

A close-up photograph of a person's hand holding a gold-colored smartphone over a grey payment terminal. The terminal has a keypad and a small screen. The background is blurred, showing a person in a white shirt. A red line with a dot at the end points from the text 'E-BOOK' to the smartphone.

**E-BOOK**

**THE WALLET: AT THE  
FOREFRONT OF A NEW  
CUSTOMER EXPERIENCE**



A hand holding a smartphone over a payment terminal. The phone screen shows a green circular logo with a white 'L' inside. The terminal is a grey and black device with a keypad and a small screen. The background is blurred, showing a person in a white uniform, likely a cashier.

# THE WALLET: AT THE FOREFRONT OF A NEW CUSTOMER EXPERIENCE

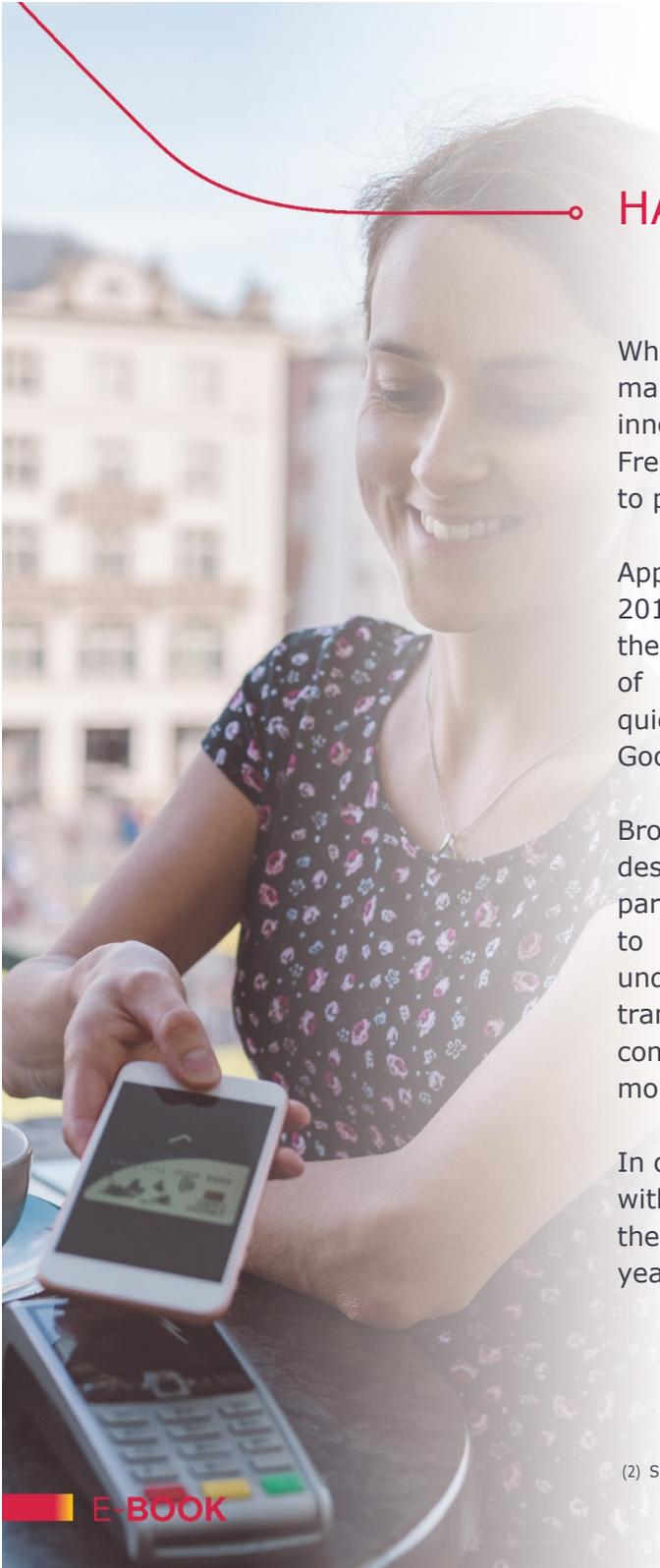
Lyf Pay, Paylib, Apple Pay, Samsung Pay and company have rendered bank card and money payments unnecessary. Nowadays, payment is possible directly through your mobile with your wallet. It's up to retailers to establish a positioning since consumers wait for no one!

Wallets work in step with new mobile uses and new consumption habits. **They guarantee fast, easy and digitalised payment, letting consumers enjoy perks from retailers.** It's all about the user experience, even during payment! For 18 to 34-year-olds, this aspect is vital: 30% <sup>(1)</sup> of them want fast turnaround for payment and order approval. Welcome to the age of mobile first!

Half of French consumers begin their shopping experience in front of a screen. In this respect, mobile is by far their preferred solution. It is only natural that French people are turning to this new device. In 2018, 25% of the French population preferred to pay using an electronic wallet (Nielsen study – Stripe 2018).

How about internationally? Electronic wallet use is even more accelerated: **50% of the world's population will use an electronic wallet in 2024, according to a study conducted by Juniper Research.** Retailers must not miss the boat! Again, they must fully grasp the ecosystem and know how to bring meaningful added value to users as well as a fresh perspective on the purchasing experience.

(1) Sources: A Hipay study conducted online from 6-11 May 2019 with 1,015 respondents who buy products online more than once a half-year and are representative of the French population.



## HASSLE-FREE PAYMENT WITH THE WALLET

Whilst bank cards dominate the payment solutions market, more and more users are won over by the innovation of payment by smartphone. Mobile phones, French people's daily companion, are now being used to process payments.

Apple Pay, which came to market in France in July 2016, is leading the pack, especially since, at the time, the Cupertino-based company announced the launch of an electronic wallet payment solution. Google quickly followed Apple's footsteps with the creation of Google Wallet.

Broadly speaking, the electronic wallet is primarily designed as a mobile solution. It allows trusted third parties store personal and transactional data in order to process payments. The solution applies to all underlying payment instruments (whether cards, transfers or electronic money) and retailer transaction communication technology (NFC, QR Code, email, mobile number, etc.).

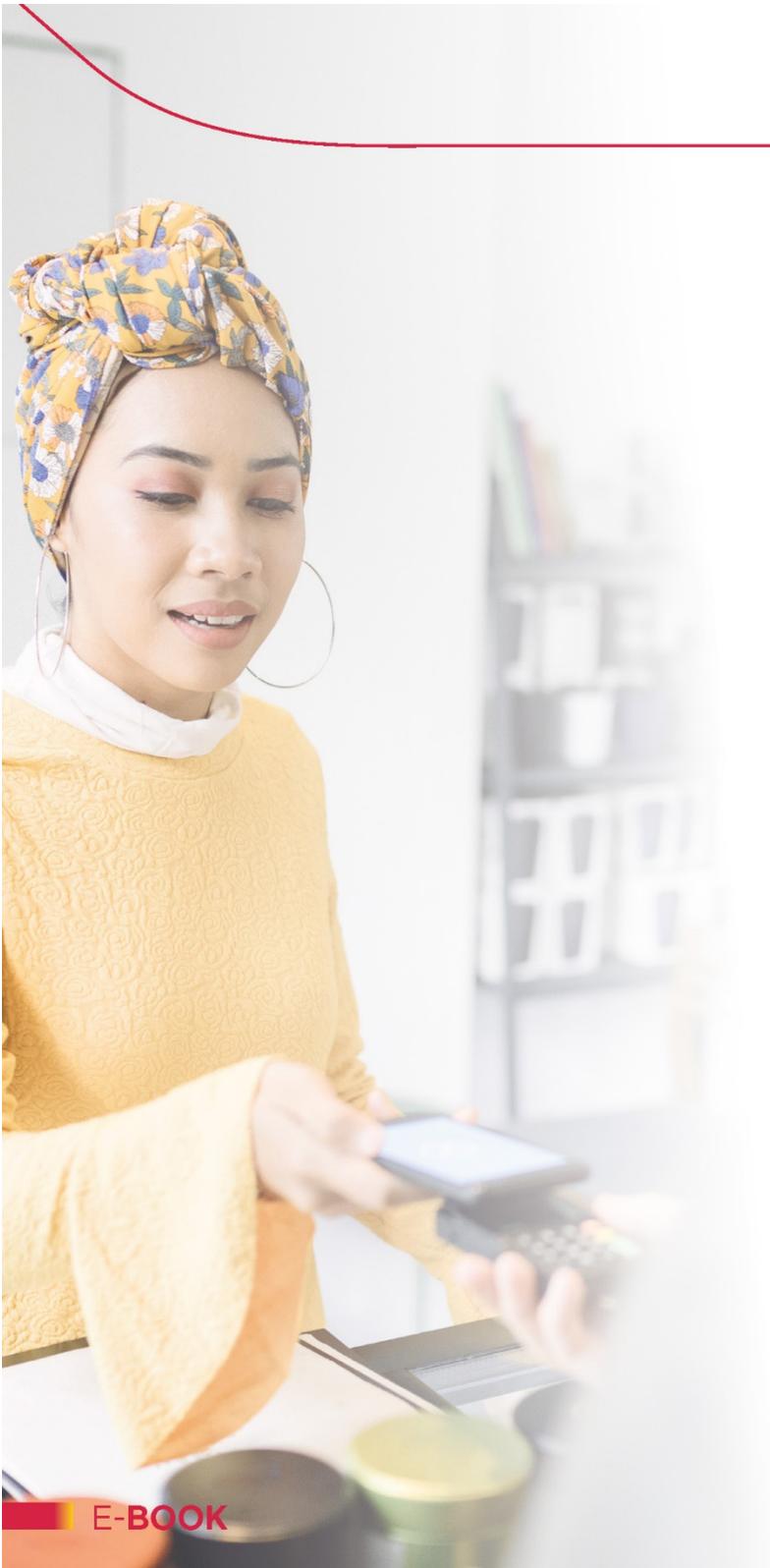
In other words, customers can pay for their purchases without having to communicate their bank details, thereby delivering a totally seamless experience. This year, Facebook followed suit.

"Developing more financial services to ensure friction-less transactions" even became the motto of David Marcus, Head of the Libra Project, spearheaded by Facebook which will launch its Libra cryptocurrency in mid-2020. With a globalised virtual currency, sending money will be no more difficult than sending a text! The electronic wallet and cryptocurrency initiative has the backing of some twenty commercial and banking players including the likes of Uber, Spotify, Visa-Mastercard, PayPal and Free.

### Why should wallets and cryptocurrency be linked?

Electronic wallets have proved to be the best tool for storing cryptocurrencies, which have also generated a real buzz. **64%<sup>(2)</sup> of the French public have heard of them by name and they are known to 74% of French people aged under 35. 43% of young people even go so far as to say that the development of cryptocurrency is a "good thing"**. As a result, it is best to kill two birds with one stone and look to the future where retailers will be paid in Bitcoin, Ether and Litecoin.

(2) Sources: Study conducted with Harris Interactive and eToro, 2019.



## THE WALLET: THE SWISS ARMY KNIFE OF RETAIL TECH

At first glance, the mobile wallet appears an excellent payment solution. It has multiple advantages: It can be used in all payment situations (in-store payment such as Carrefour Pay, online with PayPal, in-person with Paylib) and is an effective anti-fraud solution. Last but not least, as payment facilities go, mobile wallets offer reassurances to more resistant customers when providing their bank details. This became even more apparent when solutions such as Lyf Pay leveraged the expertise of banking groups (in this case, Crédit Mutuel - CIC) in an effort to guarantee secure payments. This wallet system is also practical for payments on the go since customers don't have to use their bank cards to complete their purchases.

### Mobile wallets are also an excellent tool for developing loyalty:

They are capable of storing any and all types of loyalty cards, tickets, offers and e-bookings. This is extremely useful for brands which can change content freely and use it to deliver marketing campaigns and sales offers.

### Etam posted a surge of:

**32%** in purchasing frequency for customers with their loyalty card saved in their wallet.

**€43** of extra average spend versus members without their card saved in their wallet.

These performances reflect a consumer fad for new uses and their interest in mobile wallets. On top of this, more than half of consumers <sup>(3)</sup> have expressed a desire to use their mobile wallet for non-payment features: digital loyalty cards, discount coupons, order updates, boarding passes, event tickets and many more. This actually positions mobile phones as relational and transactional platforms between the retailer and their customer. **From now on, mobile wallets will allow retailers to collect useful data and build successful customer relations.** The only thing left to do is capture the perfect "mobile moments" to ensure proper interaction with their customers.

(3) Sources: Zion Market Research report, 2019: "Mobile Wallet Market (NFC, Remote Wallet) for Retail payments Vending machines Public transportation, Restaurants and other applications - Global Industry Perspective, Comprehensive Analysis, Size, Share, Growth, Segment, Trends and Forecast, 2016 - 2022".

## THE WINNING FORMULA: SPLIT PAYMENTS AND THE MOBILE WALLET

The wallet may also include additional services such as split payments (made in several installments) at the time of purchase. This is the ideal scenario for consumers since deferred payments offer greater flexibility in budget management. This also means the consumer is not forced to defer their purchase due to a lack of necessary funds. What's more, split payments end up encouraging consumers to make their purchase, which in turn encourages them to visit the store more often. **This is reflected in a stronger sense of both commitment and loyalty.** Long-term, the retailer wins on a number of fronts.



**Matthieu Biesbrouck**  
Head of Payment  
Methods, Cofidis Retail

The mobile wallet is gaining ground with consumers as quickly as the development of its service offering. There are multiple factors at stake. First, it lets users seamlessly complete transactions. Second, it acts as a loyalty management tool through its integration of e-coupons and loyalty cards. Third, 50% of consumers want to use their mobile wallet for non-payment features".

Together, these factors have made the mobile wallet a business driver. In a year, average spend was up 7% <sup>(4)</sup> for users. This adds fuel to the fire in the argument put forward by experts at Zion Market Research <sup>(5)</sup>. The latter have forecast that the global market value of mobile wallets will amount to \$3.1 billion by 2022, with a compound annual growth rate of 32% year in, year out. And there you have it!

(4) Sources: Zion Market Research report, 2019: "Mobile Wallet Market (NFC, Remote Wallet) for Retail payments Vending machines Public transportation, Restaurants and other applications - Global Industry Perspective, Comprehensive Analysis, Size, Share, Growth, Segment, Trends and Forecast, 2016 - 2022". (5) White paper: "Is mobile wallet the new mobile marketing? Captain Wallet, July 2019



## ABOUT COFIDIS

As an expert in split payment for over 30 years, we create and offer payment solutions and services adapted to each requirement and to each purchasing behaviour. Our priority is to ensure a smooth journey and provide a memorable experience, on all channels. More than anything, our customers are your customers. Together, we foster relationship excellence and help them to tackle the unexpected and achieve their plans and ambitions.

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