

COLUMNS

Top 5 predictions for mobile payments in 2013

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What can marketers and retailers expect with mobile payments in the year ahead? Here are some trends that may become mainstream.

My CUP runneth over

By the end of 2013, China Union Pay – CUP, founded in 2002, the only bank card organization in China – will become even more well known in the United States and continue its growth path by adding more strategic relationships outside of Citi and Discover.

In fact, the relationship with Discover currently does not support “card-not-present” transactions and the prediction here is it will support mobile/digital transactions by the end of 2013.

CUP represents intriguing “coopetition” for Visa and MasterCard given the sheer size and increased economic power of the global Chinese presence.

Micro will gain weight

Mobile transactions have been dominated by micro-payment transactions for digital goods.

But with the death of premium SMS and the non-carrier commerce world getting into the game, we will see (1) the average mobile transaction size increase due to mobile payments having a more balanced mix of digital, services, and physical goods and (2) U.S. wireless carriers, like many of their brethren internationally, will begin to accept certain “service” payments such as train, bus, and taxi.

The carriers need this type of higher margin revenue to pay for their massive infrastructure costs for 4G/LTE.

Fastest CAGR is to-go

Just like Starbucks, other hospitality and food service companies will realize the pent-up demand for consumers’ desire to pre-order while on the go.

The prediction is that to-go mobile ordering will represent the fastest-growing segment for mobile payments in 2013, boasting the highest compounded annual growth rate.

In-motion purchase index

I have many years’ research and development focused on in-the-moment, digital-to-human persuasion and motivation that relate to commerce.

So let us have some fun and predict that Visa/MasterCard will begin to track payments that are made while people are mobile-in-motion including in-store mobile transactions versus sitting at a desk and ordering via ecommerce.

This is an intriguing subset of mobile payments that should be the centerpiece for many loyalty programs, but loyalty and CRM professionals do not understand the different art and science of motivating people on the go versus ecommerce strategies.

My recommendation is to start building day-in-the-life behavioral commerce models into your marketing and loyalty programs. .

Apple will shrink the big bite

Apple has chosen to take a nice chunk of transactions – 30 percent – that are executed via the approved applications that are on its devices.

This is not a sustainable position in the market as most organizations and industries do not have the gross margin to give Apple a big chunk of the payment.

And given the penetration of Android combined with other excellent smartphone mobile wallet solutions, I believe Apple will have the good sense to either remove or significantly reduce this mobile tax.

IN SUMMARY, continue to expect a rapidly moving mobile and payments market with a few consolidation plays and surprises.

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