

## Mobile Wallets Merry-Go-Round

08 April 2015 By: Mary Monahan

### Mobile Wallets Go Up

[Apple Pay's](#) long awaited release last October ignited a flurry of moves, announcements, and acquisitions in the mobile wallet space. For a full analysis, check out our new report: [2015 Gang of Five: Apple Pay vs. Android Pay vs Samsung Pay vs PayPal "Pay"?](#). [Samsung](#) is Apple's top competitor for U.S. smartphone marketshare. Naturally, when Apple Pay came out, Samsung needed to respond. On February 18, it retorted by [buying LoopPay](#), a technology that permits mobile payments to be made on a mag stripe terminal using MST. Now that Samsung incorporated LoopPay into its own offering, Samsung Pay, it now offers both a forward (NFC) and backward (MST) compatible payment method. [MCX](#), the merchant initiative that controls about \$1 trillion in retail spend, also recognized the threat posed by Apple's offering. Several MCX merchants immediately blocked Apple Pay citing an exclusivity clause - and the impending release of their own mobile wallet offering, CurrentC, due to come out by mid- year 2015. The technology for MCX will be provided by Paydiant. Paydiant, for those that don't know, is also the banks' white label mobile wallet provider. And to complicate matters, PayPal, which is undergoing [separation from eBay in 2015](#), purchased Paydiant in March. The [acquisition of Paydiant by PayPal](#), a leading mobile wallet contender, further advanced the possibility of banks and merchants working together to offer mobile wallets. Putting a mobile wallet inside a banking app is a beautiful idea - but the devil is in the details. [CurrentC](#) is convoluted enough already with just big merchant competitors working together. There's little precedent for success when competitors work together. Add into the mix the fact that FIs and merchants are not exactly friendly, and you get the picture. It would lower merchant costs to directly debit the consumer's account. And consumers do prefer their own bank's mobile wallet over any other. Nonetheless, it's very difficult for "frenemies" to work together, even if they share a common goal.

### And Mobile Wallets Go Down

Case in point is [Softcard](#). Softcard was the mobile network operators' mobile wallet. [Verizon](#), [AT&T](#), and [T-Mobile](#) together control about 70% of the U.S. total wireless market. Deep consumer subsidies meant they also controlled what got on their phones and the access to their chips. But even with those strengths, Softcard could never get off the ground. In February, [it sold much of its IP and technology to Google](#), and then shut down. [Google Wallet](#) had been shut out of the networks phones, so it developed [NFC-Host Card Emulation](#), as a cloud countermove to the carrier's blockade. The blockade is over- Softcard is vanquished. Google Wallet will now come preinstalled.

### When Will Mobile Wallets Go All Around?

The [EMV 'liability shift' deadlines](#) are approaching in October. Merchants must replace old terminals with EMV capable technologies or face possible new costs. This opportunity is the Trojan Horse for mobile wallets. As merchants sub out their terminals, Apple's move to NFC has signaled to the market that NFC contactless capabilities should be built into the mix. [Samsung Pay](#) jumped onto the pile. Google was already there. If merchants can be persuaded to accept NFC, mobile wallets will finally go all the way around.

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