

The wallet as you know it may be dying

March 7 2019, by Edward C. Baig, Usa Today



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You grab your keys, smartphone and wallet when you leave the house. Would it be such a disaster if you left that last one behind?

In the not too distant future, it may not be. Your physical [wallet](#) is on borrowed time.

Your phone, after all, increasingly provides the utility in digital form for the many reasons you schlep a Costanza-sized billfold in the first place, from showing off pictures to making [mobile payments](#).

Think about it. At the airport, you hand your iPhone or Android handset, rather than a paper document, to the TSA agent who inspects and scans your boarding pass.

You scan your phone entering ballparks, movie theaters and concert halls, too.

Most states will accept an electronic copy of your automobile's insurance ID card during a traffic stop.

Students at Duke, University of Alabama, University of Oklahoma, Temple, Johns Hopkins and Santa Clara can or will soon be able to use the Wallet app inside iPhones as contactless student IDs. Other colleges are presumably to follow.

It may not be long before you can use your phone as your corporate ID as well, something Apple employees already do at the company's Apple Park headquarters.

And yes, more and more of you are letting your smartphone sub for cash, debit and credit cards, through the likes of Apple Pay, Google Pay, Samsung Pay, Cash App, Venmo, PayPal and other payment services.

"We're nearing the point where that pendulum is shifting to the preference for digital forms of payment (and) identity," says Tiffany Conway, director of field marketing for government programs at Gemalto, a global digital security company that produces digital driver's licenses.

Concerns about security

For sure, the demise of the physical wallet is not imminent. Consumer habits are tough to crack, and the use of some version of a "wallet" to cart money and other possessions dates at least as far back as ancient Greece.

For all the talk of a cashless society, paper currency isn't going away anytime soon.

Still, 68 percent of 1,218 smartphone owners surveyed by SurveyMonkey Audience on USA TODAY's behalf last month, say it is likely that smartphones will eventually replace the need for wallets entirely. Nearly half (45 percent) think wallets will be obsolete in five years or less.

Such an eventuality remains a ways off for Seth Buchwalter, a PR manager at Sparkloft Media in Portland, Oregon. Buchwalter uses Venmo and Apple Pay on his iPhone, but he also epitomizes the consumer who remains reluctant to send the wallet out to pasture.

"People are very accustomed to losing or breaking their phone or running out of battery," he says. "Having that backup plan with cash or cards in their wallet is kind of a safety net."

Concerns about security are one key reason people don't feel comfortable ditching their wallets. Fifty-eight percent of SurveyMonkey respondents want to make sure they have better phone security before they stop using their physical wallet altogether.

"Smartphones have one big advantage—convenience—and one big weakness—security—and consumers clearly see a tradeoff between the two," says Laura Wronski, the senior research scientist at SurveyMonkey

who conducted the survey.

Of course, the concern about security may be an unfounded matter of perception.

"If I hand you my phone, and you hand me your physical credit card, who is going to have better luck running up some charges?" says Elias Guerra, CEO of Popwallet, a B2B mobile wallet company in New York. "You're not going to unlock my phone and go make payments with it. But if I have physical possession of your credit card, until you actually call and cancel that, I'm running rampant."

Driver's licenses and transit cards

There's other resistance to retiring the wallet. Forty-three percent of the smartphone owners in the SurveyMonkey survey want to see longer battery life before they stop using their physical wallet altogether.

Just under half said they wanted the ability to store their passports, driver's license or other forms of ID on the phone. These might include digital versions of hunting and fishing licenses or other credentials issued by the state.

The early stages of making this happen are underway, though challenges remain. IDEMIA began testing a Mobile Driver's License (mDL) with the state of Iowa in 2015. A test with Delaware came later and another will soon start up in Oklahoma.

In 2016, Gemalto received a two-year grant from the U.S. National Institute of Standards and Technology (NIST) to pilot smartphone-based digital driver's licenses in Colorado, Idaho, Maryland, Wyoming, and Washington, D.C.

"With IDs in particular, long gone are the days where a physical driver's license was truly just a physical driver's license," Conway says. "The physical license is just a format of that digital record that already exists today. But now you are able to access it through the convenience of your smartphone or potentially in the future a smartwatch or smart piece of jewelry."

Gemalto's digital driver's license, or DDL, was issued by the department of motor vehicles in the pilot states. Among the benefits is the fact that DDLs can more easily and quickly be updated with address changes. If the phone is lost or stolen, the license can be wiped remotely before a new digital version is issued. Gemalto says such credentials are more resistant to fraud and hacking.

What's more, consumers with a DDL can choose to share only the personalized ID data needed for the situation at hand, whether presenting credentials to a police officer, at an airport checkpoint, or even to prove you are of drinking age; the bartender would only be able to see your picture with an indication that you are "over 21" or "under 18"

IDEMIA's mobile license aims to protect privacy in a similar manner. "When I go to show my (physical) driver's license today I'm basically disclosing my name, my address, my full date of birth, a lot of personally identifiable information that isn't needed to enable that transaction," says Matt Thompson, a senior vice president for identity solutions at IDEMIA. "A mobile driver's license only discloses the information that's necessary for the transaction you're trying to conduct."

Another privacy precaution: The DMV that issues the digital license cannot track you as you drive around.

Moreover, if you are pulled over by law enforcement on the highway, you'll remain in possession of the phone since the officer can access

your credentials wirelessly via Bluetooth Low Energy.

Of course, since motorists drive from one state to another, any digital [license](#) that is issued must ultimately be interoperable elsewhere. The technical specifications are still being hammered out.

Transit cards present another opportunity for the digital wallet, but it is slow going so far, especially in the U.S. For now, you can use Apple Pay, Google Pay and Samsung Pay on your phone to ride buses and trains in Chicago and Portland, Oregon.

In May, New York's MTA system will start phasing in a system that will accept mobile wallets on buses and subway turnstiles, even as the MTA is committed to keeping the current MetroCard system in place until 2023.

But last spring, the UTA system in Utah pulled support for Apple Pay, Google Pay, as well as contactless [credit cards](#), over extremely low usage, and the millions of dollars it would cost to upgrade the system to accept such payments.

For all its versatility as a potential full-time replacement for the physical wallet, your phone in some cases can also unlock your front door and car door. Maybe there's no reason to panic if you leave your keys behind, too.

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Citation: The wallet as you know it may be dying (2019, March 7) retrieved 4 April 2024 from <https://phys.org/news/2019-03-wallet-dying.html>

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