages and disadvantages? Which technology will win?
- What is Apple Pay and how does it change the mobile wallet equation?
- Who are the major competitors in the mobile wallet space, and how are they different? Which has the best chance of success?
- Which consumer groups are likely to scan QR codes or use contactless payments?
- How willing are consumers to be tracked in-store (beacons)?

### Companies Mentioned

American Express, Apple, Facebook, Google, Loop, MasterCard, MCX (Merchant Customer Exchange), Paydiant, PayPal, Softcard (formerly Isis), Square, Starbucks, Stripe, Verizon, Visa, and Walmart.

### Press Release

#### [Apple Pay Shakes Up Mobile Wallet Space - Players Scramble to React](#)

- A random-sample panel of 3,100 consumers in August/September 2014.
- A random-sample panel of 3,225 consumers in June/July 2014.
- A random-sample panel of 3,213 consumers in September 2013.
- A random-sample panel of 3,285 consumers in July 2013.

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