



Forrester: What Digital Wallet Growth in China Means For Businesses

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Businesses need to evaluate marketplace options and consumer needs for digital wallets to ensure successful deployment

BEIJING--(BUSINESS WIRE)--Jun. 25, 2014-- Digital wallets¹ adoption is growing in China, according to a new report from [Forrester Research, Inc.](http://www.forrester.com) (Nasdaq: FORR). The growth is attributed to the burgeoning eCommerce market, explosive growth of smartphone penetration, and mobile payment technologies in recent years that have made digital wallets a convenient payment option. Aggressive promotional efforts by eCommerce giants, Alibaba and Tencent, financial institutions and mobile operators also play a key role in encouraging the use of digital wallets via their online platforms.

Senior Analyst Vanessa Zeng writes in the report that, with the strong growth potential of digital wallets in China, businesses should evaluate consumers' needs, marketplace options, and formulate a digital wallet strategy to deliver better business outcomes.

Key takeaways from the report include:

- **Understand China's unique mobile payment system is unique**

In general, the mobile payment services ecosystem is extensive and market players include standards bodies, mobile devices, manufacturers, banks, mobile network operators, mobile payment platforms, merchants and consumers. In China, the country's Central Bank policies determine the market access of third-party payments. By unifying mobile payment standards, the Central Bank improves compatibility of digital wallets offered by the different players, thus lowering the cost of adoption.

- **Select the mobile wallet that's right for you**

There are three types of digital wallets that exist in the marketplace for businesses to choose from: remote-only digital wallets, proximity-only digital wallets, and omni-channel digital wallets. Financial institutions, mobile operators, and third-party online and mobile payment platforms offer different digital wallet options, each possessing unique capabilities and positioning.

- **Keep Consumers and ROI in mind when selecting a Digital Wallet**

Merchants who recognize consumers' mobile integrated lifestyle have primarily adopted digital wallet solutions to improve the customer experience and simplify the payment process. To adopt the right solution, merchant organizations must understand the factors that influence consumers' usage of digital wallets.

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¹ A digital wallet is a digital service, accessed via the Web or a mobile app that authorizes payment transactions from one or more payment sources and facilitates other commerce-related features such as offers, coupons, loyalty rewards, electronic receipts, and product information.

Source: Forrester Research, Inc.

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