

# The future's not just cashless – it's cardless

Much has been said about the rise of the cashless society, and that was even before the pandemic. Over the course of 2020, cash has shifted from being just a passé mode of payment to becoming a breeding ground for a killer virus.

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The public was more than ready to embrace this switch, teed up by a 14% surge in non-cash transactions across the globe in 2019. But there's more to this contactless revolution than meets the eye. With mobile payment innovation storming ahead, we'll soon see the plastic card turn into a collector's item.

When cards made their debut in the 1950s, they offered users several unique benefits: they were simpler to use than counting coins or writing cheques, took up little space, offered a line of credit where cash did not, and invited customers to join a range of loyalty and reward programmes.

Businesses benefited hugely. Studies began to show that people reliably spent more on card than they did in cash transactions. But over the course of the 2010s, these unique advantages have diminished. Our needs have changed, and there are new payment methods offering an even better solution to the original problems.

# The success of the digital wallet

Google became the first major company to launch a digital wallet in 2011. Since then, dozens have followed suit, with Apple Pay, Samsung Pay, Cash App and PayPal amongst the most popular. By providing a software-based system to store information for multiple payment methods and websites, digital wallets promise to declutter users' pockets and allow them to manage everything from a single device.

Sophisticated mobile technology also allowed wallet providers to take advantage of enhanced security features. With many devices supporting biometric authentication, users can set their wallets to unlock only for their fingerprint, face or iris.

Within just a decade of their launch, Capgemini found that digital wallets have become the third most popular payment method after cards and internet banking, and 35% of people who own a card have added it to a digital wallet.

Beyond Europe and North America, there are many regions where the world's best-known card payment providers never had a chance to crack the market, as mobile tech companies beat them to it with even more relevant solutions.

*Two million people around the globe are unbanked, and 60% of them live in Africa.*

These individuals have no access to card payments as we know them, but more than half own a mobile phone.

## Fresh innovation in fintech

Mobile innovation has stepped in to solve problems that cards were never equipped to handle – and M-PESA is perhaps the continent's biggest fintech success. This company allows users to send cash and make payments using e-money, without requiring a bank account. It's done through the M-PESA app, SMS messages, and a network of authorised agents (often corner stores) assisting with cash deposits and withdrawals around the continent. While Africa will remain dependent on cash for years to come, there's a strong chance M-PESA has rendered card payments obsolete before they even got started.

For businesses, the rise in mobile payments has opened a narrow window of opportunity. The pandemic has pushed almost every business to move some – if not all – of their operations online, and rethink their strategy in terms of survival in a digital-first environment. Instead of relaxing into these changes, the smartest businesses will already be searching for opportunities to become early adopters of the next game-changing technologies.

At Unlimint, our mission is to help companies be ready for tomorrow. Government-mandated lockdowns during the pandemic have forced purely local businesses to look beyond their town or city. Now is the time to shift to a global, collaborative mindset, but you need the global know-how to be able to accept payments in any currency or offer the payment methods local consumers are demanding. And with 600+ ways to pay all over the world, this can be a minefield for the uninitiated. That's why it's crucial to work with a partner who understands this landscape.

By 2030, I predict less than 10% of transactions will be conducted by card – its only distinct function today is the ability to withdraw funds from an ATM. Over the course of 2021-2022, we will see the proliferation of safe and reliable solutions that will allow you to access ATMs using any electronic device, and by 2025, the volume of transactions via mobile payments might be equal to the volume of card payments. In some markets, this might be as early as 2023, driven by a generation of digital natives. Gen Z and millennials will continue to push the market to move away from physical cards and get online.

Thanks to open banking – which allows third-party developers to build innovative banking apps in collaboration with financial institutions – we'll see much more powerful financial products combining digital wallets, virtual cards, payments solutions and bank accounts. This will be the final nail in the coffin for plastic cards, as digital solutions take over.

The past decade has seen a rising tide of product innovation in payments technology, and businesses must be ready to ride the wave to meet demand from future consumers.

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