

ONLINE UPSTARTS' BANK THREAT

New internet companies are now serious challengers to financial institutions and telcos for a slice of the mobile payments market, according to a new study from the BearingPoint Institute called Who Will Be the Winners in the Mobile Payments Battle?

Industry research organisation Gartner believes that mobile transactions will reach a volume of \$617 billion by 2016, which means that there is a significant market to be carved out by

whoever emerges as a winner in the emerging battle.

The study found that after promising much and delivering little for the best part of a decade, mobile payments technologies are poised to come of age.

Fifty-two per cent of current smartphone users are ready to switch to m-payments although those aged over 55 are much less inclined.

Increased competition and the

rise of powerful smartphones are likely to accelerate the move towards the replacement of cash, debit cards and other forms of payment with software-based approaches running on mobile devices.

"The European mobile payment market landscape is experiencing revolutionary change as new players and technologies appear on the scene," said Martin McKenna, head of financial services practice with Bear-

ingPoint Ireland.

Christian Bruck, partner at BearingPoint in charge of mobile payments consulting and co-author of the report, said: "Everyone says that mobile payments are the future, but up to now it has remained tantalisingly out of reach.

"Ultimately consumers voting with their thumbs will determine the evolution of the mobile payments market."

He added that the main issue

standing in the way was trust. With ailing trust of consumers in traditional financial institutions, new players now have a real opportunity to displace banks in the mobile payments arena.

With telcos wounded by falling revenues and commoditisation of their product, leading logistic companies with a strong and reliable brand and internet players have the mass and means to truly disrupt the payments market.



Martin McKenna, BearingPoint Ireland