



PREVIEW

The Battle for the U.S. Mobile Wallet

The information is based upon information we consider reliable, but its accuracy and completeness cannot be guaranteed.



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Report Overview

WHAT IS THIS REPORT?

For the purposes of this report, the content is focused narrowly on mobile proximity payment methods through the mWallet.

Mobile payments and purchasing at the physical point-of-sale have experienced little adoption in the U.S. marketplace despite abounding innovation in mobile and payments technologies. Control over the consumer's preferred mobile wallet will be critical to the new business models that will develop in this ecosystem and the tremendous wealth that will accrue to the winners. The battle for control of the wallet is in its initial stages, with many players jostling to grab early market leadership, and changing alliances and positions rapidly. A successful wallet will have to find a winning proposition for consumers and merchants.

This report examines the evolution of the mobile wallet ecosystem and breaks down the different types of mobile wallet services that exist today, identifies barriers to adoption, and takes a look at the value proposition from the perspective of the consumer and the merchant. The second half of the report provides an assessment of the top mobile wallet providers, in-depth analysis of factors to get right in offering a success mobile wallet and how the evolution of the mobile wallet will impact merchant acquirers.

WHY IS THIS USEFUL?

This report will provide newcomers, and industry veterans in the merchant landscape and payments landscape, with useful information into the various facets of the mobile wallet evolution. The report is an excellent tool for general reference purposes on the current state of mobile wallets and in-store mobile proximity payments. This report provides market intelligence on the challenges and opportunities in the mobile wallet market, market estimates for the mobile wallet market and the key strategies adopted by major market players.

[Click to purchase](#), the eReport price is \$2,450. This pricing includes the eReport and a 60 minute walkthrough with Q/A

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Mobile Commerce Definitions and Structure

Types of Mobile Payments

- The term mobile payments means different things to different people. There are remote payments and proximity payments. There are carrier-based billing and downloadable wallets that enable existing credit cards. There are cloud based payments and many more permutations.
- However, mobile payments refer to P2P and consumer-to-business (C2B) transactions for physical goods and services that are made using a mobile phone. **Mobile payments are typically differentiated by technology, transaction size, location (remote or proximity), and funding mechanism.**



For the purpose of this report, The Strawhecker Group has defined mobile payments as remote and proximity.

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Mobile Remote Payments - Mobile remote payments are purchases made using a mobile website or mobile app.

2

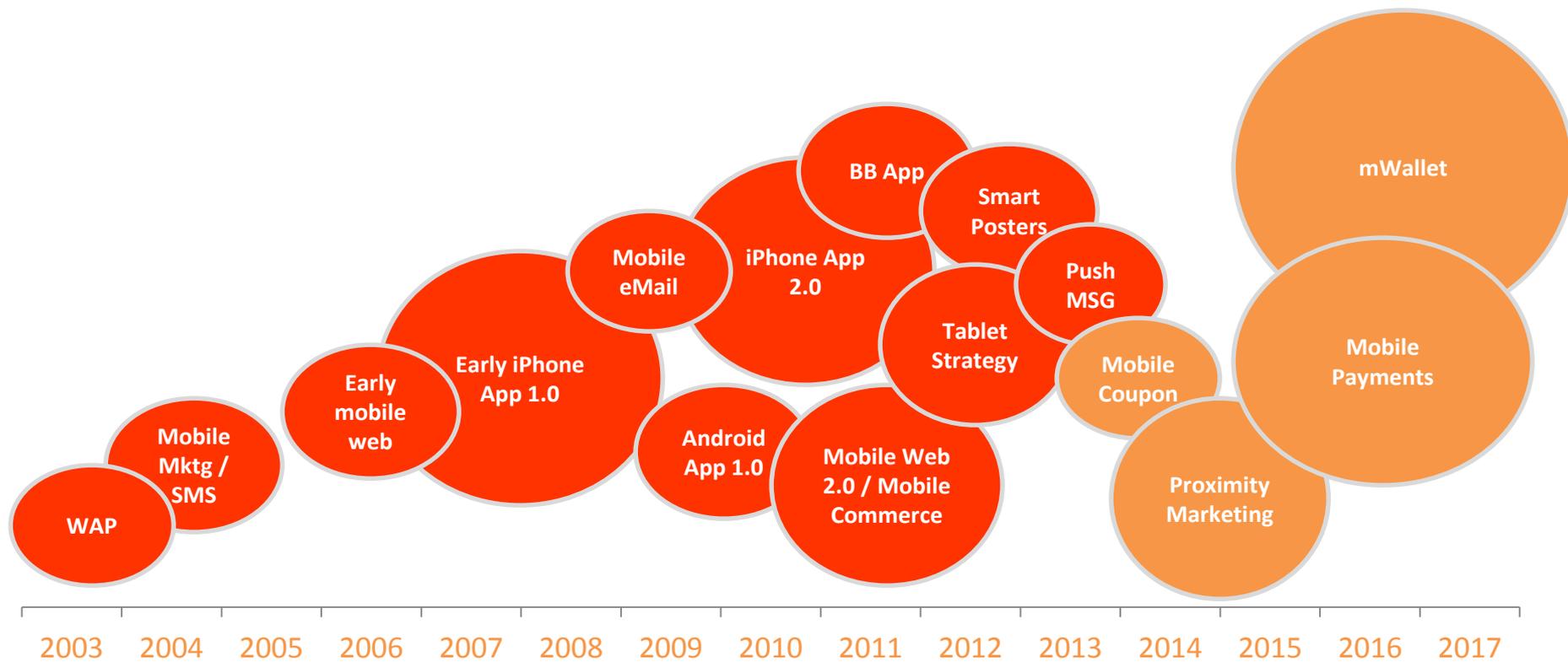
Mobile Proximity Payments - Mobile proximity payments are “contactless,” in-store payments for goods and services that are made by holding a smartphone near or tapping it on a physical, technology-enabled POS terminal. Payments are initiated from a near field communication (NFC) chip or Bluetooth low energy capability on the phone. Another form of proximity mobile payment is based on the use of bar codes. A two-dimensional (2D) bar code is displayed on a smartphone screen and read by an optical scanner at a retail POS, or the smartphone’s camera is used as an optical scanner to read a bar code displayed on a POS terminal.

Source: TSG analysis

Mobile Commerce Definitions and Structure

The Mobile Payments Landscape Is Expanding

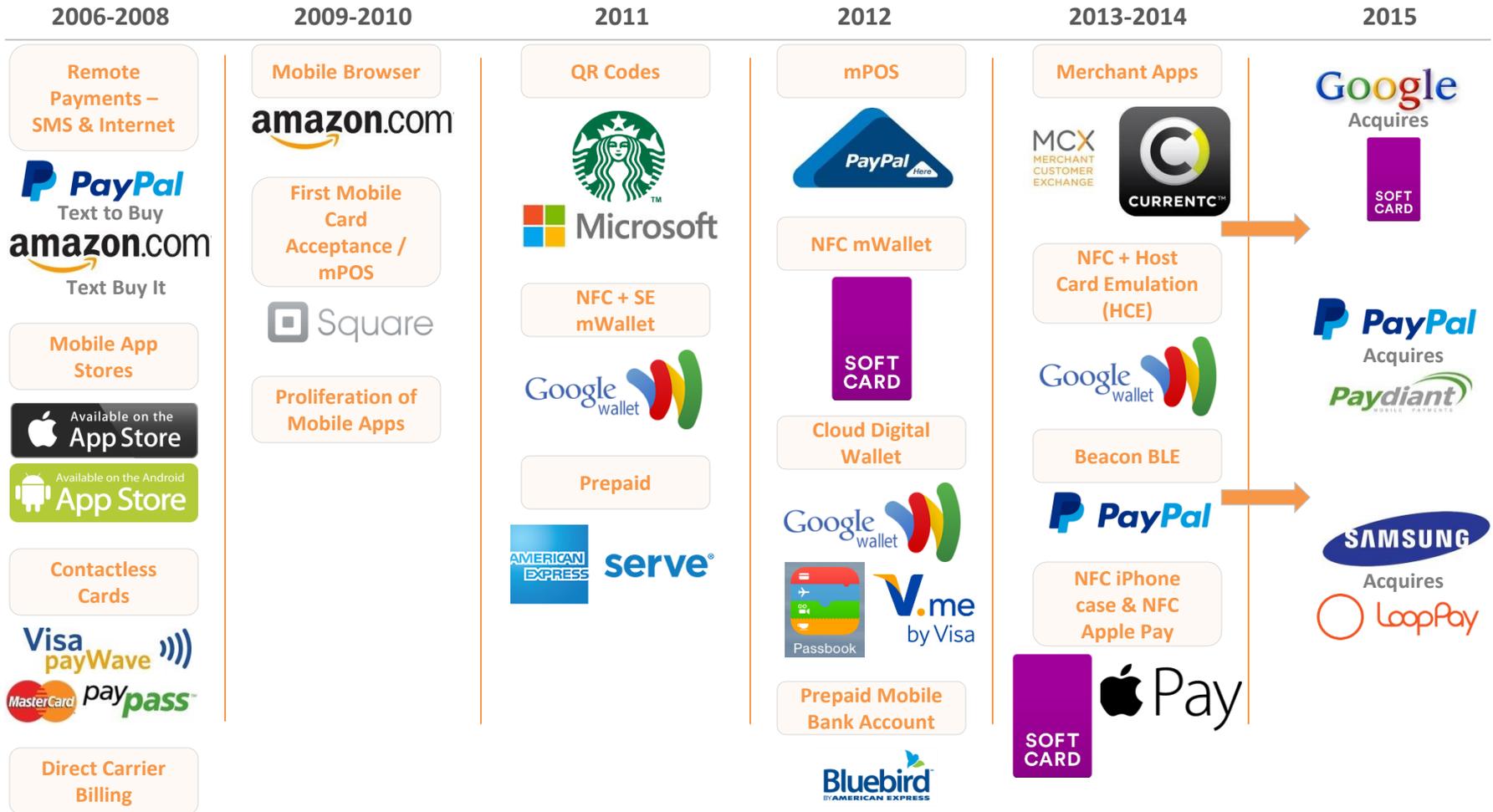
Without a doubt, mobile payments are developing on several fronts simultaneously, and continue to expand through new use cases, technologies, and transaction types. **Although mobile proximity payments are a major aspect of this development, with the biggest potential, long term, in day-to-day transactions, they remain only one aspect of the broader mobile payments value chain, and have so far proven on of the least successful. This is now changing,** but it is critical to remember that proximity payments are only one of several different forms of mobile payments.



Source: TSG analysis

The Payments Landscape: The U.S. Mobile Commerce Environment

mWallet and Mobile Payment Developments



Source: TSG analysis; Federal Reserve Bank of Boston

About TSG

The Strawhecker Group (TSG) is a management consulting company focused on the global electronic payments industry.

TSG's Service Groups

Payments Strategy - Payments Strategy encompasses the full spectrum of advisory services within the Payments Industry. The depth of these services is built on deep industry knowledge - the Partners and Associates of the firm have an average of over 20 years of industry experience. With clients from card issuers to merchant acquirers, TSG has the experience and expertise to provide real-time strategies.

Transaction Advisory - Whether buying or selling, seeking investment funding, or planning your company's exit strategy, TSG's experience can be critical to achieving success. TSG has performed more than 100 Payments Company Valuation and/or Business Assessments in the past three years - ranging in value up to \$2B.

TSG Metrics - TSG Metrics, the strategic research and analysis division of TSG, provides the Payments Industry with highly focused research and industry-wide studies. TSG Metrics takes data, boils it down to information, transforms it to knowledge and presents it to provide wisdom to its client partners.

Consumer Spend Division - TSG understands consumer spend trends and the macro-economic landscape. TSG's Consumer Spend Division (CSD) has a wealth of unique data that can provide extraordinary insight into consumer spending patterns at major merchant categories through our spend database that spans 2.8 million U.S. merchants.

TSG's Unparalleled Experience

TSG consists of Industry leaders with extensive experience leading teams through explosive growth periods, mergers and acquisitions, and international and domestic expansion within the Payments Industry. Both Partners and Associates of the firm have held key senior management positions at leading industry companies including First Data / First Data International, Visa Inc., MasterCard, TSYS, Humboldt Merchant Services, WorldPay, Heartland Payment Systems, Cardservice International, iPayment, Alliance Data, RapidAdvance, Accenture Consulting, Redwood Merchant Services, Chase Paymentech, as well as other leading financial institutions and Payments companies.

TSG's Influence Shapes the Payments Industry

Over the last three years, TSG has completed over 400 projects for more than 200 different clients including financial institutions, merchant acquirers, card issuers, card associations, technology providers, ISOs, processing companies and the investment community. Additionally, the firm and its Associates sit on several industry committees whose focuses range from emerging product development to governmental regulation advisement.

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