



Apple Pay coming to the UK: industry reaction

Apple announced this week that Apple Pay will be introduced to the UK market in July, but what do retailers, payments companies, vendors and industry consultants think of the move?

Retailers in the UK will offer customers the chance to make transactions using Apple Pay for the first time, next month, after Apple revealed that Britain will be the second international market after the US to use the technology.

In stores, customers will be able to transact by holding their iPhone near a contactless reader while keeping a finger on the Touch ID. Alternatively Apple Watch owners will have a chance to make a payment by double clicking the side button of their device and holding the face up to the contactless reader.

For some retailers, such as Ocado and Zara, Apple Pay will be embedded in apps to ensure consumers do not have to fill out their personal details every time they make a purchase on their mobile device.

Senior executives at the likes of Marks & Spencer (M&S) and Spar have indicated they will be among the early adopters due to their previous investment in contactless technology infrastructure, with M&S CEO Marc Bolland even adding his name to the Apple press release announcing the UK launch. Industry reaction has been positive overall, with retailers, payment companies and consultants alike quick to discuss the benefits.

Essential Retail has gathered together opinions from all sides of the retail technology ecosystem, to assess the potential impact of the launch of Apple Pay in the UK.

What the retailers say:

Spar UK managing director **Debbie Robinson** said: "Apple Pay will offer huge benefits to our customers and retailers. It is perfect for high value purchases at our forecourt garages and larger convenience stores; it will also appeal to busy shoppers doing their top-up shopping at Spar stores up and down the country.

"Apple Pay meets all of our customer requirements, including increased security and privacy. It also offers our Spar retailers huge benefits such as increased footfall, improved customer service and faster transactions in-store."

Lawrence Hene, retail director at Ocado, commented: "Our customers love the convenience of checking out their grocery shop in just a few taps using our Ocado 'On the Go' iPad & iPhone apps, and Apple Pay will allow us to offer an even more convenient, secure and private way to shop.

"We're excited to once again be pioneering new technology and we're expecting our customers to welcome Apple Pay with open arms."

Julia Monro, group head of social media and PR at Pret a Manger, took to Twitter to confirm that her organisation will be among the first companies to offer Apple Pay to its customers, saying: "Looking forward to paying for my @Pret lunch with my watch next month."

What the payments world says:

Jeremy Nicholds, executive director of mobile at **Visa Europe**, remarked: "Contactless payments are already widely embraced by millions of Visa cardholders across the country every day, so adding the simplicity and convenience of Apple Pay will catapult mobile payments into the mainstream.

"If people leave the house with one item, it's their mobile phone – we've worked alongside Apple and the various banks involved to give customers a really seamless and exciting new payment experience through Apple Pay, so they have new ways to use their favourite Visa cards on the go and when shopping in the apps they love."

Mark Barnett, president of **Mastercard** UK & Ireland, added: "Apple Pay, combined with MasterCard's digital payments technology, gives consumers a simple, convenient and secure way to shop.

"MasterCard was first in the world to offer contactless and mobile payment solutions, and Britons have rapidly adopted tap and pay behaviour. In the UK, we make more than ten contactless payments every second, and on Transport for London (TfL) alone, commuters tap to pay over one million times a day. With this clear shift in payment preference so strongly embedded, we are excited that MasterCard cardholders will soon be able to make payments from some of their Apple devices, knowing that every purchase is secure and offers all the same guarantees and benefits they've come to expect from using their MasterCard."

Dave Hobday, managing director of **Worldpay UK**, noted: "For Worldpay, the roll out of Apple Pay in the UK is an exciting step in the evolution of contactless payments and heralds the future of retail.

"Apple Pay is essential for swiftly bringing secure and private mobile payments at scale to the high street, providing shoppers with yet another quick and easy alternative to cash. Retailers who fail to adopt this new technology will quickly lose out to their savvier rivals."

A mobile industry opinion:

Claire Maslen, head of financial services at mobile operators association the **GSMA**, commented: "For many years operators have been touting mobile phones as the remote control to your life and maybe now with Apple Pay coming to the UK later this year, we are one step closer.

"Apple Pay will launch with a solid portfolio of many of the UK's banks, with more to come in the autumn. The contactless acceptance landscape in the UK is ripe for solid activity and it will be interesting to see the acquisition figures in coming months – is Apple Pay enough to switch users to iOS from their Android or BB devices? Perhaps more interesting to see will be the draw on the banking switch – in the UK more people get divorced than switch bank account, but will their proposed marriage to Apple Pay be enough to make consumers make the switch for banks not yet participating?"

"Apple have a history of making different technologies, the 'must have' and mobile payments will be no exception. This move with so many launch partners, is hugely positive for the industry."

A technology viewpoint:

Craig Bevan, managing director of Retail UK & Ireland at **Wincor Nixdorf**, said: "Apple Pay's launch in the UK is an exciting move by the company and sends out a clear signal to competitors. However, the reality is it's just the latest in a long line of ways for consumers to pay for goods and services.

"What's significant is that it gives retailers another channel to engage with today's device-driven consumer which can only positively impact the shopping experience in-store. That said the real challenge for retailers is to ensure that all channels work together seamlessly. If they don't provide the much-needed consistent experience that customers have come to expect, they will just walk away."

And the consultant:

Mark McMurtrie, director of the **Payments Consultancy**, told *Essential Retail* that Apple Pay is "yet another reason" for UK retailers to make an investment in contactless payment infrastructure.

"Those retailers, such as M&S, Boots, Waitrose and TFL, who have already invested in contactless are set to be the first to reap the benefits, while businesses that haven't yet made the commitment should now be looking to accelerate their installation of contactless NFC readers," he explained.

"Retailers will likely rapidly see that Apple Pay users are high-end and profitable customers, but ultimately offering this new mobile payment service comes down to providing consumers with maximum choice, with Apple Pay being just one of a number of payment options that should be offered to shoppers."

Apple says that security and privacy have been key factors in the development of the Apple Pay service. When adding a credit or debit card, the actual card numbers are not stored on the device, nor on Apple servers. Instead, a unique device account number is assigned, encrypted and securely stored in the Secure Element on the consumer's device, with each transaction authorised with a one-time unique dynamic security code.

Apple Pay will support UK credit and debit cards from American Express, MasterCard and Visa Europe, issued by banks including first direct, HSBC, NatWest, Nationwide Building Society, Royal Bank of Scotland, Santander and Ulster Bank. Other major issuing banks will follow in the autumn, including Bank of Scotland, Coutts, Halifax, Lloyds Bank, MBNA, M&S Bank and TSB Bank.