

# Feature innovation will transform digital wallets into everyday commerce enablers

Article

Digital wallets are fast becoming consumers' preferred way to pay, both in and out of the store.

Almost two-thirds of US smartphone users will use a mobile wallet app to transact monthly in 2024, up from half in 2021, per our forecast. And total smartphone-based spending will top \$1.185 trillion, compared with \$7.548 trillion in total retail sales. We expect in-store tap-and-pay transactions to contribute 58% of that mobile spend, with internet-based (wallet, app, and browser) smartphone retail sales making up the remainder.

**Digital wallet sales growth will benefit from newly introduced features that boost user loyalty and purchase conversion.**

- **Commerce management tools incentivize consumers to centralize purchasing within their wallet of choice.** Examples include PayPal's digital smart receipts (stored and searchable in-wallet), its package tracking (offered even for purchases made outside the wallet), and Apple Pay's debit card balance and transaction history integrations.
- **Payment method optimization can help consumers choose the card that delivers them the most benefit.** The new Paze digital wallet, for example, can recommend stored card options—such as a co-branded travel credit card when purchasing an airline ticket—at checkout. This more closely aligns card rewards and benefits with the type of purchase a user makes.
- **Passwordless checkout removes friction.** Wallets, from Apple to PayPal to Paze, are introducing passwordless authentication that can be applied across mobile operating systems.

Report by David Morris Jan 05, 2024

# Payments Trends to Watch in 2024

