Consumer Mobile Payments Survey

Driving Value and Adoption of Mobile Payments—Consumers Want More

High performance. Delivered.
Accenture recently surveyed North American smart phone users to understand how consumers can be encouraged to make mobile payments. After all, persuading more consumers to use their smart phones to pay for goods and services, whether they are buying a tank of gas, a morning cup of coffee or a night out at the movies, presents a huge opportunity.

A recent report by IDC Financial Insights predicted that the global value of proximity payments, both Near Field Communication (NFC or tap-and-pay) and mobile bar code transactions, will reach $296 billion by 2017.

Financial institutions, merchants, payment processors and technology providers have invested heavily in online channels in recent years, and as a result, have seen a rapid growth in online payments, enhanced customer loyalty and increased enterprise profitability. Harnessing the constant, real-time interaction that today’s consumer has with his or her smartphone can only strengthen those customer relationships. For all market participants, mobile is the next frontier.

However, mobile payment solutions at physical, rather than virtual, points of sale are far less advanced. Within the U.S., the roll out of competing mobile technology solutions such as NFC and mobile bar codes is still underway and consumer adoption is low.

Providing the core technology is obviously important if mobile payment services are going to increase significantly, but persuading consumers to become regular users of these systems is the next critical step.
Hesitant Consumers Can Become Regular Users

The results of Accenture’s survey revealed three critical findings:

- Consumers know that mobile payments are an option, but still do not make them.
- Once consumers make mobile payments, they are much more likely to become converts.
- While the industry is preoccupied with the technology roll out, consumers are much more concerned about the security, privacy, convenience and value of using their phones to make payments.

Consumers can be incentivized to make mobile payments, and once they do so, they are much more likely to become converts. Given the history of how online shopping, banking and bill payment became ubiquitous among consumers, the last finding makes perfect sense. After all, when Amazon and eBay launched their online shopping sites in 1995 and 1996 respectively, the notion that over half the population of the U.S. would make purchases online would have been fanciful, yet in 2013, the number of online shoppers in the U.S. will reach 189.6 million, according to research firm eMarketer. The majority of consumers were resistant to change until the point that they actually made the switch and realized the benefits.

The same applies to mobile payments. While persuading current users to become more regular users is clearly important, getting people to use this technology in the first place is the biggest challenge that the industry faces.

Therefore, as well as examining the motivations of current users, this survey also looked at the reasons for the gap between the level of consumer awareness and the level of consumer adoption and how financial institutions, retailers, mobile network operators, and equipment manufacturers can bridge that gap quickly to convert reluctant North American consumers into regular, loyal users.

The results suggest that merely making mobile payment infrastructure available to consumers is not enough. To attract more frequent and valuable customers in the long run and obtain valuable information about their location and purchase history, merchants should also incentivize consumers through rewards or other value-added tools to encourage wider adoption.
Key Findings: Ten Insights into Consumers and Mobile Payments

1. Consumers know that mobile payments are an option, but still do not make them.

   Some 41 percent of North American smartphone users are highly aware that their phones can be used as payment devices at retail counters, yet only 16 percent have done this (see Figure 1).

2. The industry’s preoccupation with picking a winning mobile payments technology is unnecessary.

   North American consumers are not waiting for the broad availability of one particular system and Accenture expects that each payment technology will fill a substantial market role for the near-term. NFC continues to gain momentum, while a variety of merchants and payment processors are introducing parallel payment systems based on mobile barcodes and cloud technology.

3. The security, privacy and convenience of mobile payments are key concerns among all respondents.

   Some 45 percent of respondents who do not currently make mobile payments said they were concerned about security, while 37 percent had worries about privacy. Some 37 percent said they did not make mobile payments because of the convenience of their current payment method. To achieve widespread adoption, consumers must be educated that mobile payments are generally more secure and more convenient than other payment options.

FIGURE 1. Consumer adoption rates are low despite broad awareness

Are you aware that there is technology available to use your phone as a payment device to buy goods or services at a retailer’s counter?

Source: Accenture Consumer Mobile Payments Survey
Rewarding consumers encourages usage.

As Figure 2 shows, 60 percent of consumers who already make mobile payments said they would probably do so more often if they received instant coupons as a result, while some 36 percent said they would hand over personal information in exchange for such rewards. Some 46 percent of users also indicated that they would increase payments if offered short-term location based coupons. Rewards points from retailers, special pricing based on past usage, a dedicated payment line in store, or priority customer service also received strong support.

The same incentives might increase adoption among non-users, albeit to a lesser extent.

About one in five non-users said that special coupons or reward points stored on their phones, a dedicated line at retailers or priority customer service might encourage them to make payments using their phones.

Non-users are even less likely to switch phone, wireless carrier or bank to enable mobile payments than current users. Current users are reluctant to make these changes, but only 7 percent of non-users said they were willing to switch phones in order to make mobile payments. Changing bank accounts or credit cards garnered even less support. To encourage both existing users and non-users to make mobile payments, mobile payment applications need to be supported across a range of different devices and mobile networks.

FIGURE 2. Rewarding consumers could greatly enhance adoption

How likely are you to increase the usage of your smartphone for payments if using your phone would also generate instant coupons from the retailer, e.g., Starbucks, Target, etc.?

<table>
<thead>
<tr>
<th></th>
<th>Overall (n=637)</th>
<th>USA (n=567)</th>
<th>Canada (n=70)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-10 Extremely likely</td>
<td>60%</td>
<td>61%</td>
<td>51%</td>
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<tr>
<td>4-7</td>
<td>33%</td>
<td>33%</td>
<td>37%</td>
</tr>
<tr>
<td>1-3 Not at all likely</td>
<td>7%</td>
<td>6%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Accenture Consumer Mobile Payments Survey
The value and convenience of mobile payment systems for consumers could be enhanced by other ancillary benefits.

For example, three out of five current users would like receipt tracking capabilities on their phones and improved financial management tools, while many would also like to be able to use their phones as proof of ID or valid insurance (see Figure 3).

**FIGURE 3. Consumers want receipt tracking and financial management tools**

What other types of value add services would increase the usage of your phone as a payment device?

<table>
<thead>
<tr>
<th>Ability to track receipts</th>
<th>Better financial management tools</th>
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<tbody>
<tr>
<td><strong>Overall</strong></td>
<td><strong>Overall</strong></td>
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<tr>
<td>60%</td>
<td>56%</td>
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<td>32%</td>
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<td>8%</td>
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<td><strong>USA</strong></td>
<td><strong>USA</strong></td>
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<td>31%</td>
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<td><strong>Canada</strong></td>
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<tr>
<td>54%</td>
<td>57%</td>
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<tr>
<td>40%</td>
<td>36%</td>
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<td>6%</td>
<td>7%</td>
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<table>
<thead>
<tr>
<th>Ability to use my phone to show proof of insurance</th>
<th>Ability to use my phone to show as proof of having a valid driver’s license</th>
</tr>
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<tbody>
<tr>
<td><strong>Overall</strong></td>
<td><strong>Overall</strong></td>
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<tr>
<td>56%</td>
<td>54%</td>
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<tr>
<td>34%</td>
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<td><strong>USA</strong></td>
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<td>10%</td>
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</table>

Source: Accenture Consumer Mobile Payments Survey

Non-users also favor value-added tools.

About one in three said they would be more likely to use mobile payments if they could use their phones as proof of insurance or ID, had the ability to track receipts or access other financial management tools. To increase adoption and promote loyalty from both users and non-users, mobile payment apps should incorporate both reward schemes and these types of value-added tools.

Unsurprisingly, expanding the number of situations in which consumers can make mobile payments would increase usage.

For example, public transportation is one area where mobile payment technology has already been deployed with some success, both in North America and beyond. About one in five people who already make mobile payments said they would do so more if they could make mobile payments on buses, trains or in taxis, an option that was particularly popular among Canadian respondents.
Making mobile payments for gas is appealing.

About half of consumers who already make mobile payments said that they would do so more often if they could use this method to pay for gas at the pump (see Figure 4), while some 46 percent of non-users also said that the ability to pay for gas at the pump would encourage them to try mobile payments.

**FIGURE 4. Making mobile payments for gas is appealing**

How likely are you to increase the usage of your phone as a payment device if you could also use your phone for the following activities?

**Ability to pay for gasoline at the pump**

- Overall: 53%
- USA: 54%
- Canada: 44%

**Ability to send person-to-person payments**

- Overall: 49%
- USA: 50%
- Canada: 41%

**Ability to pay utilities**

- Overall: 48%
- USA: 49%
- Canada: 39%

Source: Accenture Consumer Mobile Payments Survey
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Technology Is Not Enough

The development of the mobile payments market in North America has been patchy and it is still unclear how this market will evolve or which competing mobile payment technologies and applications will become prevalent.

While early evidence suggests that consumers who make mobile payments could become more frequent and valuable customers in the long run, and provide a rich seam of information on their location and purchase history, it is still unclear which industry participants should absorb the immediate technology costs. The introduction of multi-functional EuroPay, MasterCard & Visa (EMV) terminals in the U.S. that tackle credit card fraud and allow consumers to make NFC purchases may facilitate mobile payments, but that is just one step.

Yet while the industry is preoccupied with the technology roll out, Accenture’s survey shows that consumers are more concerned about the security, privacy, convenience and value of using their phones to make payments. Providing the opportunity for consumers to make mobile payments in a broad variety of different situations is obviously crucial, but not enough. Financial institutions, merchants, mobile network operators, and technology providers also need to educate consumers on the benefits, assuage their privacy and security concerns, and ensure applications are supported by a range of smart phones and wireless networks to make them convenient to use.

Accenture’s survey also reveals that both current users and non-users can be incentivized to make mobile payments through rewards for usage or other value-added tools such as receipt tracking. Developers should consider incorporating both elements in new mobile payment applications to encourage broad adoption as quickly as possible. Today’s consumers expect their smart phones to improve and simplify their lives. Give them the desired tools and they will use them.
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For more information

To find out more about how Accenture can help with your mobile payments strategy please contact:

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References


Survey Population and Methodology

This survey was conducted for Accenture by Lightspeed Research among 4002 adults in the US and Canada between October 17 and October 28 2012, with the sample targeted to reflect the population of smart phone users across both countries, in terms of the type of phone used, such as Apple, Android or Blackberry, and both newer and experienced users. The overall margin of error is +/- 1.55 percentage points at the midpoint of the 95 percent confidence level.
About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 261,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world’s most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

About Accenture Payment Services

Accenture Payment Services helps banks improve business strategy, technology and operational efficiency in five key areas: core payments, card payments, digital payments, transaction banking, and compliance, risk and operations. Accenture Payment Services and its more than 1,500 professionals dedicated to payment engagements can help banks simplify and integrate their payments systems and operations to reduce costs and improve productivity, meet new regulatory requirements, enable new mobile and digital offerings, and maintain payments as a revenue generator. More than 100 clients worldwide have engaged Accenture Payment Services to help them turn their payment operations into high performing businesses.

About Accenture Mobility

Accenture is focused on enabling its clients to achieve breakthrough growth throughout the rapidly changing mobile ecosystem. Accenture Mobility offers five mobility services including consulting, software services—applications, software services—devices and platforms, managed services, and business integration services. These are designed to help organizations embrace business-to-employee (B2E), business-to-consumer (B2C), business-to-business (B2B) and machine to machine (M2M) business opportunities. Accenture offers mobility and embedded software services across a wide range of industries and platforms, including Android™, Apple® iOS, Blackberry®, Linux®, Meego™, Symbian®, Windows® Phone and Windows® Phone 8.