Mobile and Alternative Payments in the U.S., 3rd Edition

Description: The mobile payments industry stands at the epicenter of tremendous innovation and change, with market participants introducing a slew of emerging payments solutions—from Square to Google Wallet to Popmoney to Serve to V.me. Thanks to the widespread adoption of smartphones, the consumer audience now has the means to use them; however, they still may not be accustomed to or even well informed about the new topography of the payment landscape.

The industry also serves as a nexus connecting the often competing interests of wireless carriers, phone manufacturers, payments networks, merchant acquirers, card associations, point-of-sale technology providers, nonbanking payment solution providers, banks, and retailers. At stake is the transformation of the consumer wallet—and the control traditional payment players have historically had over it—as well as the possibility of new revenue streams generated by data analytics, advertising, and other value-added products and services, above and beyond merchant payment fee revenue.

Even with mobile payments still in its nascent stage, Packaged Facts expects U.S. remote and point-of-sale mobile payments volume to grow by 275% in 2013, a testament to the impact of current product rollouts and consumer uptake already underway.

Mobile and Alternative Payments in the U.S. provides industry participants with the wealth of analysis and guidance they need to stay abreast of this quickly evolving market. Report coverage includes market sizing and forecast for U.S. mobile payments, as well as a comprehensive evaluation of competitor dynamics:

- Mobile payments strategies employed by the leading U.S. card associations, including American Express’ prepaid card innovation and Serve digital platform innovation, Discover Financial Services’ alternative payments strategy and PayPal and Google Wallet relationships, MasterCard PayPass and PayPass Wallet Services, and Visa V.me
- Mobile payment solutions developed by Digital Leaders, including online commerce behemoths Amazon, Apple, Google, Facebook, Groupon and PayPal; innovative offline commerce players LevelUp and Square; the Isis Mobile Commerce Network; and retailer mobile payment strategies
- Macro trends shaping the mobile payments landscape, including eCommerce growth, NFC payment growth, bill payment trends, P2P growth and associated metrics, and mobile payment fraud and security issues

In addition, Proprietary Packaged Facts consumer survey data and Experian Simmons syndicated consumer surveys provided the basis for a detailed analysis of the consumer context:

- Mobile phone and smartphone ownership trends, app usage, and tablet ownership
- Mobile phone usage trends pertinent to mobile payments, including mobile phone usage trending over time and related demographic analysis
- Mobile payment methods (i.e. P2P, bill payment, etc.) and payment funding choices by demographic
- Mobile payers’ current and intended use of mobile payment, deposit and communication methods, broken out by smartphone users, non-smartphone users, mobile bankers, and mobile payers
- Recent and intended use of mobile phone financial, promotional & shopping tools
- Mobile phone and smart phone feature usage; smartphone share of mobile phone ownership by demographic; and voice, data and text plan penetration

A companion report, Mobile and Alternative Payments in Canada, is also available from Packaged Facts.

Contents:

Executive Summary
Report Scope
Market Size and Forecast
Macro Trends Shaping the Mobile Payments Landscape
Mobile Phone Usage Trends
Mobile banking trends
Mobile payments trends
Consumer Interest in Mobile Phone Financial, Promotional and Shopping Enhancements

Mobile Payments Strategies: Card Associations
Mobile Payments Strategies: Digital Leaders
Mobile Payments Strategies: Mobile Network Operators
Mobile Payments Strategies: Retailers

Chapter 1: Overview
Mobile financial services: banking and payments
Mobile financial services
Mobile banking
Mobile payments
Mobile payment technologies
SMS text messaging
WAP
RFID
NFC
2D Barcode
Mobile payment funding options
Online and offline payment methods/players

Chapter 2: Market Size and Forecast
Summary analysis
Mobile payments set for takeoff—but only after some dust settles
Worldwide mobile payment growth
The U.S. market
Mobile payment usage is on the uptake
But payment frequency remains low
Table 2-1: U.S. Mobile Payment Transaction Value, 2012-2016
Growth drivers
Piggybacking on online banking and bill payment
Giving merchant acceptance a shot in the arm
Non-banking mobile payments players transitioning online account goldmine to offline arena
Leapfrogging the near-term NFC hurdle
Awareness and education set to rise
Convenience/portability
Greater payment flexibility
Growth inhibitors
Too many cooks spoil the broth
Technology standardization
Security and fraud
On the fence
Speed
Financial service provider fees

Chapter 3: Macro Trends Shaping Mobile Payments Landscape
Mobile phone usage nears saturation
Graph 3-1: Mobile Phone Users and Usage Penetration, 2004-2012
Smartphone shares reaches majority status
Table 3-1: Consumer Mobile Phone Ownership, Smartphone Ownership and Ownership Share, 2012
Past the tipping point—onward and upward
Apps and more apps
Graph 3-2: iTunes Music and App Store Downloads
Tablet usage share triples in less than 18 months
Table 3-2: Tablet Ownership, Spring 2011-Summer 2012
Tablet and smartphone demographic synergy
Table 3-3: Consumer Tablet Ownership, by Demographic, Summer 2012
E-commerce gains
Graph 3-3: Quarterly E-Commerce Retail Sales, Percentage Growth, and Percent of Retail Sales, 2003-2012
NFC: low penetration to high penetration—but when?
A small merchant footprint
Contactless a small ripple in a big pond
PayPass merchant adoption at 400,000
Bottom line: incremental growth does not a revolution make
Looking down the road: 2015 will tell a different story
An EMV nudge
Consumer bill pay methods: mail continues to dwindle

Among alternatives, online bill pay rising fastest

Graph 3-4: Consumer Bill Pay Preferences: Forms Used, 2007-2012

Online banking and bill pay add more users

Graph 3-5: Online Banking and Bill Payment: Household Usage, 2002-2011

Eyeing P2P Players

The P2P usage universe

Table 3-4: Domestic and International Person-to-Person Money Sending/Receipt, 2010-2012

U.S. mail dominates; Western Union, Money Gram and PayPal are key players

Table 3-5: Domestic Person-to-Person Money Sending/Receipt: By Method, 2010-2012

Lots of checks and cash left to convert

95% of dollar value in cash and checks!

Mobile banking usage lags awareness

Graph 3-6: Mobile Banking Feature Awareness vs. Use

Security and fraud concerns holding adoption back

Security concerns thwart use of mobile banking

Specific mobile banking security concerns

Graph 3-7: Mobile Banking Feature Awareness vs. Use

But can mobile payments actually be more secure than traditional payments?

Mobile phone as fraud reducer

Dynamic authentication

Password-protect phone and payment app

Facial recognition

Am I protected? It depends on the funding

If protection level is not tied to phone, then what's the problem?

Security in the Cloud

Pros

Cons

Reducing fraud

Google Wallet vulnerability: fire flared up, then put out

Reaching the unbanked

Mobile phones can help them connect more deeply to financial services

It's more a question of data plan and internet usage, not access

Table 3-6: All Consumers vs. Unbanked Consumers: Cell Phone Usage, Cell Phone Text Messaging, Web Browsing, Data Plan, App and Operating System Usage/Population, Tablet Ownership/Population, and Online Banking Usage/Population, 2012

And the underbanked

Convenience a mobile banking driver

Chapter 4: Mobile Phone Usage Trends

Summary analysis

Mobile phone ownership nears saturation point

Graph 4-1: Mobile Phone Ownership and Ownership Penetration, 2004-2012

Increasing variety of features making their way onto mobile phones

Texting usage nears 60%

Camera/picture phone use bodes well for remote check deposit

Table 4-1: Mobile Phone Features and Services Penetration, 2007-2012

Feature engagement

Downloading apps, GPS and camcorder phone engagement above 50%

Graph 4-2: Mobile Phone Feature Usage and Engagement: By Feature, 2012

Data plans attached to a third of mobile phones

Graph 4-3: Share of Mobile Phone Owners with Limited and Unlimited Voice, Data and Text Plans, 2012

Mobile phone usage and smartphone usage share

Smartphone share passes 50%

Youth, higher income consumers and racial/ethnic minorities lead the way

Table 4-2: Consumer Mobile Phone Ownership, Smartphone Ownership and Ownership Share, 2012

Smartphone users vs. non-smartphone users: feature usage, bill and downloads

Texting carries across smartphones and non-smartphones

Data-driven feature usage is smartphone dependent

Strong feature-driven user base for mobile payments providers to target

Table 4-3: Feature Usage, Phone Bill and App Download Frequency: Smartphone Users vs. Non-Smartphone Users, 2012

25-34s drive usage, but internet, text and e-mail penetration implies broad target population
Table 4-4: Smartphone User Feature Usage, Phone Bill and App Download Frequency: By Age Bracket, 2012
Usage consistent across incomes despite significant billing differences
Table 4-5: Smartphone User Feature Usage, Phone Bill and App Download Frequency: By HH Income, 2012
Chapter 5: Mobile Banking Trends
Summary analysis
Mobile bankers
25-34s and non-whites pivotal demographics
Table 5-1: Mobile Banking: Usage Penetration, 2012
Mobile banking features and services
Almost 50 million using phone to check account balance/recent transactions
Remote check deposit is quickly gaining traction
Table 5-2: Mobile Banking Features and Services Usage Penetration and Population: U.S. Population, Mobile Phone and Smartphone Users, 2012
Mobile bankers = smartphone users
Table 5-3: Mobile Banking and Mobile Banking Frequency: Mobile Phone, Smartphone and Non-Smartphone Users, 2012
Chapter 6: Mobile Payments Trends
Summary analysis
Mobile payers
Growing a foothold
Table 6-1: Mobile Payments Usage Penetration, 2012
But marked by infrequent use
Table 6-2: Mobile Payments Per Month, 2012
Mobile payment methods
Bill payment has widest usage footprint
P2P taking hold
1 in 10 tapping phone at POS; using virtual wallets
Table 6-3: Mobile Payment Methods, 2012
It's a generational issue more than a financial one
Table 6-4: Mobile Payment Methods: Analysis by Gender, Age and HH income, 2012
Payment cards prevailing funding option, followed by bank account and PayPal
Table 6-5: Mobile Payments Funding Sources, 2012
Youth and money
Table 6-6: Mobile Payments Funding Sources: Analysis by Gender, Age and HH income, 2012
Past 12 months vs. next 12 months: mobile payment, deposit and communication methods
Current state of affairs
Future state of affairs
Graph 6-1: Mobile Payers’ Mobile Payment, Deposit and Communication Methods:
Current vs. Intended Use, 2012
Interest during next 12 months
Interest more prevalent among smartphone users
Table 6-7: Interest in Mobile Phone Payment, Deposit and Communication Methods in Next 12 months: Mobile Phone, Smartphone and Non-Smartphone Users, 2012
Mobile bankers and mobile payers express similar interest
Table 6-8: Interest in Mobile Phone Payment, Deposit and Communication Methods in Next 12 months: Mobile Phone Users, Mobile Bankers and Mobile Payers, 2012
65+ smartphone users could benefit from barcode scanning app
Table 6-9: Interest in Mobile Payment by Text, Barcode Scan and Web Browser in Next 12 Months:
Smartphone Users vs. Non-Smartphone Users by Demographic, 2012
Hispanic intention to tap phone at POS lags average
Table 6-10: Interest in Mobile Payment by App, POS Tap and Picture Bill Payment in Next 12 Months:
Smartphone Users vs. Non-Smartphone Users by Demographic, 2012
Intended use of picture check deposit among 35-44s lags average
Table 6-11: Interest in Picture Check Deposit and Two-Way Alerts in Next 12 Months: Smartphone Users vs. Non-Smartphone Users by Demographic, 2012
Chapter 7: Consumer Interest in Mobile Phone Financial, Promotional and Shopping Enhancements
Summary analysis
Introduction
Mobile Phone Financial and Promotional Organization
Mobile Financial and Promotional Organization Tools: Current Use and Future Use
Graph 7-1: Mobile Payers: Current and Future Use of Mobile Financial and Promotional Organization Tools, 2012
Non-smartphone users interested, too
Table 7-1: Interest in Mobile Financial And Promotional Organization Tools in Next 12 months: Mobile Phone, Smartphone & Non-Smartphone Users
Mobile bankers most apt to express interest in variety of methods

Table 7-2: Interest in Mobile Financial and Promotional Organization Tools in Next 12 Months: Mobile Phone Users, Mobile Bankers and Mobile Payers, 2012
Mobile Phone Shopping Enhancements
Mobile Shopping Tools: Current Use and Future Use
Stop using that cell phone to find a better offer and then shop elsewhere!
Keep them in the store and upsell them.
Comparing prices while shopping a popular phenomenon

Graph 7-2: Mobile Payers: Current and Future Use of Mobile Shopping Tools, 2012
Non-smartphone users interested, too

Table 7-3: Interest in Mobile Shopping Tools in Next 12 months: Mobile Phone, Smartphone and Non-Smartphone Users, 2012
Mobile banker interest suggests platform development route

Table 7-4: Interest in Mobile Shopping Tools in Next 12 months: Mobile Phone Users, Mobile Bankers and Mobile Payers

Chapter 8: Mobile Payments Strategies: Card Associations

American Express
Payment diversification
Prepaid moves
Filling a void
Strong consumer value proposition
Bluebird takes flight
Part of the digital wallet
Serve
Tapping younger, affluent customers
Building use base via partners with large customer bases
Ticketmaster
Verizon
Funding agnostic
P2P and other nifty things
Bridging online and offline
Personalized offers
My Offers personalizes daily deals
Go Social
Location-based SMS text messaging for feature phone users
Location-based offers for iPhone on the way
Loyalty automation
Serve revenue

Table 8-1: Serve Revenue Drivers and Cost Drivers
Discover Financial Services, Inc.
Discover building significant relationships

Alternative payments strategy
PayPal card
Google Wallet card
MasterCard
PayPass
Security
PayPass Wallet Services
PayPass network remains very small

MasterCard inControl: Security, financial control and awareness
The bigger picture: EMV is the key
Strong on security
Weak on adoption

Visa
Priority 1: driving consumer adoption
Rollout with major banking and retail partners
V.me makes huge splash abroad
Visa mobile payments relationship building

Chapter 9: Mobile Payments Strategies: Digital Leaders
Introductory competitive analysis

The mobile payment solution with the most users wins?
Table 9-1: Leading E-Commerce Mobile Payments Players: Consumer Usage Metrics
Who has the fee edge?
Table 9-2: Leading E-Commerce Mobile Payments Players: Merchant Processing Fees
And how/where do I pay?
Table 9-3: Leading E-Commerce Mobile Payments Players: Payment Options
New technologies at the point of sale
Table 9-4: Leading E-Commerce Mobile Payments Players: POS Payment Method
Amazon Payments
Drawing from an enormous consumer usage base
Table 9-5: Amazon.com Website Monthly Usage Penetration and Visits per Month, 2007-2012
Checkout by Amazon
Checkout by Amazon Mobile
Amazon Simple Pay
Amazon WebPay
Amazon Mobile Payments Service
Flexible Payment Services
Pricing and fees
Table 9-6: Amazon Payments: Fee Structure, 2012
Apple
Passbook
Dipping a toe in offline space
NFC still not on the menu, but perhaps fingerprints are?
Missing pieces
The iTunes connection
400 million accounts worldwide
Millions of highly engaged U.S. users
Who align well with smartphone demographic
Table 9-7: iTunes Annual, Weekly and Daily Usage Population and Demographic Analysis, 2012
Key mobile technology groups likely to use iTunes
Table 9-8: iTunes Annual, Weekly and Daily Usage Penetration and Population Universe: By Cell Phone Owners, Cell Phone Data Plan, Android and iOS Users, App Downloaders, Tablet Owners, and Online Bankers, 2012
Graph 9-1: iTunes Annual, Weekly and Daily Usage Penetration: By Cell Phone Owners, Cell Phone Data Plan, Android and iOS Users, App Downloaders, Tablet Owners, and Online Bankers, 2012
Google Wallet
Wallet 1.0: lots of fanfare; little success
Wallet 1.5: putting it in the cloud
Calling all cards
Save to Wallet feature
Online/offline integration: Enter the virtual prepaid card
Online purchases: ubiquity, courtesy of MasterCard
In-store purchase limited by NFC
Security enhancement
Wallet 2.0: Leapfrogging NFC with a physical card
Thank you, Discover
The interchange issue: Google loses on transaction revenue
Facebook
Direct to carrier billing payments strategy; digital content focus
Providing opportunity for Facebook App Center
15% of revenue from payments
Mobile active users set to top 500 million
Graph 9-2: Facebook Mobile Active Users and Average Revenue Per User, 2011-2012
Groupon Payments
Very attractive pricing
LevelUp
The best pricing: no interchange
Incentive programs, merchant partnerships and user base
LevelUp makes its money from added-value analytics
Merchant-driven customer discounts
Addressing security concerns
Table 9-10: LevelUp Security Summary
PayPal
Bill Me Later
Zong
100 million accounts and counting
The PayPal P2P usage base
Online and mobile capability
PayPal Wallet
PayPal Here: POS solution
The Discover network connection
The card you use to pay matters: lower interchange = better for PayPal
Addressing fraud
Square, Inc.
How much it costs
Table 9-12: Square Pricing Options and Fees
How it works
Open tab feature
Loyalty tracking
Security
Tools
Square Card Reader
Square Register
Starbucks breaks it wide open
Starbucks
Chapter 10: Mobile Payments Strategies: Processors and POS Solution Providers
Heartland Payment Systems
Going Mobuyle
Penetrating higher education
Fiserv
Leveraging relationships to build an integrated platform
Table 10-1: Fiserv Customer Relationships, by Payment Method and Device
Electronic banking
Electronic bill payment and presentment
Digital channels
P2P opportunity
2010 P2P launch
2011 Popmoney integration
Demand surging
Fast transaction execution
Integration with bill payment
Spot Pay: Setting sights on Square and PayPal
Windows 8 Digital Banking
Verifone
1 million NFC terminals shipped
Terminal upgrades coming
Straddling emerging wallets
Chapter 11: Mobile Payments Strategies: Mobile Network Operators
Isis
230 million accounts is a nice start
Table 11-1: Verizon, AT&T, Sprint and T-Mobile Subscribers, ARPU and Service Revenue, 2009-2011
Isis
A challenge to the payment networks
Open wallet approach
Table 11-2: Isis: What's in the Wallet and How It Works
Off the ground after delays
Chapter 12: Mobile Payments Strategies: Retailers
Merchant Customer Exchange
Wal-Mart testing
Starbucks
Starbucks takes the barcode route
100 mobile million transactions and counting
Stored value card foundation
Benefits
Square partnership—a Square investment
Fax Order Form
To place an order via fax simply print this form, fill in the information below and fax the completed form to 646-607-1907 (from USA) or +353-1-481-1716 (from Rest of World). If you have any questions please visit [http://www.researchandmarkets.com/contact/](http://www.researchandmarkets.com/contact/)

Order Information
Please verify that the product information is correct and select the format(s) you require.

<table>
<thead>
<tr>
<th>Product Name:</th>
<th>Mobile and Alternative Payments in the U.S., 3rd Edition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web Address:</td>
<td><a href="http://www.researchandmarkets.com/reports/2860083/">http://www.researchandmarkets.com/reports/2860083/</a></td>
</tr>
<tr>
<td>Office Code:</td>
<td>SCH3AB3Y</td>
</tr>
</tbody>
</table>

Product Formats
Please select the product formats and quantity you require:

- **Electronic (PDF) - Single User:** USD 3195
- **Hard Copy:** USD 4395 + USD 58 Shipping/Handling
- **Electronic (PDF) - Enterprisewide:** USD 7990

* Shipping/Handling is only charged once per order.

Contact Information
Please enter all the information below in BLOCK CAPITALS

- **Title:** [Mr] [Mrs] [Dr] [Miss] [Ms] [Prof]
- **First Name:** ____________________________  **Last Name:** ____________________________
- **Email Address:** *
- **Job Title:** ____________________________
- **Organisation:** ____________________________
- **Address:** ____________________________
- **City:** ____________________________
- **Postal / Zip Code:** ____________________________
- **Country:** ____________________________
- **Phone Number:** ____________________________
- **Fax Number:** ____________________________

* Please refrain from using free email accounts when ordering (e.g. Yahoo, Hotmail, AOL)
Payment Information

Please indicate the payment method you would like to use by selecting the appropriate box.

☐ Pay by credit card: You will receive an email with a link to a secure webpage to enter your credit card details.

☐ Pay by check: Please post the check, accompanied by this form, to:
Research and Markets,
Guinness Center,
Taylors Lane,
Dublin 8,
Ireland.

☐ Pay by wire transfer: Please transfer funds to:
Account number 833 130 83
Sort code 98-53-30
Swift code ULSBIE2D
IBAN number IE78ULSB98533083313083
Bank Address Ulster Bank,
27-35 Main Street,
Blackrock,
Co. Dublin,
Ireland.

If you have a Marketing Code please enter it below:

Marketing Code: ____________________________

Please note that by ordering from Research and Markets you are agreeing to our Terms and Conditions at http://www.researchandmarkets.com/info/terms.asp

Please fax this form to:
(646) 607-1907 or (646) 964-6609 - From USA
+353-1-481-1716 or +353-1-653-1571 - From Rest of World