

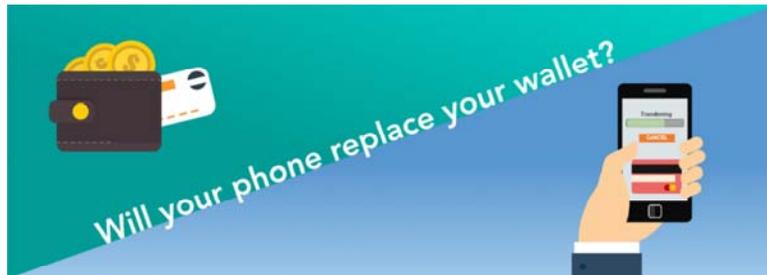

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## WILL YOUR PHONE REPLACE YOUR WALLET?

Posted by [Laurent Dardé](#) / May 12, 2015 / Posted in [Featured](#), [Innovation](#), [Innovation Trends](#), [Near-field Communication](#), [Portable devices](#) / [No Comments](#)

If you still carry a wallet (or something similar, like a credit-card case, a billfold, or a change purse), you may not be carrying it for much longer. Now that nearly every major smartphone manufacturer supports NFC, most of today's smartphones now have the power to make payments, and that could spell the end for your wallet.



### A look at the numbers

Consider a few stats, and you'll start to see just how close we are to having smartphones replace wallets. To begin, NFC-enabled cellphone shipments are expected to quadruple, reaching 1.2 billion units, by 2018 ([IHS Technology](#), 2014). This rapid growth means more people will have smartphones that can make payments, so there's less reason to carry cash or credit cards.

Next, some of the biggest names in smartphones and payment are pushing for the use of phones as wallets. In 2013, Samsung and Visa announced a major [partnership](#) to develop mobile payments using NFC, and, in 2014, Apple introduced the iPhone 6 with Apple Pay using NFC technology. Both announcements serve to encourage merchants to start supporting the new format.

Moving to the other side of the payment transaction – that is, to the infrastructure point of view – there is growing demand for the machines that process contactless payments, referred to as point-of-sale or POS terminals. The market for POS terminals is expanding quickly, and is expected to maintain rapid growth through 2019 ([Berg Insight](#), 2015). That means people with NFC-enabled smartphones will have more places to make payments.

Also in the mix is the fact that the mobile POS (mPOS) sector, which only became a distinct category of its own a few years ago, is already experiencing exponential growth, with a forecasted CAGR of more than 42% through 2017 ([paymentcardsandmobile.com](#), 2014). Of particular note is the fact that even very small and micro businesses, which traditionally run on cash only, are adopting mPOS formats to support electronic payments. Again, more places where cash isn't needed.

### Benefits on both sides

Transitioning away from paper-based money and credit cards to mobile payments can be seen as good for consumers and merchants alike. For consumers, it reduces, and might even do away with, the need to carry cash or hunt for nearby cash machines, and for merchants, it enables a range of innovative service options, such as instant rewards, real-time coupons, and other personalized services, which can enhance the purchasing experience and increase loyalty.

### Standards and collaboration

For all this to work in the long run, though, two things are needed. First, everyone involved – consumers, merchants, service providers, banks, regulatory agencies – must be confident that payments made with NFC-enabled smartphones are truly secure. And second, making payments with NFC-enabled smartphones has to be just as easy, if not easier, than making payments with traditional money and credit cards.



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Time will tell just how ready consumers and merchants are to adopt this new way of doing business, but we can begin to build trust and deliver convenience by using widely agreed-upon standards, and by encouraging industry collaborations and partnerships. By using standardized and compatible technologies, and by working together, across industries and applications, we can ensure that smartphone payments are both seamless and secure.

### Still on the horizon

As someone who's involved with NFC technology on a daily basis, I'm excited about the future of smartphones as a replacement for paper money, coins, and credit cards, but that future is still some way away. So I still haven't fully retired my wallet. Maybe soon, but not just yet.

How about you? Has your smartphone replaced your wallet?

### Podcast "NFC and the Future of mobile Payment"



More information: NFC for mobile payment

<http://www.nxp.com/techzones/nfc-zone/use-cases/payment/mobile-payment.html>

NFC's versatility means it plays a key role in the development of future trends such as the mobile payment opportunities discussed here. NFC has even been nominated at the European Inventor Awards and you can vote for it here: <http://www.epo.org/learning-events/european-inventor/finalists/2015/amtman.html>

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#### About Laurent Dardé

Laurent Dardé is Marketing Director for Security and Connectivity at NXP Semiconductors. In his more than 18 years in the technology industry, he has managed engineering groups in the automotive and consumer segments, with a special emphasis on multimedia, communications, and lifestyle products. His present position, which involves developing new markets for NFC technology, lets him build



on his passion for the customer experience, and leverages his certification as a LEAN Six Sigma Black Belt.

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