

Apple Pay comes to Costco, but Walmart remains a holdout

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Corrections & Clarifications: A previous version of this article misidentified who gets a cut of the transactions if Walmart joined Apple Pay. The banks used through the Apple Pay app would receive a 0.15 percent cut.

Apple Pay continues to gain traction in the [mobile payments](#) competition, most recently adding Costco to the retailers letting U.S. customers pay with the tech giant's smartphone app.

A notable holdout: Walmart, the nation's largest retailer.

Costco, the No. 4 retailer in the U.S. according to the National Retail Federation, recently began accepting Apple Pay at the warehouse club giant's 520-odd stores in the U.S. Overall, Costco has 750 stores in the U.S., Canada and around the globe.

The company said it is also working to make mobile payments available at its gas stations, too.

Costco is the latest major partner Apple Pay has gained. Recently, CVS and 7-Eleven began accepting the mobile app.

"Apple, it seems, has been really deliberate in the past couple partnerships it has announced (in that) all those retailers share the commonality of having shoppers that go there on a regular basis and those types of stores consistently," said Rahul Chadha, an analyst with

research firm eMarketer.

About 22 million people use Apple Pay in the U.S., eMarketer says, with growth of 9 percent expected to push that to 24 million next year.

Apple says there were "well over" 1 billion Apple Pay transactions completed during the three-month period that ended June 31—three times the number during the same period a year ago.

There's one condition of using Apple Pay at Costco: If you use a credit card, it must be a Visa because of an in-store exclusive deal the retailer has with Citigroup and Visa, according to PaymentsSource, a news site that covers the payments industry.

That same condition applies should Costco customers want to use other [mobile payment options](#) Samsung Pay and Google Pay, the site says.

With other retailers now accepting Apple Pay, might Walmart follow suit? Don't hold your breath.

"While we recognize that there are mobile [payment](#) options, such as Apple Pay, Walmart Pay is currently the exclusive form of mobile payment accepted at Walmart," Walmart said in a statement.

Walmart long has been a holdout, in part because the retailer collaborated with CVS, 7-Eleven and other retailers such as Target and Best Buy in developing a competing mobile payments system called CurrentC that never officially launched. JPMorgan Chase acquired the technology last year for its Chase Pay platform.

When that collaboration failed, Walmart launched its own mobile payment app. The retailer began testing its Walmart Pay mobile app in December 2015 at select stores around Bentonville, Arkansas, where the

company is headquartered. Since July 2016, customers at all Walmart stores have been able to use the app.

To use Walmart Pay, customers open their app in the checkout line, and the clerk scans a QR code to complete the transaction. (With Apple Pay and other contactless payment systems, customers hold their smartphone next to a payment reader.) The transaction is billed to the customer's payment card associated with the app, and a receipt is emailed to the customer.

After Costco's move, Walmart told MacRumors, the Apple news site that first reported the development: "Walmart Pay is the exclusive form of mobile payment accepted at Walmart, and we have no plans for that to change."

Along with Starbucks, Walmart has become successful with its own mobile payment platform because it incorporates a reward program in the app. "That makes the checkout (process) clear for shoppers," Chadha said.

Costco customers must still show their membership card when they checkout, Chadha says.

Another reason Walmart wouldn't quickly move to join the Apple Pay bandwagon, Chadha says, is the cut the banks get from transactions—about 0.15 percent.

"When you are talking about the types of volumes Walmart does, why would you want to hand over even that slice of the transaction amount?" he says. "Just keep it all in-house."

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