

## Buckle up: The mobile wallet industry is set to take-off!



The mobile wallet industry is rapidly growing, and chances are if you own a smartphone you have or will make use of a proximity mobile payment (PMP) app like SnapScan. Mobile payments are even more applicable than ever, given the current coronavirus outbreak where touchless payments are favoured over cash or card. However, many consumers still prefer the familiar over the new and uncertain when it comes to payments. This is especially true in South Africa, where unstable cellular networks, high crime rate and load shedding contribute to the uncertainty regarding PMP. So, are consumers truly ready for PMP or are the associated risks and uncertainties too overwhelming for consumers and keeping them from this hidden gem? The answer is crucial for marketers and developers of PMP alike, as successful marketing strategies and the future of app development hangs in the balance.

A research study was conducted by Charlene Eksteen, a [Master's](#) student in the [Department of Marketing Management](#), to investigate the extent to which mobile payment risks, specifically financial-security, performance, and product risk, prevent consumers from adopting PMP.

Responses from 284 smartphone users were analysed, and the results show financial-security and performance risk were significant predictors of PMP adoption. Product risk, on the other hand, was not a predictor of PMP adoption.

Managers need to take action to overcome security concerns and it starts by better-educating consumers on the safety measures in place. This can be done simply with a frequently asked question section on their website and a welcome email when new consumers sign-up. Also, implementing advances such as remote deactivation of consumers SnapScan or Zapper account in case of phone theft will further alleviate concerns. South Africa has an underdeveloped cyber-related legal framework, so working with the government to pass legislation will put to rest related consumer concerns. Moreover, legislation reducing interchange rates for merchants using PMP for transactions will in turn make merchants become more reluctant toward traditional



payments and start promoting PMP to consumers. Banks are trusted above any service provider which makes them the perfect partner to integrate with, resulting in the PMP app being embedded inside the mobile banking app. Marketers could also implement a “where’s your wallet?” campaign highlighting the enhanced safety of PMP apps in relation to cash or card by depicting specific scenarios, for instance, an empty wallet tossed next to the road with the thief speeding off.

PMP is not a one-trick pony and can be incorporated into merchants’ loyalty programs. Forming collaborative partnerships with merchants will diversify the PMP app and enhance the performance of the PMP app unlocking its true potential in the South African market.

The proximity mobile payment plane is ready for take-off. Now is the time for the captain to smooth over any turbulence.



*This research was conducted as part of the fulfilment of the [Master's degree](#) in Marketing Management in 2020 with the [Department of Marketing Management](#) by Charlene Eksteen under the supervision of [Dr M Humbani](#).*