

# Mobile payment methods in the light of consumers sentiment in the social media environment

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**Abstract:** A recent survey reveals that the payments industry is at a crossroads. Consumers still rely on traditional payments today, but many expect to make more digital payments by the end of the decade. For purpose of this paper we have decided to follow Atlas methodology presented by Infegy company that measures volume and sentiment, it can represent consumers thinking, discussions and how they feel about topics and brands through almost instant analysis of millions of social conversations. This paper presented four main findings in the mobile payment industry: The first was identifying barriers mobile payment providers must overcome for widespread usage, second was current consumer satisfaction levels with mobile payment services, third one features near-field communication (NFC) users enjoy most and last one women's favorability towards peer-to-peer (P2P) mobile payments.

**Key words:** mobile payment, sentiment, social media, brand

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## 1. Introduction

A recent survey of 4,000 consumers (Accenture 2016), the latest installment in a multi-year series that tracks consumer attitudes about how they want to pay now and in the future, reveals that the payments industry is at a crossroads. Consumers still rely on traditional payments today, but many expect to make more digital payments by the end of the decade. Few people have a strong preference for one digital payments provider over the next. Consumer preference is there for the taking. It's not that payments transactions are broken. Most of the time, cash counts, cards swipe, chips insert and taps pay— but payments experiences can be better. Digital payments breathe new life into paper and plastic, giving consumers control over balances and offers, loyalty and rewards, and more. Tomorrow's providers of choice in digital payments will master value delivery. They will use the payments channel to curate experiences that consumers want, and upsell and crosssell to them. The industry is at a point of no return. Functions are a given, but features that deliver value are game changers, potentially even king makers. Mobile payment brands need to convince consumers to ditch the tried and true, traditional payment methods and move from new trend to lasting payment service

## 2. Theoretical background

Mobile payment (also referred to as mobile money, mobile money transfer, and mobile wallet) generally refer to payment services operated under financial regulation and performed from or via a mobile device. Instead of paying with cash, cheque, or credit cards, a consumer can use a mobile phone to pay for a wide range of services and digital or hard goods. Although the concept of using non-coin-based currency systems has a long history, it is only recently that the technology to support such systems has become widely available. (Hollow, 2012)

Mobile payment is being adopted all over the world in different ways. In 2008, the combined market for all types of mobile payments was projected to reach more than \$600 billion globally by 2013, which would be double the figure as of February, 2011. The mobile payment market for goods and services, excluding contactless payments using near field communication (NFC) and money transfers, is expected to exceed \$300 billion globally by 2013. Investment on mobile money services is expected to grow by 22.2% during the next two years across the globe. It will result in revenue share of mobile money reaching up to 9% by 2018. Asia and Africa will observe significant growth for mobile money with technological innovation and focus on interoperability emerging as prominent trends by 2018. (Juniper 2013)

Mobile payments are becoming a key instrument for PSPs and other market participants, in order to achieve new growth opportunities, according to the European Payments Council (EPC). The EPC states that “new technology solutions provide a direct improvement to the operations efficiency, ultimately resulting in cost savings and in an increase in business volume”. (European Payment Council, 2016)

Near Field Communication (NFC) is used mostly in paying for purchases made in physical stores or transportation services. A consumer using a special mobile phone equipped with a smartcard waves his/her phone near a reader module. Most transactions do not require authentication, but some require authentication using PIN, before transaction is completed. The payment could be deducted from a pre-paid account or charged to a mobile or bank account directly. Mobile payment method via NFC faces significant challenges for wide and fast adoption, due to lack of supporting infrastructure, complex ecosystem of stakeholders, and standards. Some phone manufacturers and banks, however, are enthusiastic. Ericsson and Aconite are examples of businesses that make it possible for banks to create consumer mobile payment applications that take advantage of NFC technology. (RFID, 2008)

There are four potential mobile payment models (Chaix, Torre, 2011):

Operator-Centric Model: The mobile operator acts independently to deploy mobile payment service. The operator could provide an independent mobile wallet from the user mobile account(airtime). A large deployment of the Operator-Centric Model is severely challenged by the lack of connection to existing payment networks. Mobile network operator should handle the interfacing with the banking network to provide advanced mobile payment service in banked and under banked environment. Pilots using this model have been launched in emerging countries but they did not cover most of the mobile payment service use cases. Payments were limited to remittance and airtime top up.

**Bank-Centric Model:** A bank deploys mobile payment applications or devices to customers and ensures merchants have the required point-of-sale (POS) acceptance capability. Mobile network operator are used as a simple carrier, they bring their experience to provide Quality of service (QOS) assurance.

**Collaboration Model:** This model involves collaboration among banks, mobile operators and a trusted third party.

**Peer-to-Peer Model:** The mobile payment service provider acts independently from financial institutions and mobile network operators to provide mobile payment. For example, the MHITS SMS payment service uses a peer-to-peer model.

### 3. Methodology

For purpose of this paper we have decided to follow Atlas methodology presented by Infegy company that measures volume and sentiment, it can represent consumers thinking, discussions and how they feel about topics and brands through almost instant analysis of millions of social conversations. Trust rate of this methodology is set to be 93 % sentiment accuracy and 97 % recall backed by one of the largest validation test. It has capability to customize audience segments that enable users to create social media focus groups to perform more targeted research and deeper discovery. We present the most important findings of this research with the focus on how conversations online can contribute to brand strategies and insights for the mobile payment industry. Data collection was conducted during the february in 2017.

### 4. Research findings

While there is not yet a clear leader in the space, the largest spikes in conversation volume occurred when new mobile payments are released into the market. The most notable spike was on the launch of Apple Pay. No other product launch has acquired the same volume as Apple. PayPal was removed from the comparison chart below due to scaling, but is included later on Graph 2.

**Graph 1. Apple Pay high spikes in conversation**



Source: Infegy 2017

PayPal has the largest volume of conversation due to a variety of reasons. PayPal has been in existence since 1998 and has acted as a digital payment portal far longer and at a larger scale than its competitors. Apple did drive a small lift in PayPal conversations back in October, 2014. The launch of Android Pay and Samsung Pay seemed to have no impact on the volume of PayPal conversations.

**Graph 2. PayPal volume dominates market**



Source: Infegy 2017

While many consumers still have not found a need to move away from traditional payment options, retailers are not making the process easier on those who want to convert to a mobile payment option. Many consumers who have tried to use the service end up being denied the ability to pay via their smartphone. Mobile payment providers should work with retailers on how to use a mobile payment as well as bring on more locations that can accept these forms of payment.

While consumers have been slow to adopt mobile payments, it is not for a lack of satisfaction. Over the past 3 years, positive sentiment among mobile payment providers has remained high. An understanding of consumer perception can help mobile payment brands dig deeper into understanding the barriers to mainstream product usage. This can help answer questions surrounding product and customer satisfaction.

**Graph 3. Mobile payment sentiment**



Source: Infegy 2017

By analyzing features and creating custom dictionaries, brands can uncover what features early adopters of NFC payments like most. When it comes to share of voice, Safety, Quality and Speed come to the top. Users discuss their security and safety as it relates to data and the speed payment compared with traditional methods. However, users feel most positive about the Quality, Ease of Use and Convenience NFC payments provide. NFC brands should highlight the features early adopters feel are the most positive and look to improve upon those users view as more negative.

**Graph 4. Features NFC users like most**

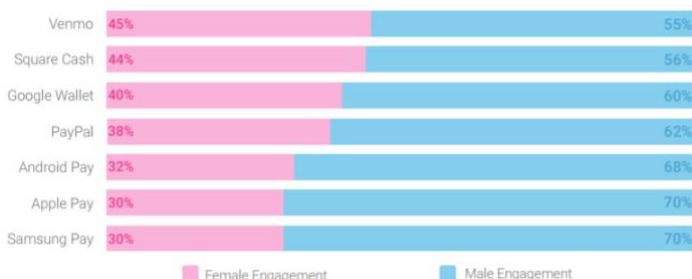


Source: Infegy 2017

Women tend to use P2P platforms like Venmo and Square Cash more frequently than the NFC payment methods already on their smartphones. This indicates that women favor the user experience of P2P services. P2P

services are commonly noted as easy to use and in association with donations and contests/sweeps that women are more likely to participate in. NFC brands can use social media listening data to analyze the differences in user experience to entice more women to use their payment method.

**Graph 5. Engagement from Females and Males**



Source: Infegy 2017

## 5. Conclusion

In this landscape, payments experiences must go beyond transactions to make emotional connections with consumers. This requires understanding how people think about money and innovating to deliver on expectations. That's what it takes to shape the market, rather than be shaped by it. Social media listening platforms not only help mobile payment brands understand their industry and competitors, but also understand the early adopters in a growing marketplace. By analyzing various trends, themes and sentiment within social conversations, brands can gain a better understanding of the features their future consumers desire most. These insights can help brands better align their product development with consumers' unmet needs. To recap, the specific examples in this paper demonstrated 4 findings in the mobile payment industry: The first was identifying barriers mobile payment providers must overcome for widespread usage, second was current consumer satisfaction levels with mobile payment services, third one features near-field communication (NFC) users enjoy most and last one women's favorability towards peer-to-peer (P2P) mobile payments.

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