

# Big banks go on the offensive against mobile wallet giants

Article

**The news:** Bank of America, JPMorgan, and several other large banks will launch a digital wallet later this year that links to debit and credit cards, per the Wall Street Journal.

- **Early Warning Services** will operate the wallet, which will be initially compatible with Visa and Mastercard-branded cards. Many of the banks behind the wallet initiative own Early Warning

Services, which operates **Zelle**—though the projects will remain separate.

- To use the wallet, customers will most likely have to provide their email addresses on merchants' online checkout pages. Early Warning Services will then comb through its bank connections to identify which cards customers can pay with.

**Why make a wallet?** The banks have two main objectives:

**1. Tighten customer relationships.** The online wallet will compete with third-party wallets like **Apple Pay** and **PayPal**, people familiar with the matter told the Journal. These wallets are gaining checkout power—and banks fear that this may wear away at their customer relationships by decreasing card visibility. **Almost half of US digital buyers used PayPal to make a digital purchase last month**, [per](#) Bizrate Insights. Introducing a bank-branded wallet might help card issuers curb third-party wallet dominance.

**2. Decrease online fraud.** [Card-not-present \(CNP\) fraud](#) has steadily increased, and banks hope that letting customers check out without inputting card details will help minimize fraud. **CNP fraud losses grew 11.3% year over year (YoY) in 2022**, totaling \$8.75 billion, [per our](#) forecasts. Losses are expected to grow 8.5% and **reach nearly \$9.49 billion this year**. The wallet could help reduce issuers' fraud liability, which could grow alongside [ecommerce's rise](#).

And while it wasn't one of the banks' explicitly stated goals, the digital wallet could also give banks the added benefit of gaining a larger slice of ecommerce spending, which is **expected to hit \$1.163 trillion in the US** this year, [per](#) Insider Intelligence forecasts.

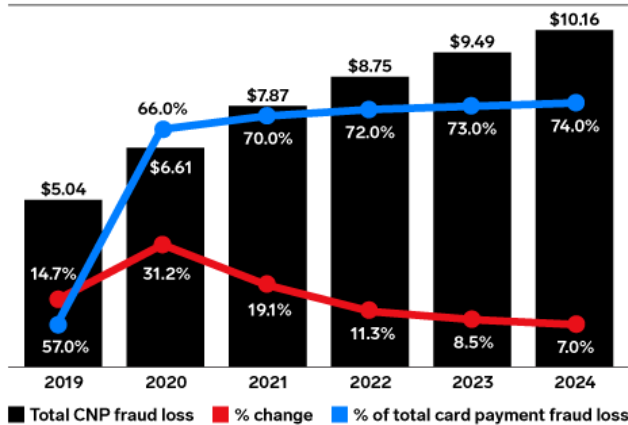
**What's the catch?** Merchant and customer uptake isn't certain.

- Merchants already have a bevy of checkout solutions to choose from. Banks will need to emphasize their wallet's benefits—primarily minimizing fraud—to achieve meaningful merchant adoption. Early Warning Services told the Journal that merchant uptake could determine whether it expands the initiative to include other payment options, like bank transfers—[which we expect will become more popular](#) this year.
- Aside from standard debit and credit card checkout, consumers already have access to offerings like one-click checkout; buy now, pay later (BNPL); and network-branded payment offerings. It might be hard for the forthcoming wallet to stand out from the noise. And some consumers may resist signing up for another checkout option.

**Related content:** [Check out](#) what our Banking Innovation analysts have to say about the upcoming wallet launch.

### US Total Card-Not-Present (CNP) Fraud Loss, 2019-2024

billions, % change, and % of total card payment fraud loss



■ Total CNP fraud loss ■ % change ■ % of total card payment fraud loss

Note: includes losses incurred by the merchant, consumer, and issuer for fraudulent remote payment transactions occurring via credit, debit, and prepaid cards; CNP transactions include internet, telephone, and mail-order transactions  
Source: Insider Intelligence, Sep 2022

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