Mobile Wallets Move Closer To Reality

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Marketers must get consumers on board

The potential for mobile payments is huge. Globally, consumers make trillions of dollars in credit and debit card transactions each year. Migrating just a small percentage of that spending to mobile-based transactions would be a lucrative opportunity for the companies that facilitate it.

The mobile payments market is difficult to size in its nascent state, and research firms vary widely as to the dollar figures involved. But they agree on one thing, as eMarketerâ€™s new report, â€œMobile Payments: Moving Closer to a World Without Wallets,â€• notes: dramatic growth.

Gartnerâ€™s July 2011 forecast is one of the most conservative for mobile payment volume. It predicts that total worldwide mobile paymentsâ€”including SMS, USSD and NFC payments as well as WAP/mobile internet purchasesâ€”will rise to $86 billion in 2011, a 76% increase over its estimate for 2010.

An earlier estimate of only NFC-enabled transactions from the Yankee Group forecast they would nearly double between 2010 and 2014, to $40 billion worldwide.

But there are a range of other types of truly mobile paymentsâ€”methods in which consumers store value on their phone or connect it to a payment account and use the phone to swipe for payment at the point of sale, for exampleâ€”that donâ€™t use NFC, SMS or USSD. And app-based payment methods abound.

After close to a decade of maneuvering, the key players are formally lined up behind specific initiatives. But consumer adoption is the finalâ€”and biggestâ€”hurdle. Consumers will need reassurance on the security and privacy issues related to making the mobile handset an actual payment device.

The full report, â€œMobile Payments: Moving Closer to a World Without Wallets ,â€• also answers these key questions:

- What is the outlook for mobile payments in the US and elsewhere?
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- Who are the key players and what are the leading platforms?
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- What are the drivers and inhibitors to the adoption of mobile payment systems?
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- How do consumers feel about storing credit card information on their phones?
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- Whatâ€™s in it for marketers?

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