

Banks Look Into Rival Digital Wallet..... 2

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Banks Look Into Rival Digital Wallet

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Big banks are teaming up to launch a digital wallet that people can use to shop online.

Wells Fargo & Co., Bank of America Corp., JPMorgan Chase & Co. and four other banks are working on a new product that would allow shoppers to pay at merchants' online checkout with a wallet that would be linked to their debit and credit cards.

The digital wallet would be managed by Early Warning Services LLC, the bank-owned company that operates money-transfer service Zelle. The wallet, which doesn't have a name yet, would operate separately from Zelle, EWS said.

EWS -- whose owners also include Capital One Financial Corp., PNC Financial Services Group Inc., U.S. Bancorp and Truist Financial Corp. -- plans to begin rolling out the new offering in the second half of the year.

One goal of the new service is to compete with third-party wallet operators such as PayPal Holdings Inc. and Apple Inc.'s Apple Pay, according to people familiar with the matter. Banks are worried about losing control of their customer relationships. Apple, in particular, poses a big threat. The tech giant has moved further into financial services and is working on a savings account with Goldman Sachs Group Inc. and a **buy-now, pay-later** offering.

EWS's owner banks are also trying to cut down on fraud. Customers using their wallet wouldn't have to type in their card numbers, which can raise the risk of fraud and rejected payments that result in lost sales.

Digital wallets enable people to pay for products without having to type in their card numbers each time they shop.

Many wallets require consumers to type in their card credentials one time before they can be loaded onto the wallet and ready for use. EWS says that the onboarding process for consumers would be even easier with its wallet. For example, people wouldn't have to type in their card numbers to load them on the wallet.

The banks are still ironing out the details of the customer experience. It likely would involve consumers' typing their email on a merchant's checkout page. The merchant would ping EWS, which would use its back-end connections to banks to identify which of the consumer's cards can be loaded onto the wallet. Consumers would then choose which card to use or could opt out.

U.S. consumers who are up-to-date on payments, have used their card online in recent years and have provided an email address and phone number would be eligible.

The banks expect to enable 150 million debit and credit cards for use within the wallet when it rolls out.

EWS's owners last year debated a plan to allow shoppers to use Zelle for online purchases, The Wall Street Journal previously reported. Concerns around fraud and the treatment of disputed transactions, which have caught the eye of lawmakers, contributed to the decision to not move forward.

The wallet is being designed to roll out linked to credit and debit cards because that is how U.S. consumers are used to shopping. The banks figured it would increase the chances that more people would use the wallet.

Should a sizable number of merchants enable the wallet and consumers adopt it, EWS banks could explore adding other payment options, EWS said. That could include enabling payments directly from bank accounts.

The wallet will be launched with Visa Inc. and Mastercard Inc. debit and credit cards, EWS said.

EWS has also reached out about the initiative to other card networks, including Discover Financial Services, to gauge their interest in enabling their cards to be loaded onto the wallet.

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