

Apple, Samsung account for nearly 70% of new contactless payments customers

Apple and Samsung together account for nearly 70% of new customers making contactless payments via their mobile handsets. A new study from Juniper Research has found that the number of consumers will reach 148 million this year.



According to the new research, 'Contactless Payments: NFC Handsets, Wearables & Payment Cards 2016-2020', the industry has already received a strong stimulus from the launch of Apple Pay and Samsung Pay in selected key markets. It cited the case of the recent arrival of Apple Pay in China, where nearly 40 million payment cards were registered to the service in 24 hours in mid-February.

Furthermore, the research argued that with nearly 1 in 5 POS (Point of Sale) terminals in the US now contactless-capable, the infrastructure was now in place for that market to experience traction. It anticipated that NFC smartphones would be the primary initial driver of contactless payments in the US, given the limited number of cards that currently offer the facility.

Banks embracing cloud-based solutions

The research also anticipated that models based on HCE (Host Card Emulation) would be widely deployed by banks and a number of leading OTT (Over the Top) players. It noted that over 50 financial institutions had already deployed HCE, where credentials and other sensitive data are stored in the cloud, including Barclays Bank in the UK.

According to research co-author Dr Windsor Holden, "The combination of HCE and tokenisation is attractive to banks. HCE means that they are not dependent on a mobile operator to enable the service; tokenisation reduces the burden on the issuer and allows them to use their existing infrastructure."

Research questions around NFC sticker prospects

However, the research was less optimistic about the prospects for solutions based around NFC stickers, arguing that phones using prepaid top-up contactless wallets without a secure element represented a significant security risk. It pointed out that even where closed-loop solutions were employed, thieves could simply spend the wallet's balance at participating retail outlets.

The whitepaper, 'NFC-No Contact Required', is now available to download from the Juniper website together with further details of the full research and the attendant Interactive Forecast Excel (IFx). For more information, go to www.juniperresearch.com.

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