

Let's Talk Finances

Mobile Wallets: Another Cashless, Contact-Free Way to Pay



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Last week I shared some information on payment methods available in our increasingly cashless society. Today I would like to talk about one more electronic payment method that is growing in popularity, especially with younger adults – mobile wallets.

A mobile wallet is an app on your mobile device – smartphone, tablet, or smart watch – that stores payment information from one or more credit or debit cards, and will allow you to make purchases using that stored information. Like a credit card, a mobile wallet will only work at retailers that accept your particular choice as a payment method. Also, there are a number of mobile wallet apps in use today, and some are compatible only with certain devices.

For example, Apple Pay is available for your Apple devices (iPhone, iPad, Apple Watch), while Google Pay only works on Android devices (Android smartphones and tablets, certain Fitbits, etc.). Samsung devices have yet another mobile wallet to use, Samsung Pay.

Additionally, certain retailers – for example, Wal-Mart, Starbucks, and Kohl's – have their own mobile wallets that can be used for payments both online and in their stores.

The main benefits of using a mobile wallet are convenience and security. Mobile wallet apps can store all your payment card information in one place, so it's no longer necessary to carry the physical cards with you. In addition, paying with a mobile wallet is usually quicker than using cash or an actual credit card.

Are mobile wallets secure? Cash and credit or debit cards can be lost or stolen, and recent history has shown us how easily and frequently data breaches can expose credit card information. In contrast, the information you load into your mobile wallet is stored in an encrypted format, and there is security preventing anyone from opening the app itself, such as a PIN code, face or retina scan, or fingerprint ID. Furthermore, if your phone itself is locked, someone trying to use your mobile wallet fraudulently would be required to get past two separate levels of this security.

There are a few possible drawbacks, however. If your device battery dies, you could be left without access to your payment options. And depending on the privacy policies of the app, your spending data may be collected or shared in ways that would not be allowed when using a physical credit card.