# Using smart phones as digital wallets

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## Can digital wallets replace the traditional wallets that we know today?

## Introduction

● Definition: A "digital wallet" refers to a mobile application for smart phones that allows users to replace their wallet with smartphone technology, by giving options like making payments and performing monetary transactions solely using the technology inside of the device, as well as providing valid forms of identification and containing other items that may be found in a wallet( Such as customer affinity cards or coupon offers).
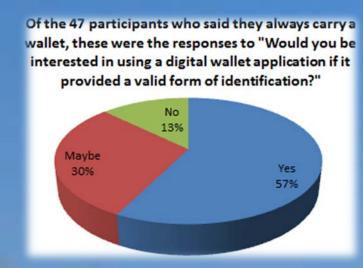
● Examples

## Methods

● Survey

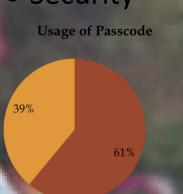● Observation

● Literature research

● Interview

## Data and Results

● Ease of use

**Of the 47 participants who said they always carry a wallet, these were the responses to "Would you be interested in using a digital wallet application if it provided a valid form of identification?"**
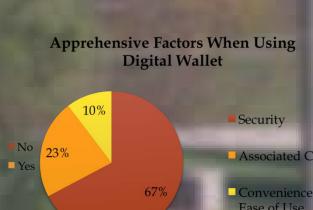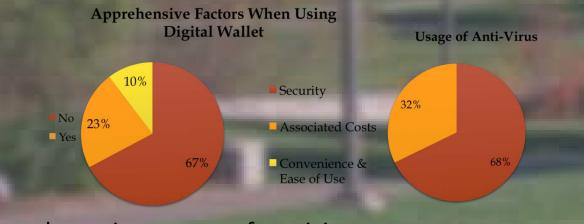
No 13%
Maybe 30%
Yes 57%

○ By examining mobile applications with similar missions (to make a tangible object obsolete; such as smart phone cameras, smart phone GPS systems, etc.), it is necessary that digital wallet applications must contain all basic features of the tangible object to be truly successful.
○ If this is true, the next step for digital wallet applications has to be a convenient, valid form of identification which is presumably the next most common item found in a wallet that is not currency

● Security

**Usage of Passcode**
39%
61%
No
Yes

**Apprehensive Factors When Using Digital Wallet**
10%
23%
67%
Security
Associated Costs
Convenience & Ease of Use
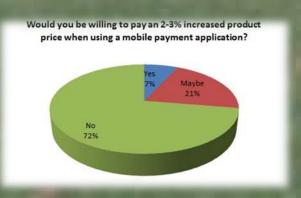
**Usage of Anti-Virus**
32%
68%
No

○ Security was the main concern of participants
○ More than Half of the participants are not using any kind of anti-virus. If people are not using anti-virus, the digital wallet itself needs to be secured or recommend users to use anti-virus software
Participants of the survey were not physically securing their phone. With incorporation of digital wallet people will need to get into a habit of securing their phone.

● Cost

**Percentage of Purchase Price**
PayPal  Google Checkout  Square (Card  Square (Enter
Percentage of Purchase Price

**Would you be willing to pay an 2.5% increased product price when using a mobile payment application?**
Maybe 21%
No 72%

○ When purchasing an item most people would not be willing to paying an extra fee. For these mobile applications are to succeed they need to have a more competitive price when purchasing goods with the application.
○ Most mobile applications charge over a 2.5% service fee
○ Most people who completed survey did not say cost was their main concern when it comes to digital wallet applications, but since most said that they would not be willing to pay an extra price when making a transaction that could pose a problem for the growth of digital wallets.

## Conclusions and Future work

● Ease of use

○ Needs to accept every type of credit card
○ Needs to be available more places
  ○ More promotions and advertising to entice consumer and merchants
  ○ Coupon offers for consumers at businesses that have newly adopted digital wallet technology as accepted payment (thus boosting business)

● Security

○ Needs to provide a solid security solution so users can safely use the service and prevent fraud.
  ○ Recommend users to use anti-virus software when using digital wallet
  ○ Provide own security mechanism along with the digital wallet service
○ Warn the users to take caution when using digital wallet so the users are aware of the fraud caused by their own mistake

● Cost

○ Needs to be more cost efficient.
  ○ People would rather go the cheaper route
○ Needs to create a competitive advantage over others forms of transactions.

## Reference and Acknowledgements

● Reference

○ images of hands using Square dongle: www.square.com accessed 4.12.12

● Acknowledgements

○ Chocolate Emporium

○ Blu Boy Chocolate Café & Cakery