

Digital wallets to ride GCC e-commerce wave



INSIGHT/ DR R. SEETHARAMAN

GCC FINANCIAL institutions are aiming to improve customer experiences by offering better services through digital banking. Digital banking is a new channel to improve revenue growth and cross sell.

Digital services such as e-money accounts and digital wallets with linked debit and prepaid cards are emerging as popular alternatives to traditional banking. Payment systems such as Google wallet, PayPal and Apple pay are going to create an impact on customers.

For this to work, Google Wallet requires Near Field Communication (NFC) technology. You link your debit or credit card to your Google account and you can leave your wallet at home. Instead of tapping your credit card on the NFC machine at the checkout counter, all you have to do is wave your smartphone or tap it on the machine to make your payments. It'll be able to identify the credit card information linked to your Google account.

Consumers are constantly looking for increased speed and ease of use and hence will gradually turn to e-money accounts, which offer the benefits of a traditional

bank account with the addition of increased privacy, reduced charges, faster responses and improved consumer interfaces.

The UAE Banks Federation is currently working on the mobile wallet project which is part of the UAE's smart government initiative, which helped to identify a range of government services requiring electronic payments.

In the GCC, banks are also offering digital wallets powered by Master Pass. Digital wallets using Master Pass will allow consumers to store all their MasterCard and other branded payment card information, shipping and billing address details in one place. This will help them make online payments quickly and safely.

Telecom players can also offer mobile wallet services in partnership with banks. Telecom providers are also offering mobile wallet services in partnership with money transfer companies, which support remittances.

Mobile wallets can provide in-depth customer data, such as spending habits, preferences, location information, etc. This information can be used by banks, merchants and retailers to better understand their customers' needs and to deliver personalised offers. This can help increase sales, customer retention and satisfaction. To deliver personalised offerings, the mobile wallet has to be integrated with

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segmentation and campaign management tools and sophisticated data analytics.

Mobile wallets can also offer innovative payment methods, allowing easier and quicker payments, such as taking a photo of a paper bill or reading a code that automatically loads the required bill information to the mobile wallet, thereby enabling an instant payment.

The key challenge in successfully implementing a mobile wallet project is to achieve the required level of consumer adoption in the GCC. To achieve the desired level of adoption, mobile wallets have to offer significant benefits to users that cannot be achieved using cash or credit cards.

One such benefit can be receiving offers, discounts or loyalty programme benefits from merchants, retailers or the bank itself. Therefore, mobile wallets offered by banks should be designed to enable easy enrolment of merchants and retailers, enabling them to easily offer their content and services to consumers through the banks' mobile wallet. Banks can be at risk of losing revenue due to competition from other financial institutions, mobile network operators, device manufacturers and alternative providers. It becomes essential for banks catering to the retail customer segment to carefully assess and review their mobile wallet strategy or risk being overtaken by competition.

GCC banks also have to make sure that their mobile wallet is designed to meet the highest security standards. It is important to understand that no matter how strong the security of the mobile wallet, consumers will not use it if they do not trust the application.

Therefore, GCC banks have to educate their customers about mobile wallet security and the project's benefits. On account of a surge in e-commerce in the GCC, customers and merchants are looking for secure and convenient online payment solutions. Hence, the digital wallet is bound to get a boost from e-commerce in the region.



Consumers are constantly looking for increased speed and ease of use when it comes to mobile payments, just like what Near Field Communication can offer. — AFP

The writer is the group chief executive officer of Doha Bank. Views expressed are his own and do not reflect the newspaper's policy.