



# QR Codes Can't be Forgotten in the Fight for Top of (Mobile) Wallet Dominance

22 January 2018 By: Rachel Huber

The launch of Apple Pay in 2014 - later followed by Samsung Pay and Android Pay (now Google Pay) - was supposed to cement NFC as the go-forward technology for mobile wallets. This would happen as most merchants would enable NFC and customers would demand that their financial institutions offer access to this new way to pay - Apple Pay even convinced them to give up part of their interchange fees for access! The big three Pays would be the de facto market leaders as niche and merchant specific apps became more rare.

Flash forward a few years and that clearly didn't happen. Apple never opened up their NFC chip to outside wallets, functionality and features that consumers desired were slow to appear, NFC enablement at the POS was gradual, and those merchant specific apps definitely did not go away. As highlighted in Javelin's [2017-2021 Retail Point of Sale Payment Forecast](#), store-branded wallets have been adopted at a slightly higher rate than Apple Pay (11.96% vs.11.88%), with Android Pay (7.61%) and Samsung Pay (5.96%) following.

We've seen a recent explosion of new apps being released - and tellingly - most are opting for QR codes rather than NFC - Walmart and the bank-branded Chase Pay are notable examples. In July 2017, EMVCo furthered the case for QR codes by releasing QR code payment specifications. As EMVCo noted, this was an attempt to standardize QR codes "in a manner that simplifies the development and potentially broadens the acceptance of QR Code payment solutions globally."

So what should a financial institution do? Should NFC be abandoned and resources focused exclusively on QR codes? Not exactly. Financial institutions need to develop a multi-pronged approach to wallet technology. In other words, FIs need to avoid locking themselves into a single solution. That is not to say that a proprietary wallet (preferably integrated directly into your mobile banking app) is not valuable and shouldn't be explored. Rather, it's that consumers are paying in-store in multiple ways and across multiple apps. Examine your card portfolio and identify the top merchants where your customers are making purchases. Look to align with the top few retailers by developing partnerships and creating incentives for using your card in their wallet.

The idea that there will be 'One Wallet to Rule Them All' is not going to materialize and taking these steps will ensure you are where your customers really are and not where you just hope they'll be.

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Sources:

<sup>1</sup> <https://www.macrumors.com/2014/09/10/apple-collecting-bank-fee-apple-pay-purchase/>

<sup>2</sup> <https://www.emvco.com/wp-content/uploads/2017/07/EMVCo-QR-Code-Specification-Launch-FINAL-v1.pdf>

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