

TOP 3 GLOBAL CHALLENGES IN MOBILE PAYMENTS IN 2015

ONLINE
PAYMENT
SOLUTIONS

AIC IS A STRATEGIC PARTNER OF PAYVISION OFFERING ONLINE PAYMENT SOLUTIONS. PAYVISION OFTEN WRITES (IN PARTNERSHIP) ABOUT PAYMENT TRENDS IN DIFFERENT TYPES OF INDUSTRIES.

The top three global challenges in the mobile payments industry are, in my opinion, directly related to the front-end consumer experience; mobile checkouts, biometrics and the cross-platform solutions available in the market. These drivers will definitely shape the way payments will evolve during this year, especially on a mobile platform.



1. Mobile Checkout – one-touch payments

The mobile payments experience should be seamless and comfortable. We all know that consumers don't want to fill in all their details, they demand easy-to-use solutions such as scanning their card in store. I refer to one-touch payments here as consumers see an item, they put in their shopping basket, press check-out, and then pay. Done. There is also "no touch" experience offered by Uber, and currently, this is the best experience one can get on a mobile phone.

The credit card details should be stored in either a wallet – an US solution mainly, with PayPal dominating the market – or solutions such as Visa Checkout. After the card schemes, PayPal and other mobile players, in Europe most of the initiatives come from the banks. The banking app is combined with the shopping app, you just have to press the bank logo, and then check out seamlessly.

One challenge of making different payments possible in one single app is storage of credit card numbers, as it has to follow the security standards set by the card schemes. Tokenization is one of the most discussed topics within the payments industry, used mostly for recurring transactions on websites. Today, on a broader scale, we need one tokenization platform for different kinds of web shops, so we need to have a central database for tokenization in order to achieve a seamless and safe mobile payments experience.

2. Biometrics in mobile payments

With Apple launching one of the biggest initiatives in the mobile payments ecosystem, biometrics have now been integrated – fingerprints. This is the first real solution in the mobile payments industry using a biometric

on a larger scale, in-app and in-store. While we expect more innovation on the in-store side, for the in-app it is a perfect solution with enhanced security. Consumers stay in the app, not re-directed to a different browser. Paying with your fingerprint within the app is a good mobile payments solution, but it is not that innovative; we have used it in the App Store since the launch of the iPhone 5s. For mobile payments though, it is still a big game changer because it is the first real use of biometrics, on a large scale. Other initiative such as voice recognition and Alipay's facial recognition can be good mobile payments solutions too.

The simple, old-school way of using our signature, used for decades, is also useful for mobile payments especially in direct debit transactions. A free-form-gesture – the flow of the signature – is a biometric, and it is a very simple in-app payments solution. I agree, it is not the largest game changer, but it can offer a clean and safe mobile payments experience.

3. Cross-platform mobile payments solutions – Apple Pay

The main challenge with Apple Pay is that it is based on Apple devices only. Early in March, Samsung challenged Apple Pay by launching its own solution. As we are definitely not going to use Apple Pay on an Android device, who is going to get the largest market share? At the moment, Android owns 65% market share, and there is still a lot of room for Visa Checkout, Google or PayPal wallet solution. So I expect to witness a large battle in the mobile payments sphere.

In fall 2014, Apple Pay was launched with great buzz, but it remains a pilot in the US, and is lacking worldwide availability. The research until now is not enough to prove the [mobile payments acceptance](#) and trust rate of consumers. We have to wait and see if people really trust Apple or Google for making payments. In Payvision's [latest survey on cross-border ecommerce](#) we found out that mobile is going to be the biggest game changer in the West. While in China mobile is 100% integrated with the marketplaces and more or less common, in the West the adoption rate of the consumers is still very low compared to the East. What we know for sure is that the ease and the safety a certain mobile payments solution will win. The acceptance rate also depends on the consumer promise, which has to be appealing enough to convince them leave their wallets at home and share their card details with different providers. So the battle will continue between the card schemes, the wallets, and Apple and Google.

