

Tap and Go: Understanding Mobile Payments

Purchasing items with your phone may seem complex, but getting started is much easier than you may think.

Carrying around a hefty, jam-packed wallet is starting to fall out of style—just like bell-bottomed jeans and leg warmers. Instead, many are embracing the advent of mobile payment methods and turning to their smartphones to make payments.

More than 58 million American adults have made a mobile payment, and analysts predict that usage in North America will more than double by 2025.¹ A mobile payment refers to a digital transaction that occurs through a mobile device (you may hear the term mobile wallet used as well).

Making purchases with your phone can seem intimidating. Here's what you should know about paying through your touch screen.

How Safe Are Mobile Payment Methods?

You may feel hesitant to type or scan your credit card or bank account information into your phone. However, mobile payment methods may actually be safer than using a credit card or cash.

Mobile wallet apps such as Apple Pay, Google Pay, and Samsung Pay use near-field communications (NFC) to convey transactions between your phone and the terminal. You may have witnessed the person in front of you in the grocery store line pay for their food by holding their phone near the chip reader. They were likely using NFC. The person's credit card information travelled directly to the terminal without crossing through the internet.

Most mobile payment methods also encrypt your personal information using tokenization, a process in which your bank details are stored as a series of randomly generated numbers (tokens) instead of your actual information. Tokenization ensures that account details on your phone can't be cloned and are less vulnerable to fraud. Apple, Google, and Samsung Pay add an additional level of protection with their fingerprint or facial recognition features.

Due to these multiple layers of security, many people consider mobile payment methods to be safer than paying with a physical credit card that is subject to fraud and theft.

What Mobile Payment Methods Should I Consider Using?

Apple Pay, Google Pay, and Samsung Pay are all standard mobile payment methods that can be connected to your credit card. At least one of them should already be installed on your smartphone, and they



Key Points

- The use of mobile payment methods in North America is projected to double over the next five years.
- Safety features such as fingerprint and facial recognition help protect your personal information from fraud.
- Consider using Apple Pay, Google Pay, Samsung Pay, PayPal, or Venmo for your mobile payments.

¹Data Sources: eMarketer.com, "Global Mobile Payment Users 2019," 10/24/19 and merchantsavvy.co.uk, "Amazing Stats Demonstrating the Unstoppable Rise of Mobile Payments Globally," updated 2/20

Client Conversations

all work in essentially the same way (check your phone settings to see which one you have). Besides their convenience and easy set-up, these three mobile payment methods have so far proven to be secure and could save you some time in the checkout line.

PayPal functions in a similar way, except that users often connect it directly to their bank accounts. It originally became popular as a payment method for online shopping, and some brick-and-mortar stores now accept it.

Venmo is another popular payment method, although its purpose is slightly different. Venmo is generally used in a social context as an easy way to split a check at a restaurant or to repay a friend for a purchase. You should only give or receive mobile money through Venmo with people you know.

Features	Apple Pay	Google Pay	Samsung Pay	PayPal	Venmo
Security					
NFC communications	✓	✓	✓		
Fingerprint or facial recognition	✓	✓	✓		
Tokenization/encryption	✓	✓	✓	✓	✓
Payment Type					
Connects to credit card	✓	✓	✓	✓	✓
Connects to bank account	✓	✓	✓	✓	✓
Stores gift cards & loyalty programs	✓	✓	✓		
Use Capability					
In-store use	✓	✓	✓	✓	
Online purchases	✓	✓		✓	
Personal use capability	✓ (via Apple Pay Cash)	✓ (via Google Pay Send)	✓	✓ (2.9% transaction fee if paying through credit card)	✓ (3% transaction fee if paying through credit card)

How Can I Get Started?

Mobile payment method apps are intended to be user-friendly. Start by searching for Apple Pay, Google Pay, or Samsung Pay in your smartphone's settings, or download the Paypal or Venmo app. Just make sure you choose a secure password when you're ready to get started.

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