

## Mobile Payment Expands into Various Consumer Applications and Will Add Wearables and Cars into Its Ecosystem This Year, Says TrendForce

2016-03-15 [Kelly Hsieh](#)

At this year's Mobile World Congress (MWC), the mobile payment industry took another significant step in progress with the reveal of several cross-device payment services. Visa, for example, announced that it has partnered up with smartwatch maker Pebble and auto giant Honda to bring Visa's payment services into cars and wearable devices. Likewise, MasterCard and Internet security company WiSeKey disclosed that they are jointly developing a payment solution that integrates advanced encryption technology. Such solution will be another option for consumers to shop for luxury goods.

"Mobile payment will move beyond the limits of smartphones in 2016" said Kelly Hsieh, senior manager for mobile communication and end device research at [TrendForce](#). "The availability of payment services will be extended to other wearable devices and connected vehicles. As more devices are linked to the Internet, secure verification systems that can satisfy the requirements of different applications will become more important."

Hsieh pointed out that with mobile payment entering different localities and businesses worldwide, there is an increasing need for entities that could coordinate the various types of transactions. Many major companies from different industries are thus proactively seizing this lucrative opportunity, even though there is still the issue of how the profits from the mobile payment will be divided amongst them. Consequently, branded smartphone vendors, telecom operators, financial institutions and even technology startups are staking claims on different areas of consumptions.

On the other hand, the mobile market payment is enormous in scale and has a myriad of application segments. Service providers therefore have to not only comply with local financial regulations but also understand consumer habits to order to succeed. As part of their initial forays into the market, many companies are starting pilot projects to measure the local interest. For example, Google launched "Hands Free" program that allow people to make small sum payments at McDonalds and a few other restaurants in the South Bay Area this March. Similarly, Chinese smartphone brand Xiaomi has added a NFC-based payment feature to its flagship smartphone Mi 5. This feature currently allows Mi 5 users to pay fares for public transportation services in major Chinese cities such as Shanghai and Shenzhen.

While the emergence of the Internet of Everything (IoE) and cross-platform integration have resulted in more convenient payment methods, these two trends have also led to increasing concerns about the security of transactions. A big challenge that payment service providers face is to build trust with the consumers, and improving the security of mobile payment solutions as whole involves many approaches. One method relates to the protection of sensitive data in the Trusted Execution Environment (TEE) that is located in the processor of a mobile device. TEE's specifications are standardize by cross-industry association GlobalPlatform to ensure that payment service companies follow the strictest security protocols available. Another method relates to the development of biometric recognition systems. Many technology companies are now looking at the possibility of using various types of biometric data – fingerprints, iris patterns, voiceprints and facial images – to create advanced user verification mechanisms. Their efforts in mobile payment security will also drive growth in biometric technologies and their applications.

The convergence of wearable devices and mobile payment creates exciting business opportunities

At the current phase, most mobile payment applications involve small-sum payments. This type of transactions supports the co-development of NFC-equipped mobile devices and payment apps. For device vendors, the growth of mobile payment is expected to increase device usage among consumers and boosts their sales. As the basic infrastructure that facilitates this type of services (e.g. NFC-enabled smartphones, card readers and back-end accounting systems) gradually gets built out, different payment service providers can start offer their distinct

services and build unique business models as to differentiate themselves in the market. At the same time, the costs of mobile-based transactions between businesses and consumers will be quickly brought down, attracting more people and organizations into the mobile payment ecosystem.

Mobile payment will be the first major step in the realization of the Internet of Vehicles

In today's auto market, Internet connection has become the essential feature of high-end vehicle models. Furthermore, auto makers are urgently looking for practical applications for their respective Internet of Vehicle (IoV) platforms. "Mobile payment therefore can expedite the growth of the IoV ecosystem," said Hsieh. The program jointly developed by Visa and Honda, for instance, turns a vehicle's infotainment display into a payment interface. When a car needs gas, an onboard app on the infotainment display will notify the driver and provide the route to the nearest filling station. Once the car is refueled, the driver can use the same app to make the payment. In addition to gas, the app will also allow the driver to buy other goods in the filling station's convenience store in the near future.

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