



The Inevitable ApplePay Blog

21 October 2014 By: Nick Holland

So, the payments unicorn has finally made its way out into the world, with more conjecture and hyperbole than, well, the last time Apple did something. Much has been written thus far about ApplePay and it's going to be hard to write anything truly fresh at this point, but I will try. While the mainstream media was ooing and aaahing over Apple's innovative new product, us fintech geeks were generally a little underwhelmed by certain aspects.

In truth, I was very impressed by the integration of biometrics and tokenization - absolutely leading edge in terms of where security should be (is a fingerprint a PIN, Mr. Durbin?), but the rest of the ApplePay news was a bit flabby and old. NFC? That's been rattling around since 2003. Building a merchant ecosystem? Not really - just piggybacking on Google Wallet, Softcard and those nasty looking old terminals at McDonalds that have been gathering McGrime since 2006. HOWEVER. I can only assume that Apple is thinking beyond a consumer electronic and have some tricks up their sleeve around BLE and owning the merchant side of the equation. On the BLE front - I can see more holistic initiatives in the pipeline that allow ApplePay accepting merchants to integrate some pretty interesting customer analytics relative to where they are in store, what they are looking at and for how long - clear expressions of interest in certain merchandise. On the owning of the merchant side of the payment - I am anticipating an NFC iPad in the not-too-distant future that will allow for Apple to equip small merchants with the ability to accept ApplePay. Of course, small merchants in the market for POS hardware won't be able to do away with cards and cash. Square acquisition, perhaps, Mr. Cook?... And then, there's that undefined "thing"... the Apple halo effect.

While others have come before essentially offering ApplePay with a different logo, Apple has this bizarre effect on the press and public at large. I call it the "I Have His Gourd" Syndrome (obligatory Monty Python reference - I am British). Effectively, anything they produce whether it be a computer, phone, tablet or potato, immediately becomes the most sought after thing ever (God help us if they move into children's toys.) For the first time in my life, my Mum can go to her book club and actually explain to her friends what I do for a living.

Thanks Apple, at least for this small miracle. So, here's the big unanswered question that we at Javelin are going to attempt to answer... can ApplePay's halo effect drive awareness and adoption of NFC / contactless and, by proxy, EMV devices? We have a survey out right now of small and micro merchants assessing just that. It's a given that large merchants are shifting to EMV terminals and fast, but what of those 58% of US retailers that have less than 20 employees? These lingerers will prove an achilles heel to counterfeit card fraud at the POS for potentially years to come. ApplePay, for better or worse, could be just the bait they need to upgrade to EMV. I am more than a little excited to see what we discover...

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