

PRESS RELEASE

Smart phones are the gateway to paid-for mobile payments

‘Consumer discovery’ panel study demonstrates that mobile payments can generate new revenue

London, September 29, 2011 – A new consumer discovery panel study finds that 92 percent of smart phone users would be willing to use mobile payments for their purchases and other forms of money transmission. In addition, for four of the five types of mobile payment investigated, customers would also be prepared to pay a fixed fee of up to £3 to load a mobile wallet (mWallet) from which they could then make unlimited payments until the funds had been spent. Mobile contactless payments were the most attractive format (70%) and overseas remittances the least (39%). These findings point towards a revenue opportunity for companies offering mobile payments.

The study was conducted in July 2011 by the Banking division of Simon-Kucher & Partners, global consulting firm specialising in pricing and marketing. Georg Wuebker, Global Head of Banking at Simon-Kucher & Partners, commented, “The results of this research are in line with research from VocaLink and Alcatel Lucent who have identified prices that customers would pay to make mobile payments. Our research is the first to drill into five different types of mobile payment and define the different price models that will - and will not - work in the market”.

Respondent willingness to use the mobile payment types covered in the survey:

- 1) Contactless/NFC (65%)
- 2) Country dependent peer-to-peer payments (59%)
- 3) Location independent app based purchases (51%)
- 4) Location dependent wallet-to-account purchases over 3G/wireless network (40%)
- 5) Overseas remittance (36%)

There were substantial differences in the preference for each of these payment types based on whether participants possess a smart phone. For example, 70% of smart phone users would try Contactless/NFC compared with 34% of respondents without a smart phone.

Smart phones are the gateway to digital payment usage

Smart phone users' greater willingness to try mobile payments (92% compared with 68% for non-smart phone users) is also reflected in their current use of digital payment formats:

- Smart phone users of eWallets (51%) and mWallets (23%)
- Non-smart phone users of eWallets (39%) and mWallets (11%)

Ben Snowman, Director and author of the study commented, "smart phone users are clearly more advanced in their use of digital payment formats. In part, this may be due to the ease of access that smart phone users have to mobile applications giving them the ability to make payments. However, the differences in the willingness to use mobile payments clearly demonstrates that smart phone users do have a distinct mind set. For mobile payments to take off, banks, telecoms providers, merchants – all the beneficiaries – would do well in promoting the uptake of smart phones".

Recently, OfCom the independent regulator and competition authority for UK communication industries, provided their annual report on Smart Phone usage in the UK. This found that the youth market is 50% more likely to own a smart phone compared with the UK average. As such, mobile payments are likely to be of greatest appeal to the youth market.

Georg Wuebker, Partner, Global Head of Banking

Ben Snowman, Director, Banking Division, UK

Notes:

The survey was conducted July 2011, with 316 UK based respondents.

Further information about the study is available on request and also available at the Simon-Kucher & Partners Pricing Conference, October 11th in Central London: <http://www2.simon-kucher.com/index.php/us/news/events.html>

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