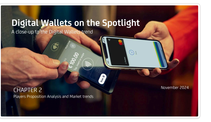

CHAPTER 2

- Executive summary
- Competitors Overview
- Competitors Analysis
- Market Trends
- Future Needs

EXECUTIVE SUMMARY

Digital Wallets on the Spotlight

KEY TAKEAWAYS

Chapter 2: Analysis of Propositions and Market trends

Looking at the **most popular consumer-facing propositions**, the main solutions are offered by **PayPal, Google** (with Google Pay), **Apple** (ApplePay) and **card networks** or **Visa** (Mastercard, Amex, Discover both Visa & Mp).

Card of brand is **not essential in various propositions** (e.g. PayPal, Google Pay, Apple Pay, Click to Pay), **but it is essential for the underlying payment rails** (Visa, Mastercard, Amex, Discover, Mp).

PayPal appears to be both frontrunner, Retailers and Merchants for its strong buyer protection and well known pain to pain payment. Specifically, **GooglePay** and **ApplePay** are **strongly leveraging their ecosystems** (Google services, Android, Chrome, Apple services, iOS, Safari) to drive adoption and engagement, and to provide a seamless payments for both shoppers and merchants.

Looking at the **future needs**, the market is moving towards **centralizing consumer preferences for various, repetitive transactions, from a consumer journey, and thus to all transaction journeys**, as exemplified by CitiBank.

Adjacent transactions like **Pay Now, Pay Later (BNPL), cryptocurrency integration, cash-back, and secondary commerce** are gaining traction, with companies like **Klarna, PayPal, and Revolut** leading the charge. These developments are reshaping consumer expectations and creating broader ecosystems.

While digital wallets have significantly influenced traditional payment processes by enhancing ease and security, challenges remain in areas like **cross-border payments, data privacy, and regulatory compliance**. Future developments may **focus on real-time payments, artificial intelligence applications, tokenization and IoT integrations, and decentralized payment** systems to address these evolving requirements.

CHAPTER 2

- Executive summary
- Competitors Overview
- Competitors Analysis
- Market Trends
- Future Needs

COMPETITORS OVERVIEW

Players overview and distinctive features

	PAYPAL	GOOGLE PAY	APPLE	CLICK TO PAY
Origin & Vision	Founded in 1998 as a digital payment platform, PayPal has evolved into a comprehensive financial ecosystem.	Launched in 2015, Google Pay aims to simplify and secure digital payments across various platforms.	Introduced in 2014, Apple Pay leverages its hardware ecosystem to provide a secure and seamless payment experience.	Introduced in 2014, Click to Pay is a collaborative initiative by major card networks to simplify and standardize online checkout processes.
Unique Selling Points	Buyer protection, Pay Later options, and a vast merchant network.	Integration with Google services, Android devices, and Chrome browser.	Tokenization for enhanced security, biometric authentication, and seamless integration with Apple devices.	Reduces cart abandonment by streamlining the checkout process, enhances security, and supports various payment methods.
Innovations Delivered	Introduced payment options like Pay Later and cryptocurrency integration, enhancing user flexibility and security.	Seamless integration with Google services, enhanced security features, and support for various payment methods.	Tokenization for secure transactions, biometric authentication, and integration with various services and financial institutions.	Tokenization for secure transactions, dynamic cryptograms for enhanced security, and support for various payment methods.

COMPETITORS OVERVIEW

Features drill-down

	PAYPAL	GOOGLE PAY	APPLE	CLICK TO PAY
Network / Coverage	Global coverage, supporting over 100 currencies and various payment methods.	Widely accepted in various countries, with support for multiple currencies.	Available in 70 countries, with support for various payment methods.	Supported by major card networks, including Visa, Mastercard, and others.
Security Features	Tokenization, fraud detection, and buyer protection.	Tokenization, encryption, and fraud detection.	Advanced security features, including tokenization, biometric authentication, and fraud detection.	Tokenization, strong encryption, and fraud detection.
Ease of Use / Adoption	Simple and user-friendly interface, with a high adoption rate.	Seamless integration with various services, with a growing adoption rate.	Seamless integration with Apple services, with a high adoption rate among Apple users.	Streamlined checkout process, with a growing adoption rate.
Transaction Speed	Fast transactions, typically within seconds.	Fast transactions, typically within seconds.	Fast transactions, typically within seconds.	Fast transactions, typically within seconds.
Customer Support	24/7 customer support.	24/7 customer support.	24/7 customer support.	Varies by card network.
Innovations Delivered	Introduced payment options like Pay Later and cryptocurrency integration, enhancing user flexibility and security.	Integration with various services, enhanced security features, and support for various payment methods.	Tokenization for secure transactions, biometric authentication, and integration with various services and financial institutions.	Tokenization for secure transactions, dynamic cryptograms for enhanced security, and support for various payment methods.
Cross-border Payments	Supports cross-border payments with competitive exchange rates and low fees.	Supports cross-border payments, with competitive exchange rates and low fees.	Supports cross-border payments, with competitive exchange rates and low fees.	Supports cross-border payments, with competitive exchange rates and low fees.
Loyalty and Rewards	Offers loyalty programs and rewards for frequent users.	Offers loyalty programs and rewards for frequent users.	Offers loyalty programs and rewards for frequent users.	Varies by card network.
Customer Feedback	Mixed feedback, with some users praising its ease of use and others noting issues with customer support.	Mixed feedback, with some users praising its ease of use and others noting issues with customer support.	Mixed feedback, with some users praising its ease of use and others noting issues with customer support.	Mixed feedback, with some users praising its ease of use and others noting issues with customer support.
Accessibility	Offers various accessibility features.	Offers various accessibility features.	Offers various accessibility features.	Varies by card network.

COMPETITORS OVERVIEW

Overview of user reviews

	PAYPAL	GOOGLE PAY	APPLE	CLICK TO PAY
Overall User Reviews	Generally positive, with many users appreciating its ease of use and security features.	Mixed reviews, with some users praising its ease of use and others noting issues with customer support.	Generally positive, with many users appreciating its ease of use and security features.	Limited user reviews, with most feedback focusing on its ease of use and security features.
Ease of Use	High ease of use, with a user-friendly interface.	High ease of use, with a user-friendly interface.	High ease of use, with a user-friendly interface.	Ease of use is a key feature, with a streamlined checkout process.
Customer Support	Mixed feedback, with some users praising the support and others noting issues with response times.	Mixed feedback, with some users praising the support and others noting issues with response times.	Mixed feedback, with some users praising the support and others noting issues with response times.	Varies by card network.
Security	High security, with strong encryption and fraud detection.	High security, with strong encryption and fraud detection.	High security, with strong encryption and fraud detection.	High security, with strong encryption and fraud detection.
Overall Sentiment	Positive, with most users appreciating its ease of use and security features.	Mixed, with some users praising its ease of use and others noting issues with customer support.	Positive, with most users appreciating its ease of use and security features.	Limited, with most feedback focusing on its ease of use and security features.

CHAPTER 2

- Executive summary
- Competitors Overview
- Competitors Analysis
- Market Trends
- Future Needs

COMPETITORS ANALYSIS

PayPal Overview

- Our flagship brand is **PPL. PayPal has established as the main online payment method for both consumers and merchants**, with a strong emphasis on buyer protection and a vast merchant network. Its continuous innovations and wide accessibility have solidified its leadership position.
- **PayPal's ecosystem is robust, with a high adoption rate among both consumers and merchants, and a well-established brand recognition**, building on its trust.
- **Recent innovations include the introduction of cryptocurrency integration and enhanced security features**, positioning it as a leader in the digital payments space. The company's focus on user experience and security has been instrumental in maintaining its market dominance. The Hardwired Integration PayPal Serves as a Foundational Layer for Digital Commerce Ecosystems.

SUCCESSES	FAILURES/LIMITATIONS
• Successfully expanded its ecosystem, enhancing its user experience and security. • Maintained a strong brand presence and high adoption rates among both consumers and merchants.	• Faces challenges in maintaining its dominance in the rapidly evolving digital payments landscape, with competition from various companies. • Potential for regulatory challenges and evolving consumer preferences to impact its market position.

COMPETITORS ANALYSIS

GooglePay Overview

- Google Wallet and GooglePay are particularly underestimated because of their **synergy within the Google ecosystem**. The integration with various Google services, such as Gmail, Google Maps, and Google Assistant, enhances their utility and convenience, **making it a seamless and secure** option for users who are deeply embedded in the Google ecosystem.
- The recently renamed **Google Wallet and GooglePay** is a **50 a major force** in digital wallets, leveraging its vast ecosystem and user base to drive adoption and engagement.

SUCCESSES	FAILURES/LIMITATIONS
• Leverages its vast ecosystem and user base to drive adoption and engagement. • Integration with various services enhances its utility and convenience. • Strong security features and user-friendly interface. • Expansion into various Google services and platforms.	• Faces challenges in maintaining its dominance in the rapidly evolving digital payments landscape, with competition from various companies. • Potential for regulatory challenges and evolving consumer preferences to impact its market position.

COMPETITORS ANALYSIS

ApplePay Overview

- On the mend well, Apple stands has been successful in their ecosystem since 2015, especially **integration with various services and devices enhances its utility and convenience**. The company's strong brand reputation and loyalty drive adoption and engagement, with a focus on expanding the ecosystem and introducing new features and services to maintain its competitive edge.
- Overall, Apple **Wallet leverages its strong ecosystem and reputation for security to drive adoption** and engagement, with a focus on expanding its ecosystem and introducing new features and services to maintain its competitive edge.

SUCCESSES	FAILURES/LIMITATIONS
• Leverages its vast ecosystem and user base to drive adoption and engagement. • Strong brand reputation and loyalty. • Expansion into various services and platforms.	• Faces challenges in maintaining its dominance in the rapidly evolving digital payments landscape, with competition from various companies. • Potential for regulatory challenges and evolving consumer preferences to impact its market position.

COMPETITORS ANALYSIS

Click to Pay Overview

- In Q3, **Click to Pay was launched in the market as a way to gather** in a single service what **Visa, Mastercard, American Express, Discover and Mp offer in their own wallets**. Click to Pay aims to simplify the checkout process by standardizing the user experience across various platforms.
- Click to Pay is leveraging **a lot** of time and resources to **improve the service awareness and usability of the service**, aiming to offer a seamless and secure way for consumers to complete transactions, regardless of the card network they prefer.

SUCCESSES	FAILURES/LIMITATIONS
• Successfully launched a unified payment interface across various card networks. • Enhanced security and convenience for consumers. • Gained traction among major retailers and merchants.	• Faces challenges in ensuring widespread adoption and consumer awareness. • Potential for technical issues and integration challenges with various systems.

CHAPTER 2

- Executive summary
- Competitors Overview
- Competitors Analysis
- Market Trends
- Future Needs

MARKET TRENDS

Key drivers for digital wallets adoption and growth

Among digital wallets transaction volumes, **Cross-border payments have experienced an exponential growth in recent years, both for online and in-person transactions**. This surge has been **driven by evolving consumer behaviors**, particularly a preference for seamless, contactless experiences, and the **rapid expansion of e-commerce**.

Ecommerce Boom
The rapid growth of e-commerce has been a key driver of digital wallet adoption. Platforms like Amazon, Alibaba, and Shopify have facilitated cross-border transactions, **facilitating fast checkouts**.
Companies like Stripe have enabled seamless transactions with integrations for various payment methods.

Contactless payments and COVID-19
The pandemic accelerated the adoption of contactless payments, **boosting digital wallet usage**. Companies like Google Pay and Apple Pay have introduced features like tap-to-pay and QR code payments, enhancing convenience and hygiene.
The pandemic has **set a trend of contactless** payments, underscoring the future trend towards digital transactions.

Mobile Commerce
The rise of mobile commerce has been a key driver of digital wallet adoption. Platforms like Alibaba have leveraged **mobile wallets** to facilitate seamless transactions, enhancing user experiences in emerging markets.
Companies like Square have developed mobile payment solutions that cater to small businesses and merchants, **facilitating transactions on the go**.

Cross-border payments
The ease of cross-border transactions has been a key driver of digital wallet adoption. Companies like Revolut have leveraged blockchain technology to facilitate **low-cost, fast** cross-border transactions, **reducing fees and bypassing conversion rates**.

Use-to-earn trends
Companies like Binance have introduced initiatives such as **Learn Earn and Simple Earn**, allowing users to earn rewards for using wallets. This trend aims to enhance user engagement and adoption by incentivizing users for learning about crypto and actively participating in the ecosystem, **reducing fees and bypassing conversion rates**.

Cross-border payments
The ease of cross-border transactions has been a key driver of digital wallet adoption. Companies like Revolut have leveraged blockchain technology to facilitate **low-cost, fast** cross-border transactions, **reducing fees and bypassing conversion rates**.

MARKET TRENDS

Adjacent market trends pushing digital wallets growth

As Digital transactions continue to digitize and introduce new digital services for customers, **broader trends in the financial sector are also driving the growth of digital wallets**.

Buy Now, Pay Later (BNPL)
BNPL services have gained significant traction, with companies like Klarna and PayPal leading the charge. These services allow consumers to make purchases and spread the cost over time, **enhancing flexibility and accessibility**. The rapid growth of BNPL services has prompted traditional financial institutions to collaborate with fintechs to integrate BNPL solutions into their digital wallets, **enhancing consumer engagement and loyalty**.

Crypto Integration
The integration of cryptocurrencies into digital wallets is a significant trend, with companies like Revolut and Coinbase facilitating the buying, selling, and storing of cryptocurrencies. This trend is driven by the growing acceptance of cryptocurrencies as a form of payment and investment.

Cross-border payments
Digital wallets are revolutionizing cross-border transactions, offering faster, cheaper, and more transparent solutions compared to traditional methods. Companies like Revolut and Wise are leveraging blockchain technology to facilitate **low-cost, fast** cross-border transactions, **reducing fees and bypassing conversion rates**.

Secondary commerce
The rise of secondary commerce has been a significant trend, with platforms like eBay and Facebook Marketplace facilitating the buying and selling of pre-owned goods. This trend has been **driven by the growing acceptance of digital payments and the convenience they offer for secondary transactions**. Companies like Square have developed payment solutions tailored to small businesses and merchants, **enhancing their ability to accept digital payments without physical card readers or phones**.

CHAPTER 2

- Executive summary
- Competitors Overview
- Competitors Analysis
- Market Trends
- Future Needs

FUTURE NEEDS

Future need #1: easier and quicker payments

While **digital wallets** have **already addressed many user pain points** in traditional payment processes, there **still potential to make transactions even more seamless and convenient**. This is especially true for specific scenarios, such as international payments or efforts towards a more cashless society.

Real-time cross-border payments
Companies like Revolut are leveraging blockchain and cross-border payment capabilities, offering the potential to enable instantaneous and cost-effective transactions. This innovation addresses the traditional challenges of slow and expensive cross-border payments, **facilitating quicker and more seamless international transactions**.

Offline payments
Companies like Square are exploring ways to offer payments even in areas with limited or no internet connectivity. This initiative **leverages technologies such as Bluetooth or NFC**. Companies like Google Pay are developing solutions that **allow users to perform transactions without an internet connection**.

Biometric authentication
Biometric authentication is a key trend in digital payments, with companies like Apple and Google leveraging fingerprint and facial recognition technologies to enhance security. This trend is **driven by the potential to complete transactions in the blink of an eye**, ensuring both security and convenience for users.

Voice-activated transactions
The integration of voice-activated payments is a significant trend, with companies like Amazon and Google leveraging their voice assistants to facilitate transactions. This trend is **driven by the convenience and hands-free nature of voice-activated payments**, which can be particularly beneficial for users with busy lifestyles or those with accessibility needs.

Cross-platform transactions
The ability to seamlessly transact across different platforms is a key trend in digital payments, with companies like Google Pay and Apple Pay leveraging their ecosystems to facilitate transactions across various devices and platforms. This trend is **driven by the convenience and flexibility it offers users**, allowing them to transact from any device they prefer.

CHAPTER 2

- Executive summary
- Competitors Overview
- Competitors Analysis
- Market Trends
- Future Needs

FUTURE NEEDS

Future need #2: personalized experiences

Consumers **can now customize** their user interface **from the Wallet screen**, allowing for a more personalized experience. **Enhance in-app personalization** by leveraging data to **operating hours, location, sustainability preferences**, and more. These advancements aim to create a more tailored and seamless experience, **creating digital wallets** and all payment tools **more integral to users' lives**.

AI-driven Personalization
Companies like Google are leveraging AI to create **rich, customized user experiences**. For instance, AI can **tailor** the user interface (the contextual payments), AI can **suggest payment methods** based on user preferences and transaction history, and AI can **provide personalized offers** and rewards based on user behavior and preferences. This trend is **driven by the potential to enhance user engagement and loyalty** by offering a more personalized and relevant experience.

Loyalty Programs
Companies are **integrating loyalty programs** with digital wallets to offer **personalized rewards**, such as cashback, points, or exclusive offers. This trend is **driven by the potential to enhance customer loyalty** and drive repeat business. The integration of loyalty programs with digital wallets can also help companies collect valuable data on consumer preferences and behaviors.

Sustainability Nudges
Companies are **incorporating sustainability** nudges into digital wallets, such as planting a tree for every Google Pay transaction. This trend is **driven by the growing consumer demand for sustainable and eco-friendly practices**. The integration of sustainability nudges can help companies attract and retain customers who are increasingly concerned about their carbon footprint.

CHAPTER 2

- Executive summary
- Competitors Overview
- Competitors Analysis
- Market Trends
- Future Needs

FUTURE NEEDS

Future need #3: protection and safeness

As at the inception of digital wallets, **secured transactions and data privacy will continue to be relevant as Fraudster is continuously evolving**. Also, regulators will play a critical role in protecting user rights and preventing

Advanced security features
Companies are **integrating advanced security features** such as tokenization, biometric authentication, and AI-driven fraud detection. These advancements are **driven by the potential to enhance security and prevent fraud**. The integration of these advanced security features can help companies build trust and maintain a strong reputation for security and data protection.

Regulatory and compliance
Digital wallets will need to be compliant with emerging regulations, **governments increasingly regulating the use of payments** and cryptocurrencies. This trend is **driven by the potential for regulatory changes to impact the operation of digital wallets**. The integration of compliance tools can help companies stay ahead of regulatory changes and ensure **continued trust and compliance**.