

## Don't Let Plastic Weigh You Down — Make Mobile Payments With a Digital Wallet

Many people hate the bulky feeling of having to carry both their phone and their wallet when going out. Digital wallets may soon resolve this issue, by allowing consumers to make mobile payments right from their cell phone.

"A mobile wallet could replace many of the cards we all carry around today. This means we can belong to more loyalty programs and have more payment methods available to us, as there is no longer a fight for space in our wallets," says Sarah Clark, near field communication (NFC) industry analyst at SJB Research and editor of NFC World.

Clark expects NFC-enabled phones to come equipped with a digital wallet when purchased by a consumer.

"You will then be able to add your choice of bank cards, loyalty cards, travel tickets, and other things to your digital wallet as you go along," Clark says.

## Safety and Digital Wallets

Clark says that using a properly secured digital wallet app that has been certified by a major credit card issuer will help ensure that your mobile payments are safe.

"There is no question of bad actors reading your card details from afar or needing to keep your phone in a tinfoil pouch," Clark says. "Any payment transaction is actually a conversation between two computers, and they both have to say the right things in the right way all the way through to seal the deal. It's not a passive process that can be initiated by a third party, or like just reading a number off the front of a card."

### Using a properly thought out mobile wallet is a piece of cake.

Alicia diVittorio, director of marketing at Lookout Mobile Security, agrees that digital wallets are safe.

"As long as you're using proper precautions, we feel it's okay to mobile bank," diVittorio says. "At the end of the day we really feel like it has a way to protect people from fraud more than with credit cards."

DiVittorio says that some mobile wallets will force consumers to enter a pin number every time they use mobile payments, as an added security measure.

DiVittorio says the biggest challenge associated with implementing digital wallet technology is getting people over the hurdle, and making sure they feel secure using mobile payments. She says consumers don't think twice about using plastic credit cards in their wallet, because of the assumption that they're secure.

DiVittorio offers tips to keep a mobile phone safe, which include always setting a password, downloading software updates, downloading a security app, and using discretion when downloading apps in general. She advises consumers to read the list of permissions when downloading an app to make sure they match the functionality of the application.

## Will Consumers Embrace Digital Wallets?

Clark believes that digital wallets will become popular with consumers.

"Lots of research has been done over recent years which has found that consumers are keen to pay with their mobiles," Clark says. "I know I was! The latest research, which we've just written about here, found that high earners and graduates in Canada are especially receptive to the idea of mobile wallets."

Ron Moody, program director of Information Technology at South University — Montgomery, thinks the digital wallet trend might take consumers some time to get used to, but will eventually catch on.

"As trends for debit card usage and online bill payments gradually grew to be commonplace, I foresee the same pattern for digital wallets on mobile devices such as smartphones," Moody says. "Technology savvy users may start the trend, which should grow in popularity as others gain confidence in the convenience, reliability, and security of digital wallet transactions."

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Clark says that even the most technologically challenged consumers shouldn't have a problem figuring out how to use a digital wallet.

"Using a properly thought out mobile wallet is a piece of cake," Clark says. "It really should be as simple as holding your phone to a retailer's terminal, waiting a fraction of a second for a beep, and then moving on. In practice, though, early wallets can take a while to launch, a little longer to conduct the transaction, might require a PIN to be keyed in, and you might have to wait around while the retailer does all the stuff that retailers have to do when processing card transactions."

Moody says some of the positive aspects of using a digital wallet include being able to carry less cash and reducing the risks associated with lost and stolen credit cards.

"Although nothing should be considered 100% secure, I think the data encryption software used to enable secure transactions via mobile devices on wireless networks will be more secure than use of a card that can be swiped without verification," Moody says. "Additionally, verifications for mobile payments may be required by logging into applications of a digital wallet, which adds another layer of consumer protection."

As far as the negative aspects of digital wallets, Moody cites added usage charges and disruptions in wireless connections as likely annoyances.

## The Arrival of Digital Wallets

Clark, who lives in the United Kingdom, already has a "Quick Tap" digital wallet on her phone, but says they are not widespread yet at all.

"You can expect announcements from Isis and Google within the next couple of months about the mobile wallets they will be offering in the U.S., though those will probably both have a phased rollout, going an area at a time," Clark says. "Also, a lot of mobiles don't have the necessary hardware inside them yet, though it is being quietly built into many new models."

Clark says the mass markets will still have to wait at least a year for mobile wallets, but when they become readily available, many consumers will be pleasantly surprised to find that this feature is already installed on their phones.