

Tap to Phone: The next big shift in payments

Tap to Phone merges card convenience with mobile technology for secure, easy banking.

PAYMENT

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Tap To Phone technology is one of the new trends that is shaping the payment industry in 2024. It introduces a hybrid user experience, blending the convenience of traditional card payments with the power of mobile technology. **A familiar gesture for those used to “tap to” pay, validate or reload**, this evolution seamlessly combines physical cards with mobile devices enabling users to complete a banking operation by simply tapping their payment card on their smartphone.

Tap to Phone: Physical cards and mobile devices are flourishing together

Tap to Phone is becoming mainstream. Whether it's reloading one's transit card through their phone or performing a contactless payment, the tap gesture is almost second nature for most cardholders. Smartphones have become a means of payment like any other. In fact, digital wallets (Apple Pay, Google Pay, Samsung Pay or Bank apps) are the second preferred payment method for in-store and online purchases.¹

Despite the growing prevalence of mobile payments, physical cards remain a mainstay in wallets worldwide. This reflects the need for payment methods that combine both the familiarity of a physical payment card with the added security and convenience of the mobile phone. That's precisely the aim of Tap to Phone. A simple tap of a card to a phone now **enables a myriad of use cases with a faster and more secure experience**. This approach is not just about keeping pace with consumer trends; it's about paving the way for a payment method that's both secure and matches the current rhythm of consumer lives.

Tap to Phone: a turning point in the payment world

According to an IDEMIA payment study conducted in late 2023:

- 50% of respondents consider the payment card as their preferred payment method.
- 59% of respondents prefer to have a physical version of their payment card in addition to the digital format.
- 33% of respondents who do not have a payment card in a digital format confirm that mistrust is the main reason behind not having one.
- 8 out of 10 respondents are concerned about fraud for instore and online transactions.

- 85% of cardholders are interested in paying online using a 1-click payment option.
- 70% of cardholders have a positive perception of banks that offer digital services.

Our research indicates a notable trend: the enduring connection consumers have with their physical bank cards. These cards often reflect personal identity and serve as emblems of self-expression.

Today, the physical and digital experiences augment each other. Banks stand to gain by forging connections between the two: a strategy made possible through Tap to Phone. Such a move not only broadens the scope of banking services but also ensures competitiveness in a dynamic market. Tap to Phone is about adapting to the consumer lifestyle. The beauty of this technology is to enhance the consumer experience by turning card activation, payment capability management, and reinforced authentication into a simple gesture that is already part of routines, making these processes easier and more seamless than ever. By embracing Tap to Phone, banks can position themselves as innovators, augmenting the contactless card capabilities with the mobile banking app and the device itself.

Tap to Phone features: A myriad of use cases

The Tap to Phone principle is simple: all you need to do is hold your payment card up to your smartphone to enable various experiences ranging from card activation to payment. In fact, the phone enriches the card features by bringing independence and instant experiences and the card enriches the mobile by adding a layer of security. Here are some examples of possible use cases:

One tap: Activate a physical card

Today, when users receive a new bank card, they typically activate it by withdrawing money from an ATM, paying with the card at a merchant shop, or even calling a phone number. As a result, many cards are never activated, never used. With Tap to Phone technology, users can activate their new bank card directly from your banking application by bringing it to their phone. No lengthy activation process—it's hassle-free and meets customer demand: 86% of respondents value the ability to activate a new card by tapping it on the back of their smartphone.

One tap: Modify payment card capabilities

Global travelers often prioritize cards with lower international fees and advanced digital functionality. Tap to Phone addresses the inconvenience of switching cards across borders by enabling the modification of card features, such as credit/debit options and currency, with a simple tap on a smartphone. This facilitates international card usage.

One tap: Enroll a payment card into digital wallets

The time-consuming process of entering lengthy card numbers to add a payment card to a digital wallet is now a thing of the past. In fact, users may never have to enter those numbers again. Tap to Phone offers an intuitive solution: a card tap against a phone for immediate addition to digital wallets like Apple Pay, Google Pay, Samsung Pay, and Click to Pay. This method not only streamlines the process but also enhances security and cardholder confidence when it comes to digital wallets.

One tap: Authenticate for sensitive transactions

For sensitive transactions such as substantial money transfers or account recovery, Tap to Phone offers a quick and secure authentication method by detecting the bank card's proximity to the phone. Using payment cards as an additional possession factor brings authentication to another level with the possibility to do everything remotely from account recovery in 2 minutes to specific banking operations. It fosters customer confidence and promotes trust.

One tap: Pay with a smartphone

With Tap to Phone, smartphones and tablets turn into POS acceptance devices to expand contactless payments capabilities for merchants whether in-store, on the move, in transit or at home. For proximity payments, cardholders pay in store by tapping their card on the merchant smartphone. And that's not all: new technologies enable cardholders to perform e-commerce and peer-to-peer payments remotely, with just one tap on their smartphone.

One tap: Sign a blockchain transaction

Tap to Phone provides an efficient solution to the traditionally complex process of executing cryptocurrency transactions, or "signing." By leveraging a biometric card, this technology has the potential to significantly streamline the process, empowering customers with direct control over their digital assets and private keys, thereby reducing reliance on third-party services.

Tap to Phone: improved customer banking experiences and engagement

Today we have our payment card in one pocket and our smartphone in the other. Combining both, Tap to Phone upgrades the consumer journey at all steps, creating new, secure and convenient use cases. The introduction of this technology, blending the advantages of both physical and digital worlds, augments the contactless card and device capabilities. Tap to Phone is a way for financial institutions to demonstrate their digital capabilities and modernize card usage, reinforcing the link between them and their customers.

¹ Ad hoc global consumer survey conducted by independent research institute Dentsu Insights, 2023
