



## How to get customers on board the Mobile Wallet bus

# Inside Technology - 2<sup>nd</sup> Annual Launching the Mobile Wallet: Revolutionising the Customer Experience



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**YouGov**  
What the world thinks

15

# Contents

16

17



## Sampling:

- We interviewed **2,638** respondents between 11<sup>th</sup> and 18<sup>th</sup> September 2012. All interviews were conducted online with YouGov panellists. Each interview was approximately 20 minutes in length. This is the sixth wave of research with previous waves conducted in 2011, and February and May 2012.
- For this wave of research we conducted interviews with different sample sets.
  - A nationally representative sample of 2000 individuals
  - A targeted sample of people that own contactless cards
  - A targeted sample of respondents that own handsets that can use NFC
  - Targeted banking app users such as Pingit, O2 Wallet, Google Wallet etc.
- Respondents answered questions on awareness of, usage and attitudes towards the mobile wallet and its services. Sections on potential owners, rejecters, and barriers were also included. In this latest wave we have also included a section on Paytag.

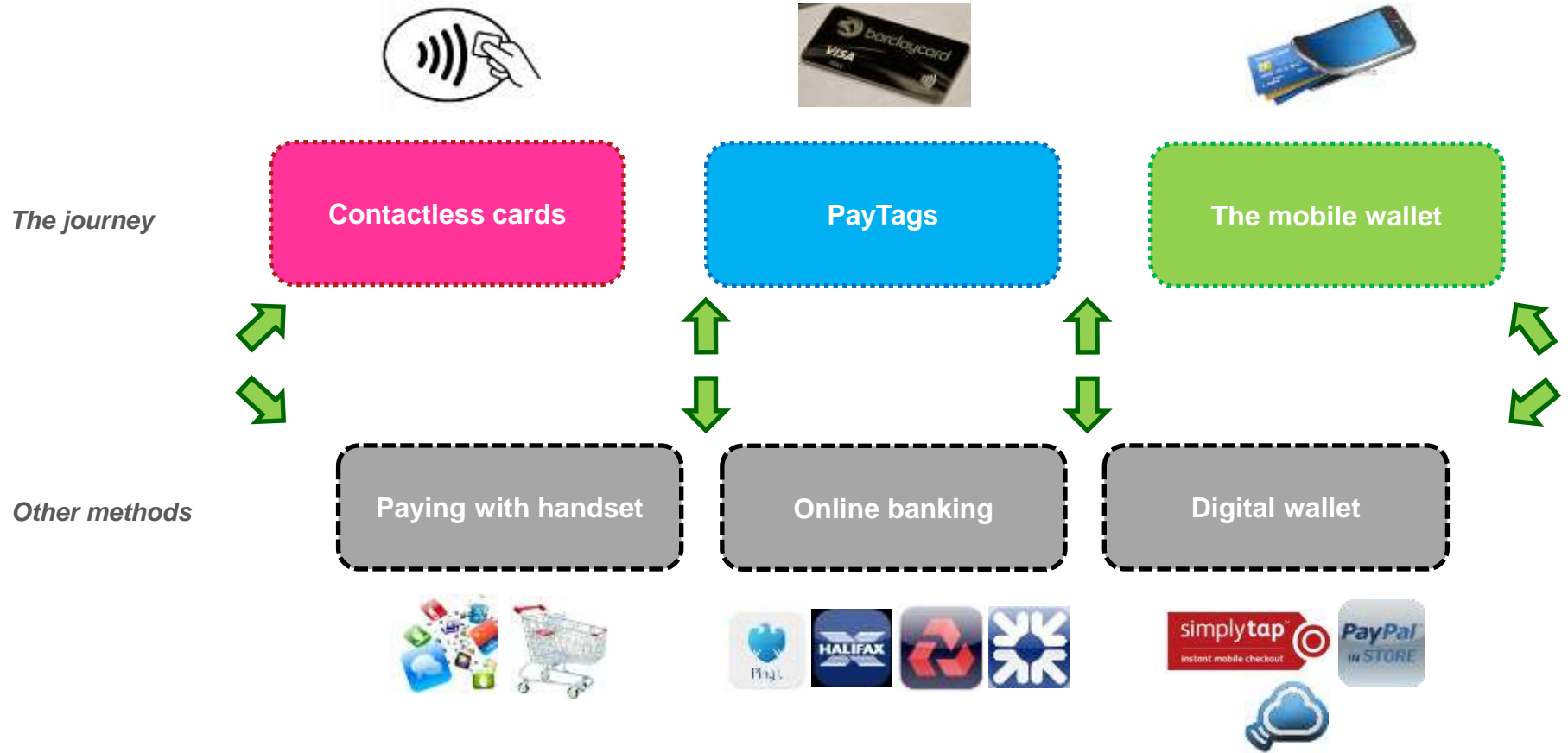
	Sample		Mobile Wallet prospects vs. rejecters	
	Targeted sample set	Total sample	Intending to get mobile wallet	Rejecters of mobile wallet
<b>Nat Rep Sample</b>	2,094	2,094	249	1,365
<b>Contactless Cards</b>	246	577	122	279
<b>NFC Based Handsets</b>	362	362	49	188
<b>Banking apps users</b>	174	456	137	150

*\*Not that some sample types will also cross over into other areas e.g. NFC handsets may also have contactless cards*

**The journey**



# All things payment



# The journey – key facts



*The journey*

**Contactless cards**

**PayTags**

**The mobile wallet**

*Key facts*

- 16% of the population claim to own a contactless card.
- 69% of contactless card owners do not use card in a contactless transaction.
- Over half (55%) of contactless card users that don't use their card for contactless would.

- 3% of the population are aware of the term 'PayTags'.
- 17% are interested in the concept of 'PayTags'.
- 6% are likely to use if they were offered the service. 76% are unlikely.
- 51% of rejecters still unlikely to use even with guarantee of risks.

- 12% of the population keen to use mobile wallet. 65% are not.
- Main reasons for getting handset with service is speed and convenience.
- Main reasons for not getting due to security and happy with how currently pay.

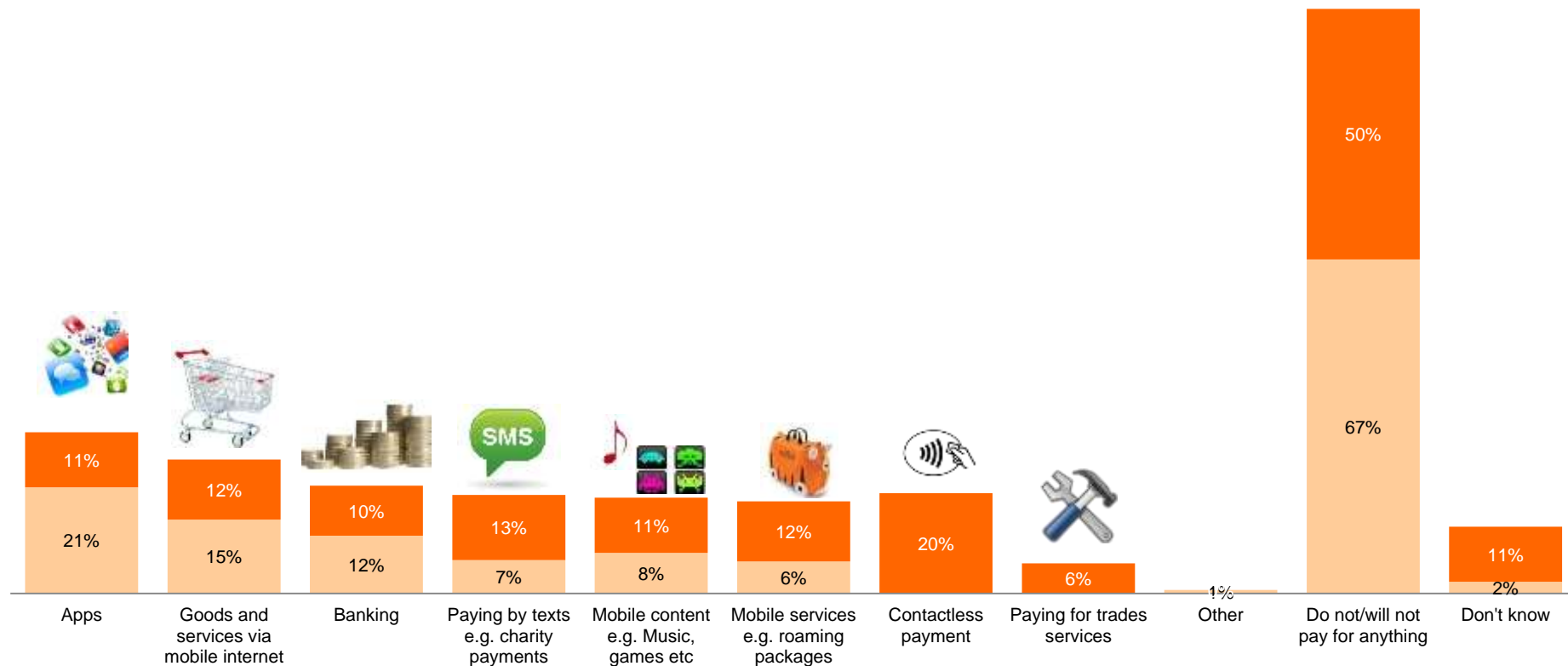
*Key message*

What's in it for 'me' ?

# Consumers are willing to pay for things via their mobiles...

■ Currently pay  
■ Consider in future

## Currently pay (All nationally representative)



Base: All qualified Nat rep respondents (2094)

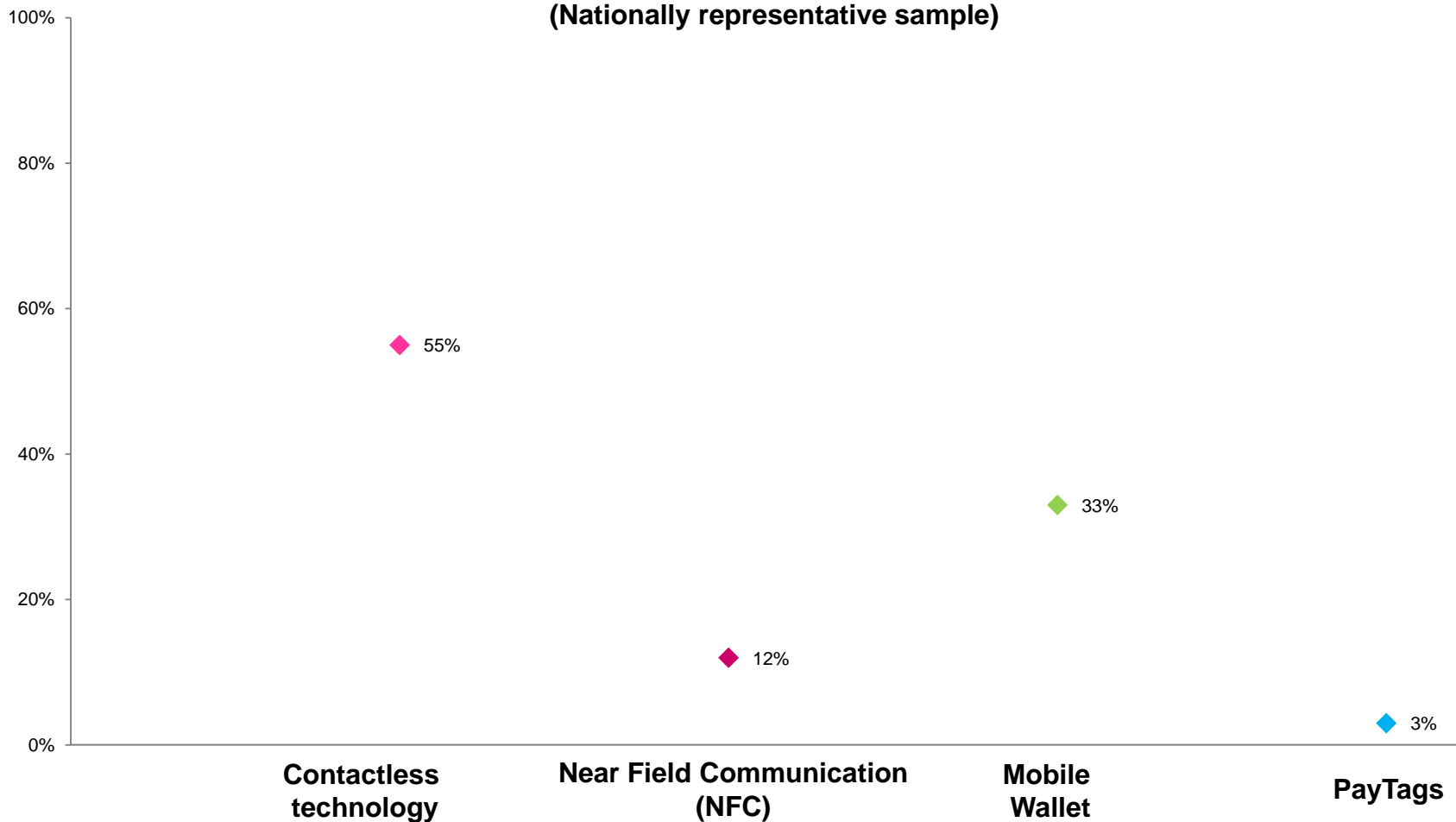
P71Q1: Thinking about making payments using a mobile device. Which, if any, of the following types of goods/services do you currently pay for using a mobile device? Please tick all that apply

P74Q1: And which, if any, of the following types of goods/services would you consider paying for in the future using a mobile device? Please tick all that apply

# Awareness of terms shows that people are aware of 'contactless technology' although they may not necessarily know what it means

- Contactless technology
- NFC
- Mobile Wallet
- PayTags

Awareness of terms  
(Nationally representative sample)



Base: All qualified Nat rep respondents (2094)

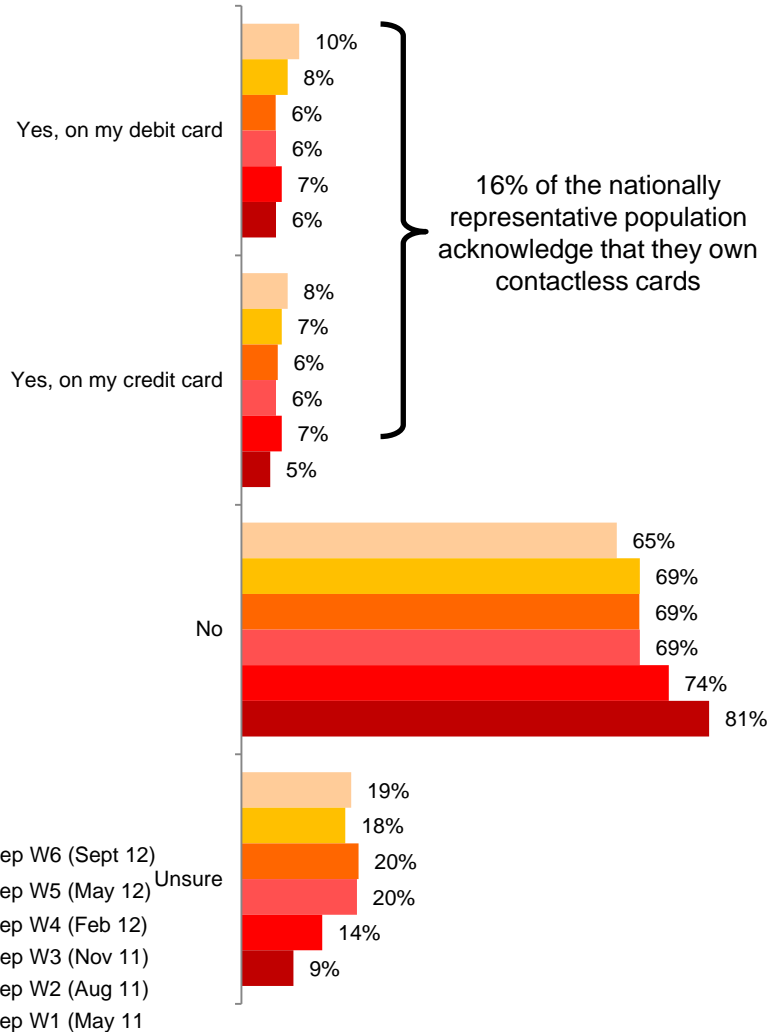
P75Q1: Before today, have you ever heard of Near Field Communications/ Mobile Wallet or Mobile Payment/ Before today, have you ever heard of contactless technology?

P455Q1: Before today, have you heard of the term 'PayTag'?

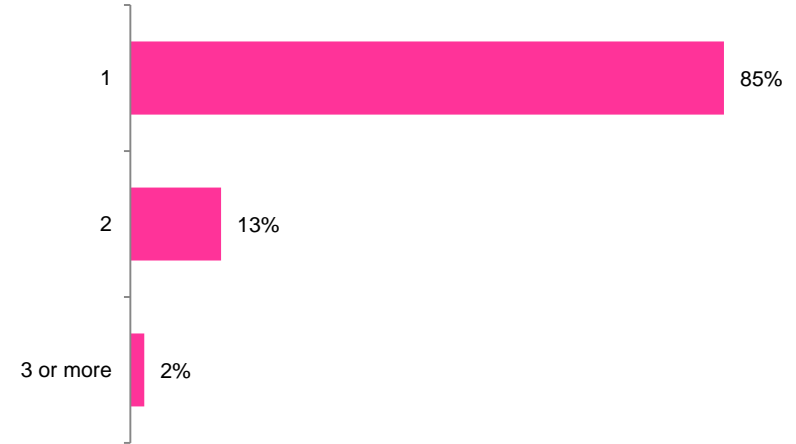
# 16% of contactless card owners know their card is contactless despite more than 20m in circulation in the UK



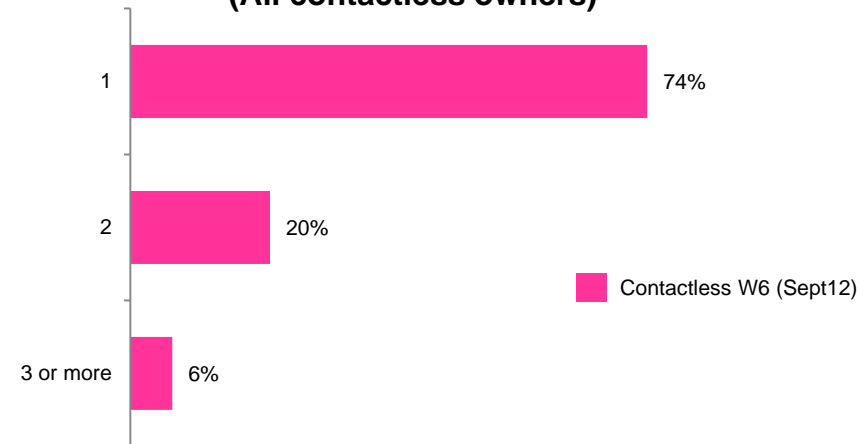
### Ownership of contactless cards (All Nationally Representative)



### Number of contactless debit cards (All contactless owners)



### Number of contactless credit cards (All contactless owners)



Base: All Nat rep respondents (2094) All contactless card owners (577)

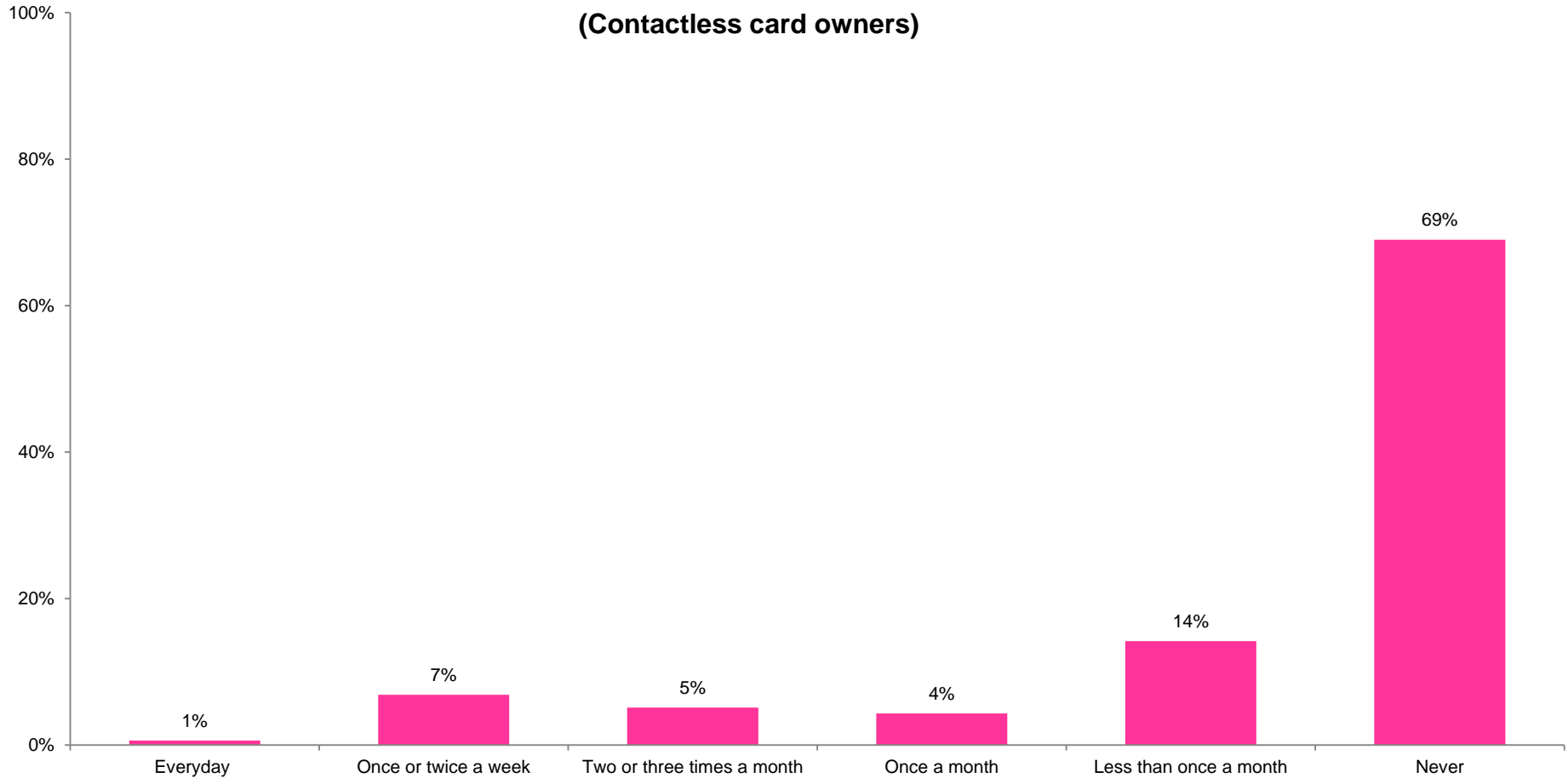
P395Q1: Do you currently have contactless technology on your credit or debit card? i.e. You can use your card by waving it in front of a special reader to make small purchases.

P400Q1/P405Q1: How many contactless credit/debit cards do you own?



# Over two thirds do not use contactless in a transaction.

Frequency of using contactless payment  
(Contactless card owners)



Base: All contactless card owners (577)

P415Q1: How often do you use your contactless credit or debit card to make purchases via a contactless payment method?

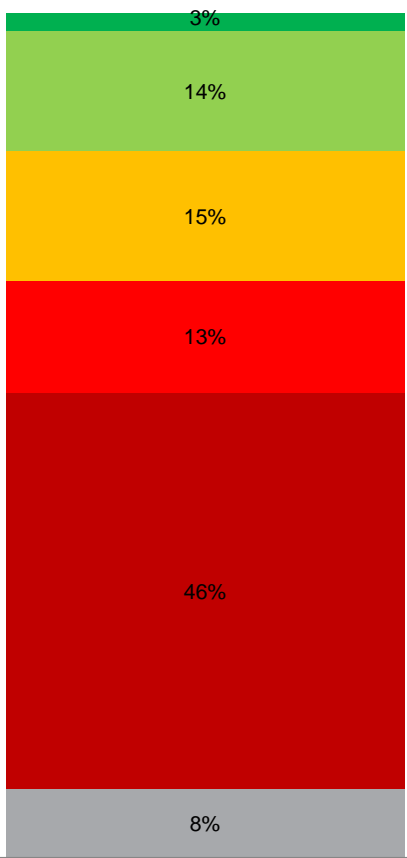
Paytags



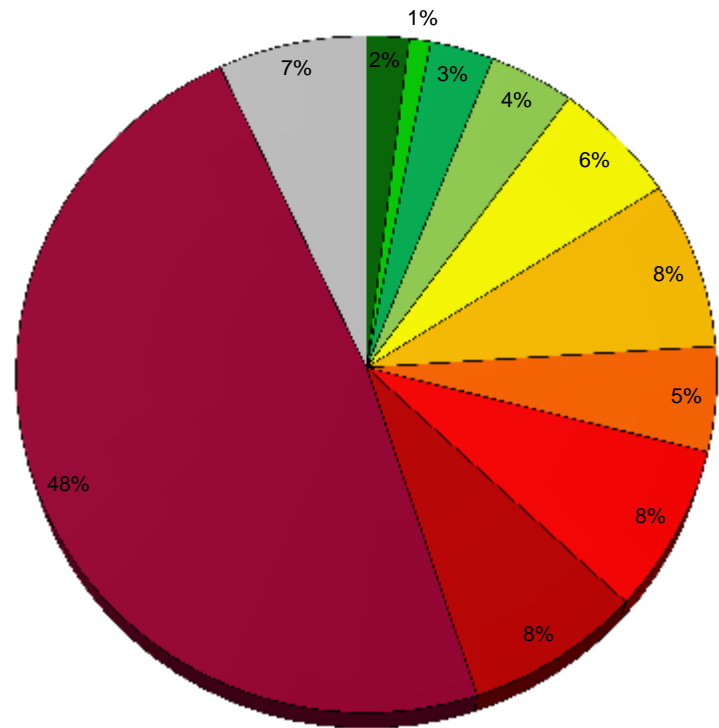
Nearly a fifth are interested in the concept of 'PayTags' ... , however just 6% are likely to use them in the future.



Interest in concept  
(Nationally representative sample)



Likelihood to use 'PayTags'  
(Nationally representative sample)



Top 3 box	Bottom 5 box
6%	77%

- Don't know
- Somewhat uninterested
- Somewhat interested
- Very uninterested
- Neither interested or uninterested
- Very interested

Base: All Nat rep respondents (2091)

P480Q1: How interested or uninterested would you be in using a service like this on your mobile phone/smartphone?

P485Q1: Using a scale of 1 to 10 where 1 is not at all likely and 10 is extremely likely how likely would you be to start using this service if you were offered a PayTag?

# The mobile wallet

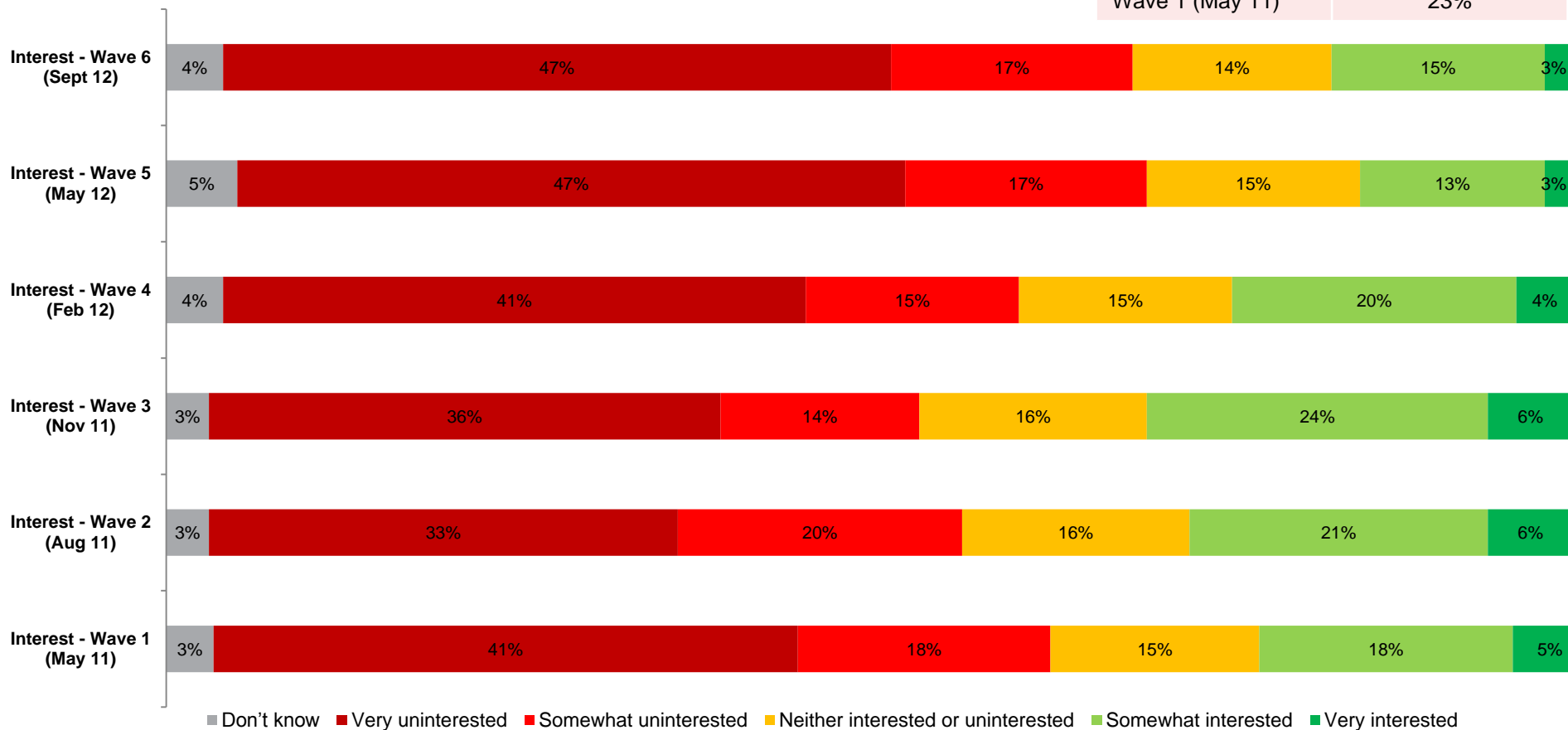


# Interest in the mobile wallet stutters reflecting little consumer confidence in the concept coming anytime soon



Interest in concept  
(Nationally representative sample)

	Top 2 box
Wave 6 (Sept 12)	18%
Wave 5 (May 12)	16%
Wave 4 (Feb 12)	24%
Wave 3 (Nov 11)	30%
Wave 2 (Aug 11)	27%
Wave 1 (May 11)	23%

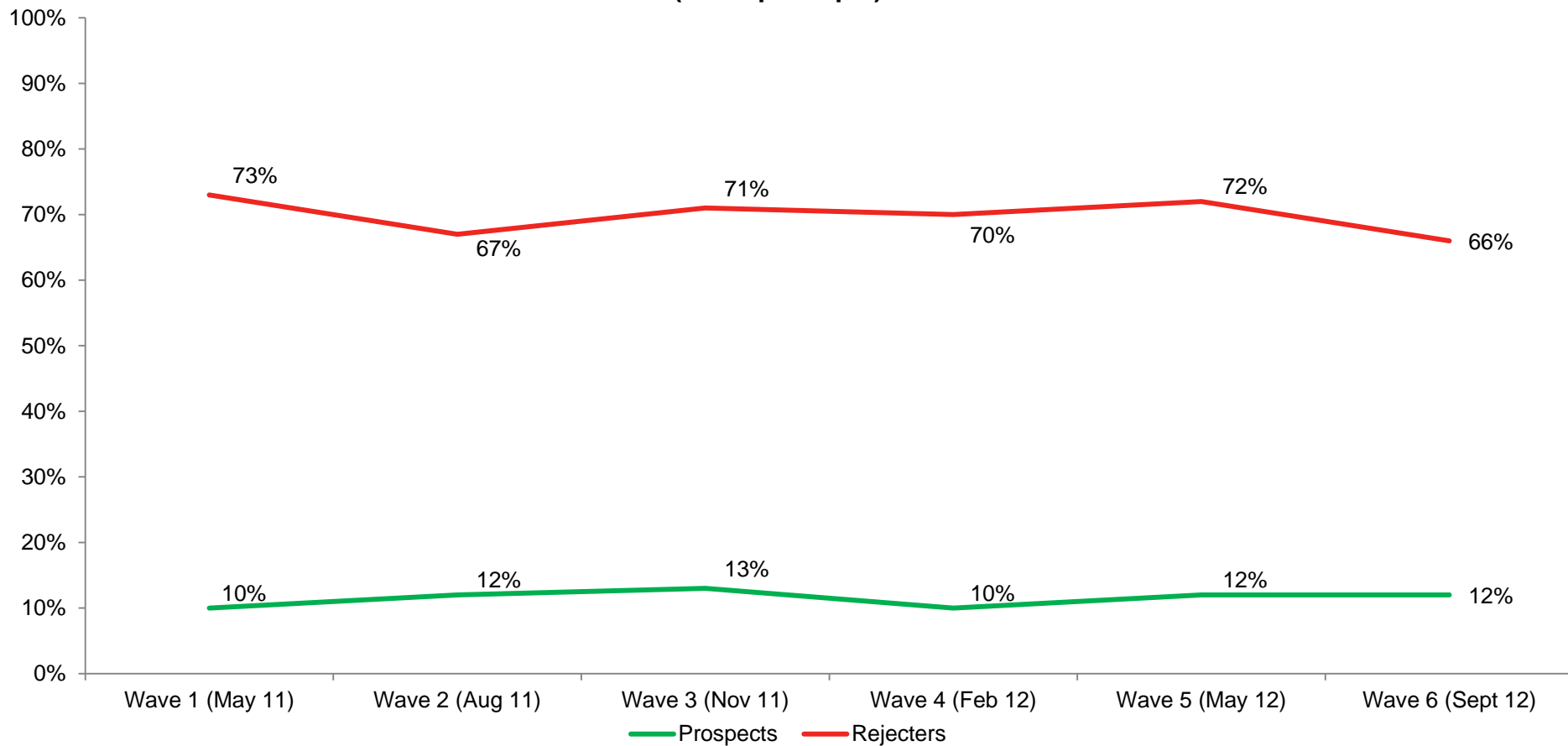


Base: All Nat rep respondents that do not have NFC or mobile wallet (2031)  
P185Q1: How interested or uninterested would you be in having a mobile payment system on your mobile handset?

# Prospects of mobile wallet are static... rejecters though have declined indicating that the concept is 'inevitable'



Interest in concept  
(Nat rep sample)



Base: All Nat rep respondents that do not have NFC or mobile wallet (2031)


P185Q1: How interested or uninterested would you be in having a mobile payment system on your mobile handset?

**Consumer appetite**





## Consumer appetite

- 
- With a third of consumers aware of the term ‘mobile wallet’ one would expect that the technology is making sufficient in-roads into the market. However a lack of consumer centric activity has stagnated the market from its high in 2011.
  - 18% of the population are interested in the concept of a ‘mobile wallet’ solution. Whilst high this has dropped considerably from November 2011.
  - 12% of the population would be interested in using the service. This is fairly high for a concept that is still developing and therefore we should not be downhearted.
  - Of those interested in the service, 48% are aged 25-44 – the typical age of early adoption. Nearly all prospects are smartphone owners.
  - What’s next is not how great the service is... but what’s in it for the consumer.

**There are a core that are excited and willing to get a mobile wallet service in the next 2 years.**

**Mobile Wallet Pyramid**

Likely to use

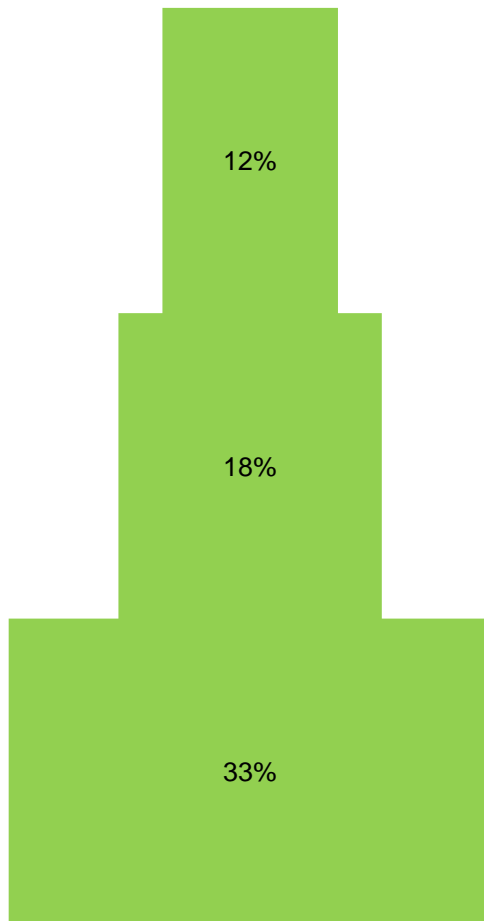
12%

Interest top 2

18%

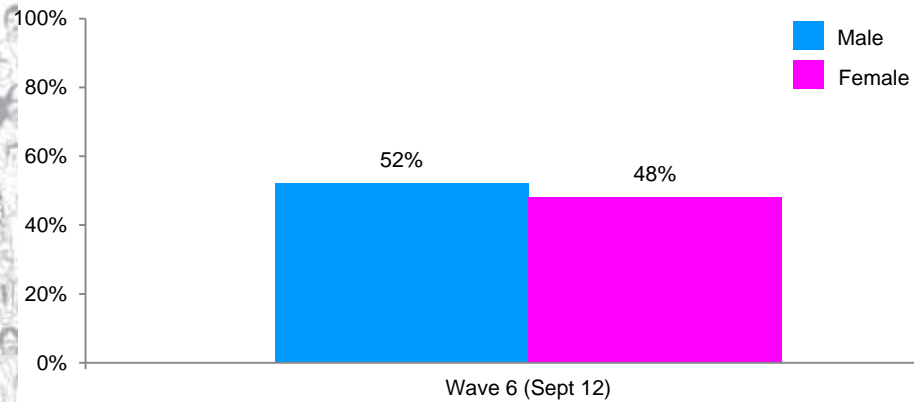
Awareness

33%

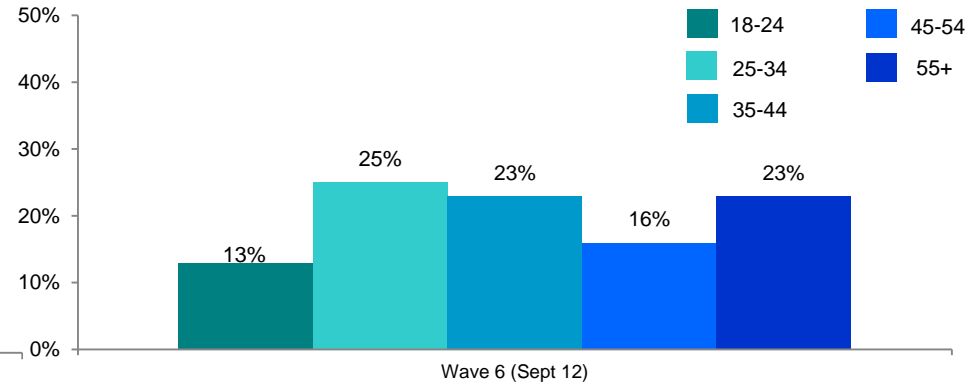


# The prospects – who are they?

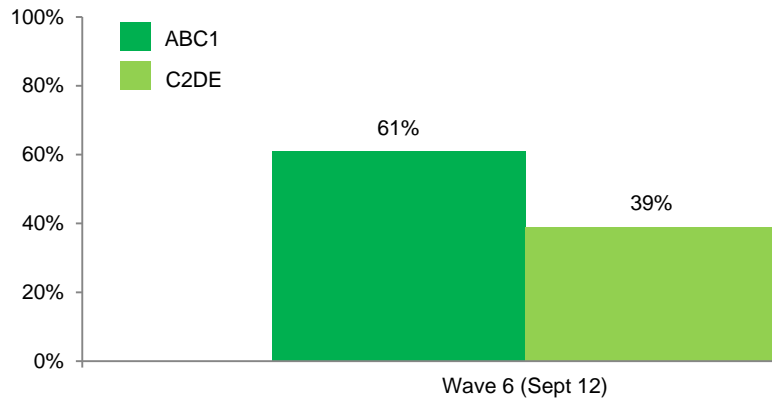
## Gender



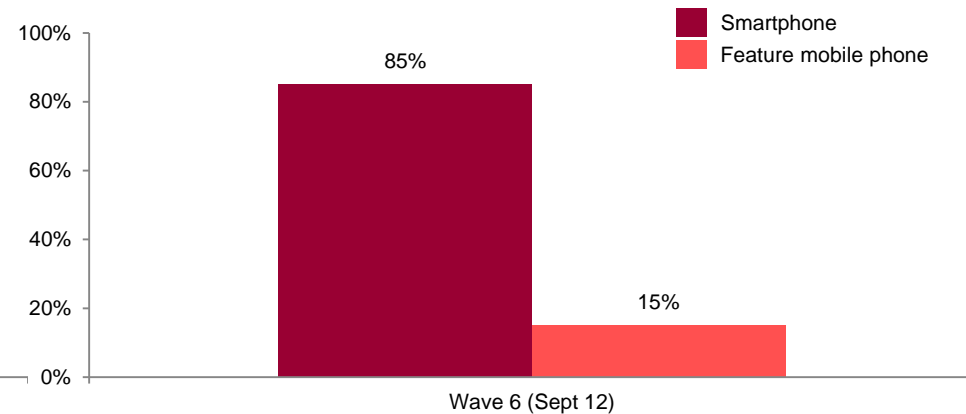
## Age



## Social grade



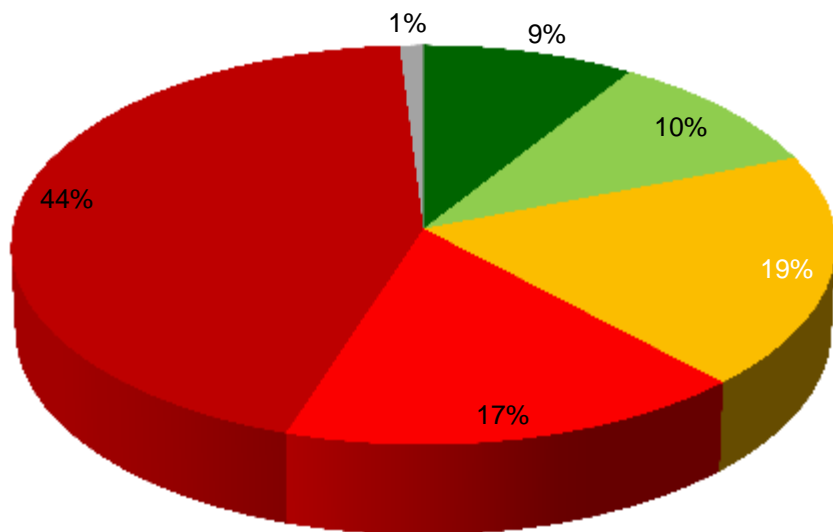
## Type of handset



# Of those that own an NFC enabled handset, most are undecided if they will use their handset to make payments in the future... more needs to be done to educate.

I made a conscious decision to purchase a phone which had NFC or contactless payment capabilities”

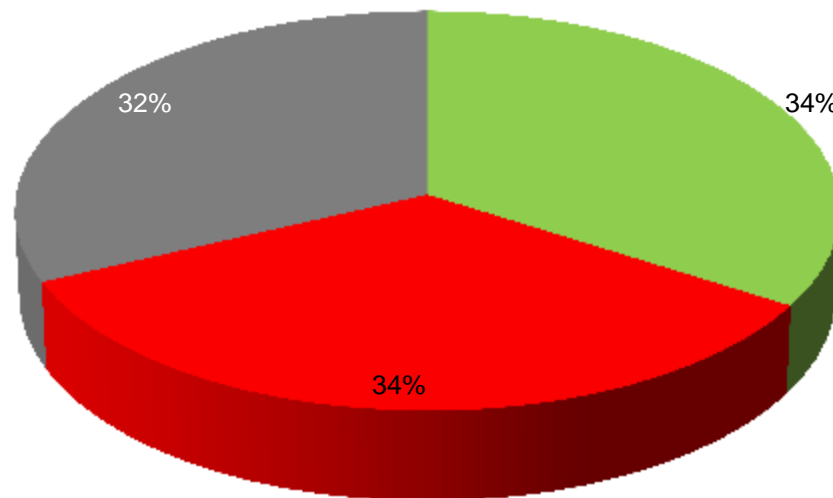
(All that have NFC enabled handset)



Top 2 box	15%
Bottom 2 box	61%

Expect to use NFC on handset in next 12 months

(All that have NFC enabled handset)



■ Strongly agree ■ Agree ■ Neither ■ Disagree ■ Strongly disagree ■ Don't know

■ Yes ■ No ■ Don't know

Base: All NFC aware that handset has NFC (139)

P135Q1: How much do you agree or disagree with the following statement? "I made a conscious decision to purchase a phone which had NFC or contactless payment capabilities"


P140Q1: Do you expect to use NFC or contactless payment technology on your phone over the coming 12 months?

# Key messages





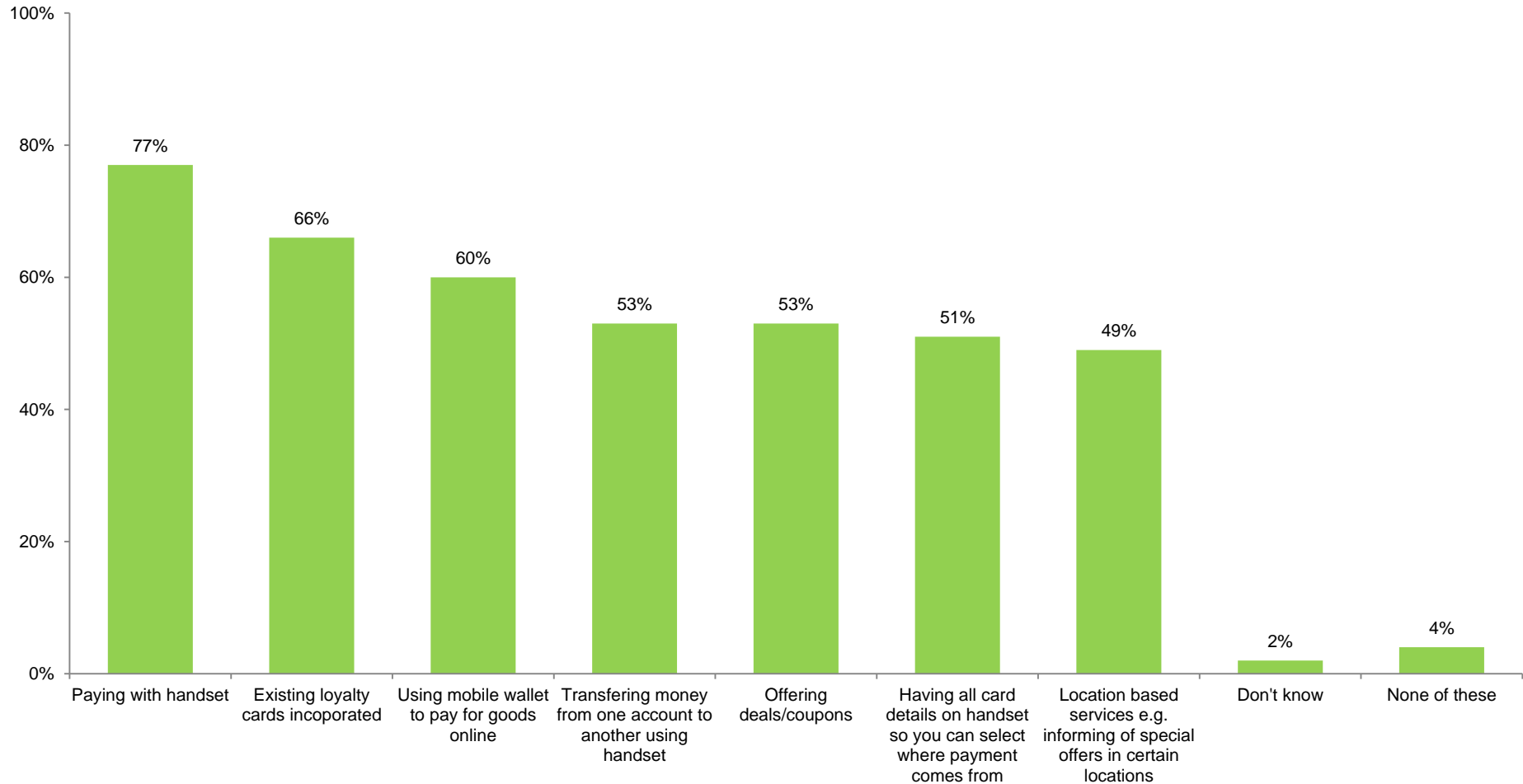
## Summary

- 
- Aside from what the consumer can pay with, the speed and convenience, marketing communications now need to shift forwards the actual benefits to the consumer.
  - Messaging needs to focus on what the ‘wallet’ can hold to entice and encourage consumer appetite.
    - Not just payments but:
      - Loyalty cards all in one device
      - Transferring money to peers
      - Paying for goods online easily
      - Having vouchers incorporated
  - Incentive schemes are also key to growth.
    - A third of current NFC enabled handset owners said that incentive schemes would make them use their handset for a payment.
  - Whilst incentive schemes are important, also key is how secure the technology is.
  - Currently there are no messages reassuring consumers.

# Aside from payments, marcoms need to focus on what's in it for the consumer.

Prospects (wave 6 Sept 12)

## Services expected to be offered by mobile wallet providers (All nationally representative prospects)



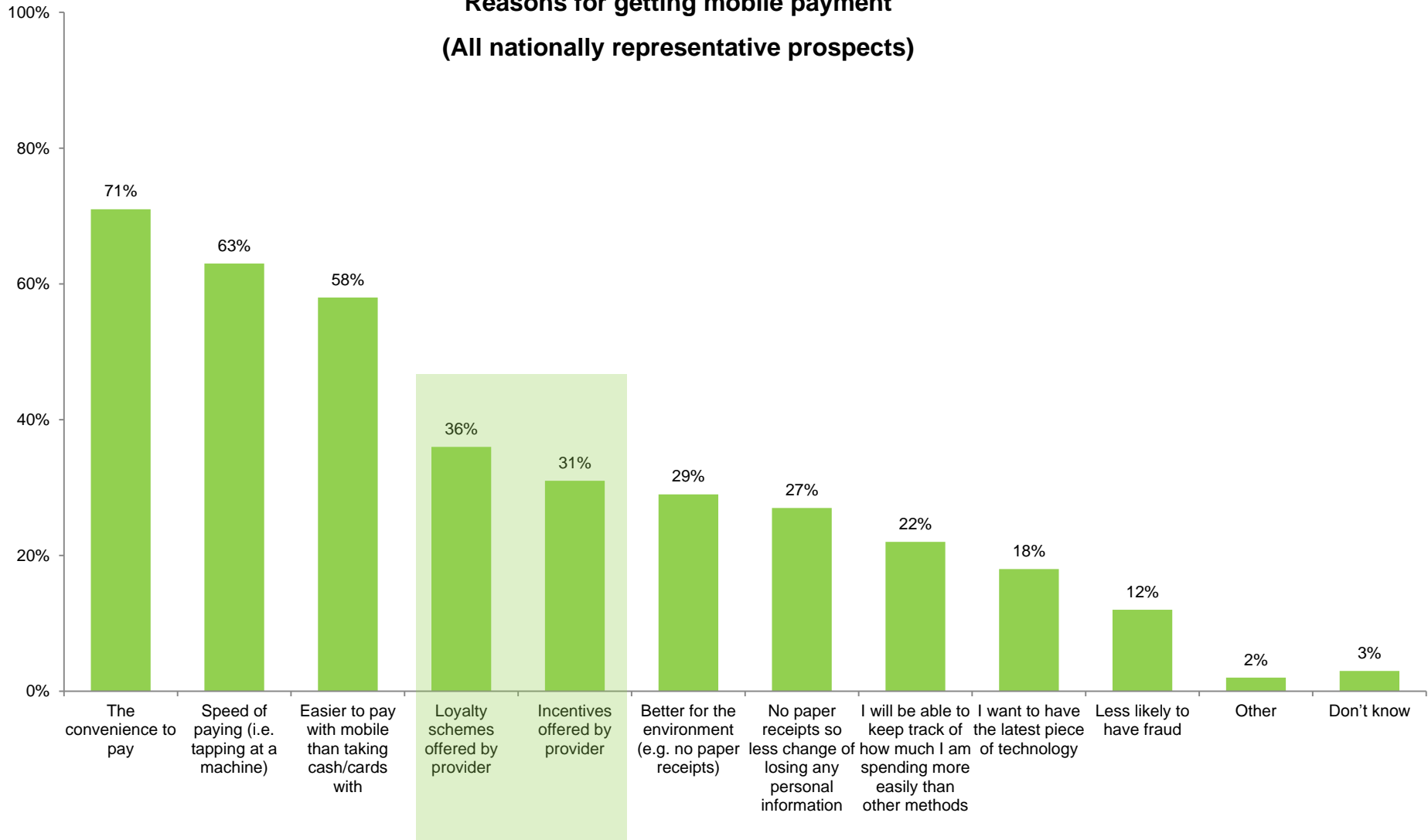
Base: All Nat rep prospects (249)

P196Q1: There are different providers that are working on a mobile wallet. Which, if any, of the following services would you expect a mobile wallet provider to offer? Please tick all that apply

# It's always about speed and convenience. What else is in for the consumer?

Prospects (wave 6 Sept 12)

**Reasons for getting mobile payment**  
(All nationally representative prospects)



Base: All qualified Nat rep respondents that will get NFC (249)

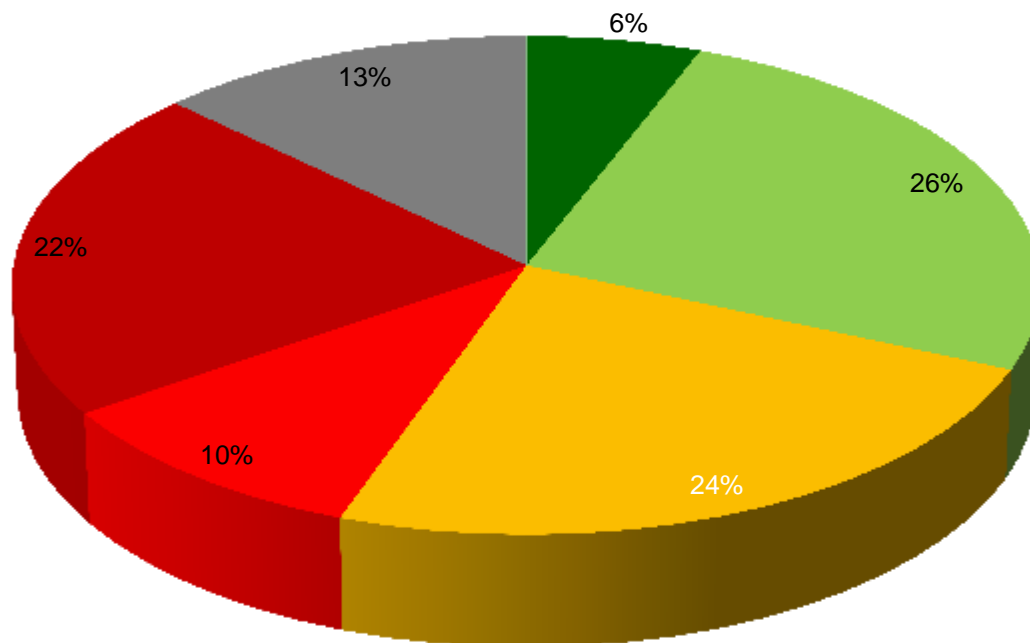
P205Q1: Which, if any, of the following are reasons why you will get a handset with mobile payment capabilities? Please tick all that apply

# “Incentive schemes would encourage me to use an NFC enabled mobile”

	<b>Disagree</b>
Bottom 2 box	32%

Conscious decision to purchase handset with NFC  
(NFC handset owners that aware that handset has NFC)

	<b>Agree</b>
Top 2 box	32%



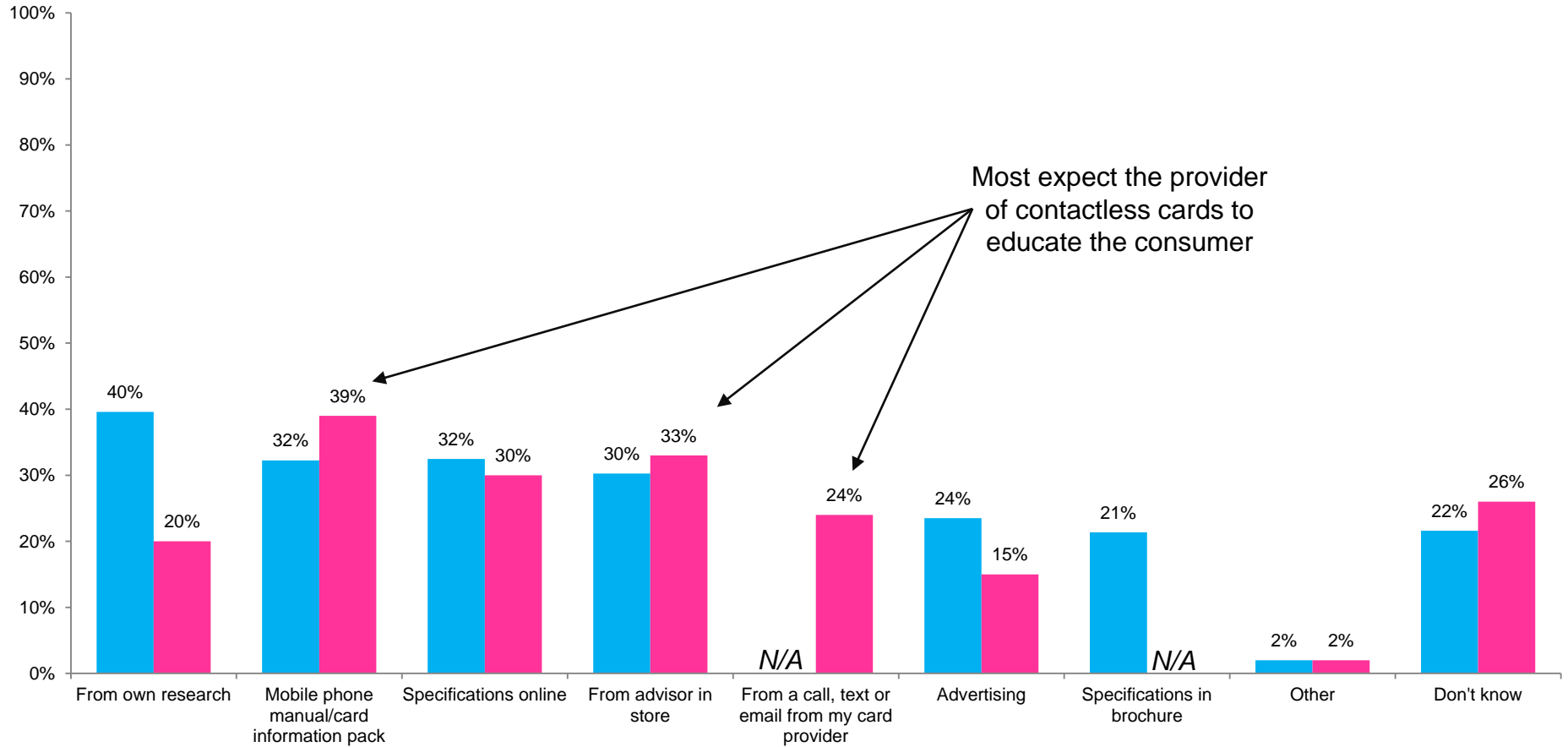
■ Strongly agree  
 ■ Agree  
 ■ Neither  
 ■ Disagree  
 ■ Strongly disagree  
 ■ Don't know

Base: All Nat rep respondents (2094)  
P235Q1. Please indicate the extent to which you agree or disagree with the following statement. Incentive schemes would encourage me to use an NFC contactless enabled mobile phone.

# How to educate the consumer

■ How owners expect to know  
■ Contactless card

## Educating the consumer



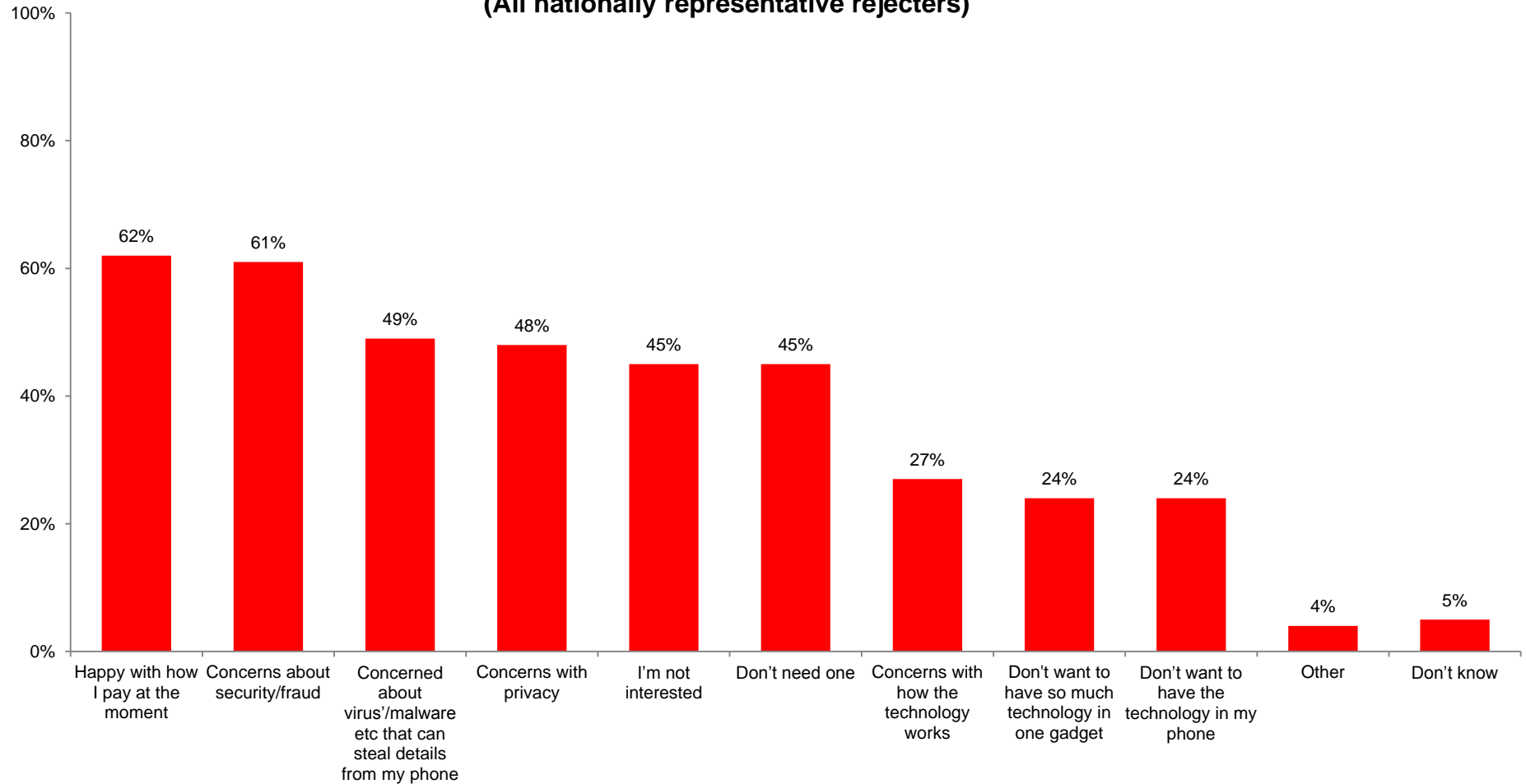
Most expect the provider of contactless cards to educate the consumer

Base: All NFC enabled handsets owners (303) Base: All Nat rep respondents that don't own contactless card (1763)  
 Q126Q1: And how would you expect to find out whether or not had NFC capability? Please tick all that apply  
 Q125Q1: You said you were aware that your handset has NFC capability. How did you learn this?  
 P397Q1: And how would you expect to find out whether or not your card had contactless technology? Please tick all that apply

# Barriers for rejecters are 'soft' and can be overcome with the correct messaging

Reasons for not getting handset with mobile payment capabilities  
(All nationally representative rejecters)

Rejecter W6 (Sept 12)



Base: All qualified Nat rep respondents that will not get a handset with NFC (1365)

P220Q1: Which, if any, of the following are reasons why you will not get a handset with mobile payment capabilities? Please tick all that apply.

**Next steps – continuing the journey**

A perspective view of a modern staircase with dark steps and yellow safety strips, leading upwards. The text "Next steps – continuing the journey" is overlaid in red at the top left.

## Mobile wallet like a learner driver – gathering pace but prone to stalling...

- Increasing media attention has helped NFC and mobile wallet gather some early pace in 2012. Major developments led by the likes of Barclays, Visa and Mastercard, seem to suggest that mobile wallet is on the verge of mass adoption by the UK market.
- However these developments are all taking time to filter down to the average consumer, and the technology itself is taking longer in the testing phase than many developers expected.
- In addition to this, the lack of a clear roadmap towards market for the mix of different companies involved, with continuing debate over who is responsible continues to stall mobile wallet in it's tracks.
- London 2012 has not shifted consumer appetite.
- Now is the time to take the bull by the horns and lead the charge... if Apple ever decide to get into the market then it is likely that any operator alliances, banks and retailers own 'wallet' will have little impact.
- Consumers have few pre-held expectations over who should be leading the mobile wallet charge. What they do expect is a technology that works in a user friendly manner, which can be trusted. Delivering on this will be key to the mobile wallet's success.



## How to get customers on board the Mobile Wallet bus

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