

# Apple's rumored softPOS solution could threaten mPOS titans

Article

**The news:** Apple is reportedly developing technology that will let merchants accept contactless payments using their iPhones, people familiar with the matter told Bloomberg. It's unknown whether it will exist within Apple Pay or launch as a standalone app, but it may roll out in Apple's upcoming software update.

**Key context:** Software point-of-sale (softPOS) offerings let merchants accept contactless payments using near field communication (NFC) technology on smartphones and tablets without additional hardware. But softPOS solutions typically run on Android operating systems: Apple restricts third-party payment players from using its NFC technology.

That means if merchants want to accept payments using an iPhone, they need to use a mobile point-of-sale (mPOS) product. These solutions generally run on an app and connect to the device via a dongle, register, or Bluetooth. **Block** (formerly Square) was a pioneer in the mPOS space.

**How we got here:** In 2020, Apple acquired softPOS startup **Mobeewave** for an estimated **\$100 million**. Mobeewave had worked with **Samsung** to develop its own softPOS solution—so we expected Apple would use the acquisition to do the same.

**Apple's opportunities:** The solution would be Apple's first merchant-facing payments product, which could open a new revenue stream and fuel its broader payments ambitions.

**It could bring a new customer base to Apple and help it expand wallet acceptance.**

- Small businesses (a previously untapped market for Apple) would likely be interested in the offering because it would let them accept contactless payments without incurring additional hardware costs.
- This would let Apple capitalize on non-Apple Pay transactions. And bringing small businesses into its ecosystem might also help Apple encourage this base to accept Apple Pay, in turn growing wallet spending.

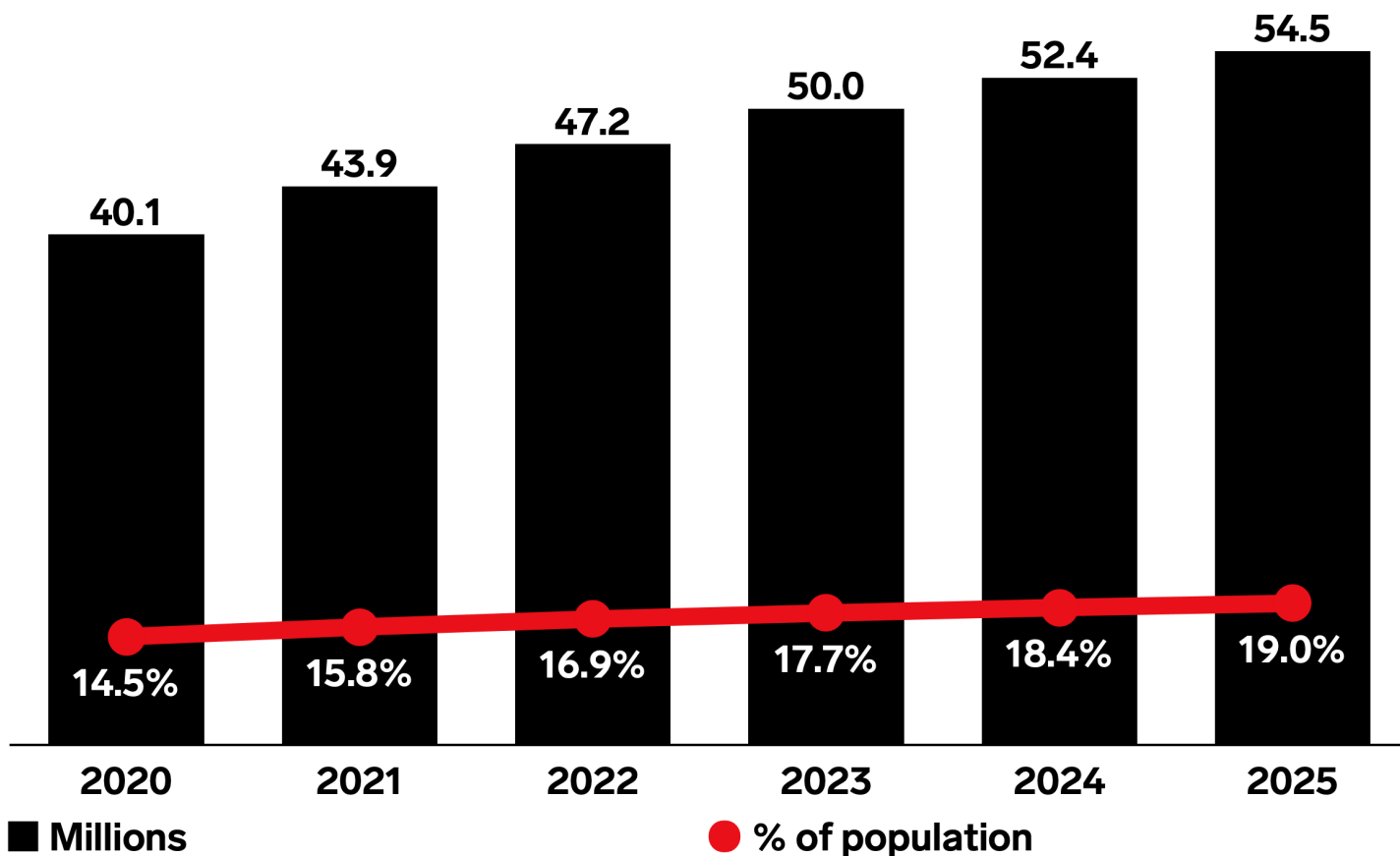
**Apple could steal volume from mPOS players.**

- A softPOS solution might minimize the need for products like Block's card reader because shops could accept payments directly on their iPhones. That's bad news for mPOS players vying for a larger slice of the **in-person payments market, which is expected to hit \$6.434 trillion** this year, per Insider Intelligence forecasts.
- But Block and Clover have been so successful in part because they offer a wide range of business tools beyond their card readers. So to increase its competitive standing in the long term, Apple may need to offer business management solutions.

**Go deeper:** Check out the Mobile section of our "[Payments Ecosystem](#)" report to learn more about mPOS and the emergence of softPOS.

# Apple Pay Users and Penetration

US, 2020–2025



*Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past 6 months using Apple Pay. A proximity mobile payment is a point-of-sale (POS) transaction made by using a mobile device as a payment method. Includes scanning, tapping, or swiping a mobile device at the POS to complete transaction; excludes purchases of digital goods on mobile devices, purchases made remotely on mobile devices that are delivered later on, and transactions made via tablets.*

*Source: eMarketer, March 2021*

*Methodology: Estimates are based on the analysis of the market presence of major mobile payment players; estimates from other research firms; and consumer smartphone, mobile payment adoption, and retail spending trends.*

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