



# Payments' Transition From Mobile Wallets To Mobile Banking Underway

28 March 2016 By: Emmett Higdon

The recent wave of cardless cash introductions got me thinking about the various “killer apps” introduced over the years and the changes in customer behavior that they encouraged. We take so many of these features for granted today that I think we have forgotten the valuable lessons that they taught us along the way.

Cardless cash functionality takes us one step closer to plastic cards going the way of rotary dial phones. And, thankfully, this new feature is rolled right into the mobile banking app that I already use. No separate app download required. Well, why would there be, you ask?

For various reasons—most to do with speed to market—early adopters of mobile financial services have been forced to turn to multiple apps to be the first to try new features. Remote check deposits showed up first as a separate app. Ditto with early P2P payment implementations. Consumer adoption of these services really didn't take off until seamless use of the functionality was integrated into the banking apps most customers already use on a daily basis.

As customers get accustomed to being authenticated at the ATM through their mobile phone, it will have them scratching their collective heads about mobile wallet functionality. If I can get cash through mobile banking, check my balance and recent transactions (even without signing into the app), why should I have to download and configure a separate app (or three) to make payments with my phone?

I shouldn't. And up until last year, customers were betting on their primary FI to take the lead in figuring all this out. But with the banks sitting on the sidelines along with their customers, the card networks and PayPal surged to the head of the pack of preferred wallet providers.



This transition from standalone mobile wallets to mobile banking-integrated payments will not be quick or without hiccups. We'll likely see the white-label providers storm in first, as was the case with the introduction of mobile banking itself. We'll then move on to the API “powered by” phase, before reaching any sort of true, seamless integration. But, let's be clear: we're already on the way.

Pioneers like Chase and Capital One are currently taking a few arrows for the rest of the banking industry, as they test combinations of functionality and rewards likely to bring more customers into the mobile payments fold. Javelin's just released report—[What's In Your Mobile Wallet: Lessons From Bank-Branded Wallet Pioneers](#)—takes a categorical look at these elements and suggests a framework for evaluating their merit.

Many of the stakeholders in the mobile payments game would likely agree that growing consumer adoption of cardless payments is tied tightly to delivering a value proposition greater than what the consumer gets today from a simple, quick swipe (or a longer, but still simple, chip and dip). This value proposition almost certainly includes merchant rewards, loyalty points, and a single view of all of my purchases.

Oh, wait! I get those today. From my bank. Through my mobile banking app.

If you are not yet thinking about what your institution's value proposition looks like for an integrated wallet/mobile banking experience, you are ignoring the lessons learned from digital banking history. And your customers, too.

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