

Mobile payments have finally arrived

By [Martin Cox](#)

3 Jul 2015

Technological developments are often greeted with a mixture of excitement and cynicism. Mobile payments are no different.



Image: blog.bellid.com

Amongst all the hype and bluster, however, a fundamental question seems to be largely overlooked - why use mobile payments? Here are just a few reasons to leave your cash and card at home, and pay with your mobile.

57% of consumers cite security as the main reason for not using mobile payments. While it is true that nothing is 100% secure, some payment methods are far more secure than others. For example, magnetic stripe swipe cards are not at all secure. They are easy to replicate and only require a signature as authentication. Mag-stripe cards are the reason that half of the world's credit card fraud is focused on the US, highlighting the importance of moving to more secure EMV chip cards. The cryptographic keys used in EMV make hacking the card too complicated and costly for most fraudsters.

The new wave of mobile payments solutions such as Apple Pay, Android Pay and Samsung Pay build on this technology and are very secure. This is because they are based on EMV and use tokenisation. This process removes the funding card details, such as the card account number, from the transaction; they are not stored on the phone or shared with the retailer. This means that even if a transaction is compromised, the details obtained have very little value and cannot, for example, be used to make an eCommerce transaction.

Extra security

In addition to these tokenisation solutions, mobile payments software also incorporate extra layers of security, such as a PIN or biometric authentication. Apple Pay and Android Pay, for example, have the option to require a fingerprint to confirm a transaction and, when launched, so too will Samsung Pay.

Put simply, if you are worried about the security of mobile payments and you have used a magnetic stripe swipe card in

the last six months, you are worrying about the wrong thing.

Sometimes it is simply not practical to carry a wallet bursting with plastic cards - particularly if you're partial to skinny jeans or a small handbag. 79% of people, however, have their phones on their person for 22 hours a day. Mobile wallets are therefore both convenient and practical as your stack of plastic can be loaded into a device that you have with you at all times. Is this the death knell for full pockets and overflowing handbags?

When opening a bank account, it can take days for your plastic card to arrive in the post, assuming it hasn't been stolen en-route. This is only a minor inconvenience when you have just opened the account, but can become a major issue when replacing a lost or stolen card, particularly if you are abroad. In contrast, adding a card to a mobile phone takes less than a minute and can be done just as easily from your sofa or on the beach.

Value added services

If security, speed and convenience are not enough for you, then value added services may win you over. Loyalty schemes are a great example. Soon, the days of wading through countless plastic loyalty cards at the checkout may be over. Simply link your loyalty accounts to a particular payment card in your mobile wallet and earn points and rewards with a single tap.

In the future, we will also see a blurring of in-store, online, in-app mCommerce and eCommerce transactions, giving consumers greater flexibility. Just picture your weekly trip to the supermarket; wouldn't it be great to avoid the queues?

Scanning items with your smartphone on the way round would allow you to pay for them either at a contactless terminal, or using a dedicated in-app payment button, with a receipt sent directly to your phone. Simple and convenient. There are, of course, many more examples, but this highlights the value that mobile payments could bring to the customer experience.

After considering the advantages of mobile payments, you may still find that cash and plastic are right for you. No problem. New technologies complement the old and paying with a mobile phone won't be for everyone. It is important, however, for consumers to be able to make an informed decision on why they decide to use, or not use, a particular technology. Mobile payments have finally arrived, will you be an early adopter?

ABOUT THE AUTHOR

Martin Cox is Global Head of Sales at Bell ID

For more, visit: <https://www.bizcommunity.com>