

Mike Smith: Short answer is because acceptance isn't ubiquitous. If I knew I could pay with my mobile phone everywhere, it would make a stronger case to leave the wallet at home.

Mike Smith: Long answer plays into the nature of the ecosystem and consumer behavior. NFC has been around for a pretty long time. Many payment terminals are technically capable of accepting contactless payments. But if it's not turned on everywhere, then it's hard to convince yourself that you can only pay that way.

Here are few reasons that affect the slow adoption:

Apple and Google have had to focus the first few years on the banks (specifically issuing) so that the money moves around correctly on the back-end and the commercial terms are beneficial to Apple and Google. This makes it so they can't focus on other partnerships that accelerate adoption.

Merchants are afraid to touch their payment systems and aren't prioritizing mobile wallet acceptance when comparing that to things like EMV and making their own apps for payment (silly).

Consumers don't have a strong enough value prop to change the way they pay, while mobile payments are magical and fast, they aren't that much faster than just pulling out your credit card. EMV (chip cards) tried to inadvertently make this case because it's so slow but that process has sped up now too.

Consumers don't like the idea of having their payment credentials in their phone because they think it's insecure. This is a crock because Apple and Android Pay are significantly MORE secure when it comes to encryption and one-time use tokens, direct communication to the banks, etc. When you lose your credit card and cancel it, the Apple/Android Pay credentials are updated automatically and you can start using your new card immediately vs waiting 5-7 biz days for a new physical card to arrive.

The hardware players in the payment industry such as Verifone, Ingenico, and others who create contactless payment terminals have quite cumbersome software and this results in merchants and industry players having a difficult time enabling in brick-and-mortar.

I love mobile wallets, think they're magical, and excited for a future where we don't need to carry physical wallets any more.