



Mobile Payments Convergence

Opportunities at the Intersection of In-Person, Online and P2P Payments

01 December 2016 By: Emmett Higdon

Mobile proximity payment volume has tripled since 2013, reaching \$10 billion in 2015, and is expected to surge to \$92 billion by 2019. Behind the progress, wallet providers have compensated for low purchase frequency and dollar amounts by seeking out new users — a strategy that will falter as the pool of first-users dries up. Meanwhile, in-app and in-browser purchases, currently accounting for \$161 billion, are set to jump to \$319 billion by 2020.

To capitalize on this online and in-store growth, merchants and card issuers are rushing to release branded mobile payments apps. Javelin expects hundreds of new providers — banks, merchants, and fintech companies — to flood the market by 2019. This will create further confusion for consumers trying to compare the value propositions and choose among numerous apps for each purchase. Against this increasingly crowded and confusing payments landscape, a mobile payments “convergence” will take place as users seek the simplicity and security of a single integrated app to pay everywhere, for everything. With one wallet, users will make payments online, in app, in store, or to their friends. In this payments landscape, issuer-branded wallets must also integrate their existing money movement capabilities with proximity payments — or risk losing to emerging wallet providers like Venmo.

Key questions discussed in this report:

- What is the projected size of mobile POS payments through 2020?
- What factors have driven the recent growth in new wallet users?
- What trends are expected to propel mobile payments apps growth through 2017?
- How are consumers expected to respond to the flood of new mobile wallets coming to market?
- What are the implications of the convergence of P2P, online, and in-store payments?
- What impact will Venmo’s 2017 in-store push have on existing wallet providers?

Companies Mentioned: Apple, Citi, clearXchange, CVS, Dunkin' Donuts, Early Warning, FIS, Fiserv, Google, Kohl's, Mastercard, PayPal, Samsung, Starbucks, Taco Bell, Target, Venmo, Visa, Walgreens, Wal-Mart, Zelle

The consumer data in this report are based on information collected from several Javelin surveys that targeted populations representative of the overall U.S. population in proportions of gender, age, and income:

- A random-sample panel of 3,000 respondents collected online in September 2015. The overall margin of sampling error is +1.79 percentage points at the 95% confidence level.
- A random-sample panel of 3,195 consumers with mobile phones or smartphones from June to July 2015. The overall margin of sampling error is +1.73 percentage points at the 95% confidence level
- A random-sample panel of 10,639 respondents collected online in May 2016. The overall margin of sampling error is +0.95 percentage points at the 95% confidence level

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