

MONEY BANKING DIGITAL TRANSFORMATION

No need for wallets as we turn digital

By Emily Chantiri

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Australians, traditionally early adopters of new technology, have embraced credit and debit card usage over the past decade to make them easily the most frequently used payment methods – way ahead of cash.

Simply waving your card over a retailer's payment terminal to make a purchase has become as widely accepted as the cards themselves.



Ever increasing numbers are turning to their mobile phones to make retail purchases. SIMON BOSCH

The number and value of card payments have increased about 11 per cent and 7 per cent each year, respectively, over the past decade, Reserve Bank of Australia data shows.

However, ever increasing numbers are now choosing to abandon their cards, too, turning instead to the latest trend in e-payments – digital wallets.

The technology allows users to make electronic payments via apps on their mobile phones.

Mobile payments now make up 31 per cent of all retail e-commerce and are set to grow by up to 15 percentage points over the next four years, according to the 2019 Global Retail Payments Report by financial services technology company FIS.

Digital wallets are the preferred option for purchasing electronic goods, clothing and footwear and account for 26 per cent of mobile purchases in both categories.

“Phone apps, such as Google Pay and Apple Pay, provide the same tap-and-go functionality as regular credit cards,” says Roland Bleyer, founder of comparison website creditcard.com.au.

“However, their security is better, making transactions safer,” he says.

“Each time a transaction is made, the technology creates a unique number for the purchase. This means that there is no actual card number that can be stolen, so the security level is much higher [than traditional cards],” he says.

“With a digital wallet, you get an extra layer of protection with biometrics.”

The same mobile phone technology is available from the big-four banks as well as in wearables, including the Apple Watch and Bankwest's payment halo ring.

“Halo looks like a standard ring and it’s waterproof. Users simply swipe it over a card reader and the transaction is done, making it really convenient,” Bleyer says.

According to Bankwest, customers who hold both a debit card and a halo ring use the ring for more than a quarter of all their purchases.

The use of biometrics, such as a thumbprint, to sanction a transaction is easier, too. Some more modern phones even use facial recognition technology to authorise payments.

More convenient

“Many people have been concerned with just waving a card over a payment terminal without a signature,” Bleyer says. “With a digital wallet, you get an extra layer of protection with biometrics.”

Aswin Harahap has been a convert to the digital wallet for almost three years. While he still owns a regular wallet, he more often than not steps out without it.

“It’s far more convenient to just grab my phone and go,” he says.

"I feel confident there are now plenty of merchants with this technology. Most places readily accept digital payments."

Harahap believes digital wallets offer far better security than traditional plastic cards.

"I'm really comfortable with the risk. There are multiple ways to be verified before a payment is processed," he says. "And if I do lose my phone, it's relatively easy to stop payments."

In the past, Harahap said he has had more issues with his plastic cards being skimmed.

"My wife and I have had our cards skimmed. We then had to change cards and update direct debits. The digital wallet doesn't allow this to happen, so less hassles," he says.

Harahap uses his thumbprint for payment verification and his wife uses facial recognition.

"It's quick and easy when you have three kids under the age of five – your hands are full," he says.

"This probably has driven our adoption as it's simpler to use this type of recognition than keying in a PIN. It's so convenient."



Aswin Harahap was an early adopter of a digital wallet almost three years ago.

