

# Convergence, interoperability drive mobile wallets

 By [Bevan Ducasse](#)

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Today's smartphone is a calendar, contacts, games console, music centre, camera, miniature TV, communications portal, news delivery system, encyclopaedia, navigation system, memo pad... and you can also make calls on it. Yet, there is room to cram more functions in there and one in the near future is the wallet.

The idea of a mobile wallet is nothing new, of course, but until now the concept has not taken off in South Africa - or, indeed, in most of the rest of the world outside East Africa, the home of MPESA. The main reason has been that too many people have tried to carve out areas of exclusive access: 'You can use my wallet, but only if you're a customer of the bank I've partnered with, or only at the retailers in my limited stable'.

Consumers have reacted to this the same way they react to everything that makes their lives more complicated instead of simpler: By quickly getting bored and moving on to something else.

## Increase in use on 'old' phones

In the past few months, however, something has shifted. As the walls have begun to break down, mobile banking has exploded - there are ten million South Africans actively using it. The market is not among the smartphone users, but among those who have extremely limited access to conventional banking services: They are using USSD technology on the most basic cellphones to check statements and balances and buy airtime.

Increasingly, they are also using services like MTN Mobile Money - currently growing at somewhere in the region of 5000 users a day - to transfer money and make payments.

## Trends driving change

Two trends are going to drive ever-faster evolution of mobile transactions and payments in the near future: Convergence and interoperability.

Convergence means the way all sorts of different money-related services come together on the mobile phone: Payments, information, vouchers, tickets, loyalty points and more and interoperability is how nicely all these services play with each other.

Let's take an example. Currently there are a few companies offering things like sports and music news on mobi sites. What if it was also possible, on your favourite soccer or rugby site, to buy tickets to the next game that then is sent directly to

your phone for scanning at the gate? Throw in a discount voucher for team branded clothing, also on the phone, that can be redeemed at any sports shop and you have an offer few can resist.

## Play nicely with others

A lot needs to happen behind the scenes to make all this possible, of course: The news site needs to talk to the ticket sales company, both need to talk to the banks and the stadium operators need to agree to accept mobile tickets.

The technology to do all this already exists - it is getting the people to agree that is the hard part. However, all the indications are that the big players have now realised that trying to own the customer exclusively is self-defeating. The future belongs to those who are willing to tear down the walls.

## ABOUT BEVAN DUCASSE

After completing his Financial Analysis studies at Stellenbosch University, Bevan joined UCS solutions as a junior consultant. He went on to work at a firm in the mobile payment industry, and slowly started to connect the dots between business, retail and mobile systems and seeing how the three could work seamlessly together.

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