

Living In The Post-Wallet Economy

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Wallets have been the staple of our pockets for years. However, a new challenger has emerged: the smartphone. With our smartphones, we can easily place our credit cards, debit cards, rewards cards and other financial information into it, cutting down on the clutter that is usually going on in our wallets. There are two ways to make payments online: cryptocurrency and mobile payments. How are these two methods of making payments used to facilitate eCommerce?

The Money of Tomorrow

Cryptocurrency is not regulated by any central monetary authority or a bank. This gives it flexibility, and has found growth in markets such as Latin America where the banking systems and monetary authorities have a history of instability. However, lacking a central monetary authority or a bank to regulate its usage, the use of Bitcoins, the most popular cryptocurrency, seemed problematic, and few businesses were willing to accept it. Those who had bought Bitcoins did not have a place to spend them, and as a result, 64% of Bitcoins were held in inactive accounts. However, in 2013, 200 businesses hosted a "Bitcoin Black Friday" and started accepting the popular cryptocurrency, giving it a new hope in the world of eCommerce.

Swiper, No Swiping

Mobile payments make use of currencies with a central monetary authority and/or a bank, but you use your cellphone instead of a credit card or debit card. Many people make use of mobile apps or online stores to make these payments. The three most popular mobile payment methods are Google Wallet, Apple Pay, and Amazon Payments. People also store their rewards cards on their smartphones as well, further lightening the load on your wallet. One of the best features of mobile payments such as Apple Pay is that your financial information is never passed to the point-of-sale system, making it a relatively safe way to make payments for products and services.

Surprise Market

You might expect places like North America, Europe, and Asia to be hubs of cryptocurrencies and/or mobile payments. However, adaptation is a bit slow—40% of North American consumers have adopted mobile payments, and \$12.1 billion was spent via mobile payments in 2012. Although the markets for mobile payments are growing everywhere in the world, you might want to also take a look into other markets where their e-commerce sector is rapidly growing.

For example, Brazil has become the center of the e-commerce market in Latin America. In only five years, the eCommerce market in Brazil rose from R\$14.8 billion (approximately US\$5.64 billion) in 2008 to R\$51 billion (approximately US\$19.4 billion) in 2013, an increase of 250%. According to Victor Fraga, a Senior Retail Analyst at Mintel, "Fast economic growth coupled with improved internet accessibility is quickly catapulting the Brazilian e-commerce market. The impressive revenues are comparable to more mature and traditional sectors such as food and drink and car retailing. Other factors such as improved payment flexibility, intense social networking, and a strong consumer culture are also helping to fuel growth in the e-commerce sector. Shopping online is enabling Brazilian consumers to reach imported and expensive products to which they would not have access otherwise. The e-commerce market is nowhere near saturation point. The current growth could be sustained for many years, perhaps even decades, tapping in the fact that Brazilians are constantly looking for ways to save time in increasingly hectic lifestyles."

Combined with the Latin American preference for Bitcoins, mobile payments could see a huge rise in Latin America, and e-commerce may play a big role in Latin American countries. Some of the largest segments in the Brazilian eCommerce market include hotels and travel tickets. Since there are many world famous tourist spots in Brazil, this could also attract money from outside of Brazil as well as within it, also boosting e-commerce markets in other countries. The e-commerce market in Brazil is expected to break R\$100 billion in 2017.

Which One Should I Use?

Like all things, cryptocurrencies and mobile payments have their pros and cons. Although cryptocurrencies are flexible and can thrive in a market without a well-developed banking system, they can also suffer from security issues and have an unpredictable worth, and the concept of cryptocurrencies is not understood in all markets yet. Mobile payments are more widely used because it uses an established currency already, but once your mobile phone is stolen, so is your financial data. Both are still susceptible to hackers, so one should take precautions in securing their accounts.

Conclusion

The concept of e-commerce is swiftly taking over the world. The two ways to pay for products and services may differ,

but should be used together in order to attract customers from emerging markets so that businesses can maximize their revenues. You don't have to store all that paper and plastic in your wallet anymore; you can go digital and join an economy that is only going to grow as mobile devices continue to pop up around the world.

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