

# Mobile payments: Trust and familiarity are crucial in driving adoption

NUREMBERG, GERMANY: Trust and familiarity are the key drivers in consumer preference for mobile payment services, according to a new study. The survey by GfK NOP, a global market research agency, covered nine countries (US, UK, France, Italy, Germany, Spain, South Korea, Brazil and China) and included 8603 online interviews, with each country's sample designed to represent their online population.



The findings revealed that what consumers are looking for, before they feel comfortable adopting a mobile payment service supplier, is the trust of a financial brand and familiarity of a mobile brand.

## Consumer readiness for mobile payments

Consumer appeal for mobile payment services varies across all countries, which, broadly speaking, fall into two categories: countries with established financial payment infrastructures, and countries whose financial infrastructure is young and still developing.

Of the nine markets where research was conducted, South Korea was the only nation that offered established mobile payment services to the consumer market. Globally, 62% of consumers find mobile payments appealing. This is higher among certain key groups, including: younger consumers aged 16-24 (75%); innovators / early adopters (74%); and current smartphone owners (72%).

There is, however, considerable variation between nations. Developing markets in China (82%) and Brazil (73%) find mobile payment services the most appealing, whereas the more established payment systems in developed markets, like the US and Europe, mean appeal in these nations is more limited (around 50%), since the existing chip-and-PIN systems offer a convenient and already trusted route.

## Why the delay in mobile payments?

Near Field Communications (NFC), the technology that supports close proximity mobile payment services, has been around for many years. However, the NFC-enabled mobile devices and service support have been delayed year on year. Why, when the service seems so attractive to consumers and businesses alike?

One of the reasons for this delay to market is that there are so many brands from different industry sectors interested, posing the critical question: 'Who should own the relationship with the customer?' The incentive for financial institutions is that Mobile Payment embodies a critical evolutionary step. It will modernise their service offering and refresh their brand image - things that are much needed after the negativity of the recent financial crisis. For mobile network operators, the attraction of this fledgling sector is the opportunity to diversify their revenue streams - to branch out from their core business of voice, text and data. And, for Smartphone handset and operating system (or OS) providers, mobile payment services represent an important new data source, that brings together online and offline purchasing behaviour - something that will enhance the value of their ecosystem to advertisers.

Working out how all these different companies work together, and - importantly - who owns the customer relationship, has been the key barrier to rolling mobile payment services out for most countries.

## **The adoption funnel: trust, consideration and preference**

At a category level, GfK's study shows that the financial brand category has the highest levels of trust, consideration and - importantly - preference among consumers (48%). Within this category, high street banks have the highest levels of trust, consideration and preference. Consumers feel they can be relied upon to safely process payments and manage personal finances, and view the move to mobile payments as a natural next step.

Mobile and telecommunication brands receive significantly lower levels trust, when it comes to controlling financial transactions (10%). Within these brands, mobile network carriers have the highest levels of trust, consideration and preference, although still lag behind financial brands. Within this category, mobile network carriers have the highest levels of trust, consideration and preference out of all the mobile brands, but they are still quite far behind financial brands.

Adoption scores for network carriers, mobile handset and OS providers do, however, see significant uplift among smartphone owners, younger consumers and early tech adopters.

At brand level, PayPal, Nokia and Apple came out very strongly, amongst the brands that we tested. PayPal has experience in delivering remote mobile payment services to consumers and boasts high levels of trust and consideration. Most interestingly, it has the highest brand preference of all those tested in this research. At a global level, trust usually drives mobile payment service preference. However, for PayPal, the drivers are completely different. The fact that consumers have already used PayPal to send or receive remote mobile payments before drives consumer preference for the brand when it comes to proximity based mobile payments. Closely following this familiarity of PayPal's remote service (30%) comes the fact it is deemed a specialist in processing payments generally (21%).

Trust (17%) remains important for PayPal, but is only the third most important stated purchase driver.

Nokia in China is among the most trusted brands of any category in the research, receiving a score of 38% - much higher than its global average of 14%. The reason for this level of Chinese consumer preference is, again, trust - one-in-two people in China stated trust as the main driver of preference. Nokia has built a strong brand in China over the years, based on delivering reliable mobile solutions to a large proportion of the Chinese population.

Apple also has a very strong brand and this has driven higher levels of trust among their existing customer base - raising their global trust average of 11% to 38% among iPhone owners. Those that own iPhones are already used to using their iTunes account to pay for apps and media content, so the step to paying for physical products with their iTunes account is less of a stretch.

These three brand examples show that, whilst financial brands have built up high levels of trust, mobile-based brands such

as Nokia and Apple, and relatively new financial brands like PayPal, have the potential to quickly disrupt this seemingly comfortable position.

Ryan Garner, Director in GfK Technology, comments, "Creating a mobile payment service that consumers are comfortable adopting means leveraging the trust placed in financial brands, but it is also vital to have a presence in the mobile sector. By tapping into all of these strengths, a mobile payments solution would quickly gain momentum with consumers and put an end to the delays experienced by NFC-based services in recent years."

## **About the survey**

GfK conducted 8603 online interviews in the following countries; UK (n=853), US (n=1004), France (n=1000), Germany (n=999), Italy (n=1103), Spain (n=997), Brazil (n=987), China (n=659) and South Korea (n=1001)

The sample in each country was designed to be representative of the online population. In the UK, US, France, Germany, Italy, Spain and South Korea internet penetration is high enough to capture a sample that is broadly representative of the population as a whole. However, in China and Brazil the interviews collected online will not be representative in the same way. The research conducted in Brazil and China will be representative of the online population, but these people are more advanced in their views on technology, live in more urban areas and are likely to be wealthier, than the population as a whole.

Source: GfK NOP

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