The Mobile Wallet: It’s Not Just About Payments

The top ten functions that will convince consumers to adopt mobile wallets.

Mobile wallets are a fundamental building block of Universal Commerce. They let consumers effortlessly make purchases and conduct business electronically—anytime, anywhere. Furthermore, mobile wallets can support exciting new functionality that could never be offered by a leather wallet—including automatic loyalty point redemptions and location-based marketing offers. Mobile wallets promise to transform much more than just payments: they provide a customisable platform for merchants and financial institutions to create richer customer experiences and foster deeper client engagement. The following pages explore the mobile wallet functions that promise to transform the customer experience and convince consumers to leave their leather wallets behind.
A basic, necessary function of a mobile wallet is to support a consumer’s ability to make mobile payments. This includes securely storing payment credentials—either on the device or in the cloud—and making them available when needed at the point of sale.

51% of smartphone users have used their phone to make a purchase in some way*
2 Offers, Coupons and Discounts

A mobile wallet can serve as both a distribution channel and a redemption tool for offers, coupons, discounts, daily deals and promotions. These can even be tied to the use of specific payment instruments in the mobile wallets, such as merchant-funded loyalty incentives offered by a specific issuer.

78% of consumers report being either “frequently” or “sometimes” influenced by coupons.
56% of smartphone users want to receive location-based offers on their phones when they are near a store.

Location-aware Offers and Services

These offers are in context to a consumer’s current location, making them both time-sensitive and more relevant for the moment. They allow consumers to receive targeted communications based on their proximity to a store or other “trigger” location.
Loyalty Programs

This functionality streamlines the collection, redemption and management of a consumer’s loyalty program points. The automated rewards functionality can be tied to specific payment instruments in the wallet and to individual merchants.

89% of consumers carry at least one merchant loyalty program card in their wallet
Mobile Banking

With this functionality, the consumer can have the convenience of online banking within the wallet application to pay bills, access balance information, make account transfers and electronic deposits, send or receive cash electronically, and so on.

56% of smartphone users conduct banking activities with their mobile phones
Comparison Shopping

Mobile wallet applications can help a consumer evaluate products and check prices with integrated comparison shopping capabilities—simplifying the process of determining which merchant offers the best deal on a product or service.

60% of smartphone users use their phones for comparison shopping
Management of Offers and Incentives

As more merchants and financial institutions send out electronic offers and incentives, it will become increasingly cumbersome for the consumer to keep track of them all, and to know when they are about to expire. Technologies are emerging to enable consumers to manage discounts and rewards within the mobile wallet application.

54% of smartphone users indicated that receiving alerts like coupon expiration notices is one of the most appealing features of a mobile wallet.
Ticketing

A consumer can buy and store tickets for air, bus, rail, ferry and other forms of public transportation, as well as for movies, concerts, sporting events and virtually anything else that requires validated entry. This functionality can also support person-to-person electronic ticket sales and transfers, where applicable.

58% of smartphone users report that mobile wallet-based ticket management is an appealing function.
9 Receipts

A mobile wallet can store and organise customer receipts—not only for mobile transactions, but any transaction at a retailer with electronic receipt capabilities. This helps consumers keep track of their receipts and streamlines returns/exchanges.

41% of smartphone users already use electronic receipts
Personal Identity Credentials

A mobile wallet doesn’t even have to be limited to commerce applications. Secure credentials in a wallet could be used for secure building access or other situations where valid personal identification is required.

Nearly a fifth of smartphone users say they always carry their phone, but don’t always carry a wallet.
While the notion of using a mobile phone as a payment instrument is interesting, it’s not what will drive consumers to adopt mobile wallets. Mobile wallets are much more enticing when you start to think about all the things that can be done with a digital platform that could never be done with a leather wallet. For example, a geo-location service on a mobile phone can determine with great accuracy where a person is at any moment.

Now, combine that information with a timely offer for a nearby restaurant or shop, and the wallet holder might be enticed to eat lunch at that restaurant or make a purchase in that store. The actionable intelligence of the mobile wallet knows where the person is and what they might want at that moment.

Mobile wallets are gaining momentum in the marketplace, and more value-added services will emerge as they grow in popularity and usage. They are at the very heart of Universal Commerce, and merchants and financial institutions alike need to consider how to utilise mobile wallet systems to engage new and existing customers in a variety of ways.

The possibilities are almost limitless.

*Source for all statistics: First Data Universal Commerce Tracker, October 2012 (Research conducted for First Data by Applied Research and Consulting LLC)