

connect22

The Rise of OEM Mobile Wallets

CONFIDENTIAL

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Terminology

«**OEM Pay**» = mobile payment services provided by smartphone makers and other original equipment manufacturers such as:



SAMSUNG
pay



«**OEM Wallet**» = mobile wallet services provided by smartphone makers and other original equipment manufacturers such as:



Wallet



Google Wallet



Samsung Wallet



Wallet



Mi (Xiaomi) Wallet

My personal retrospective on contactless card + mobile payment



2009

My first MasterCard PayPass contactless card transaction in Germany



2012

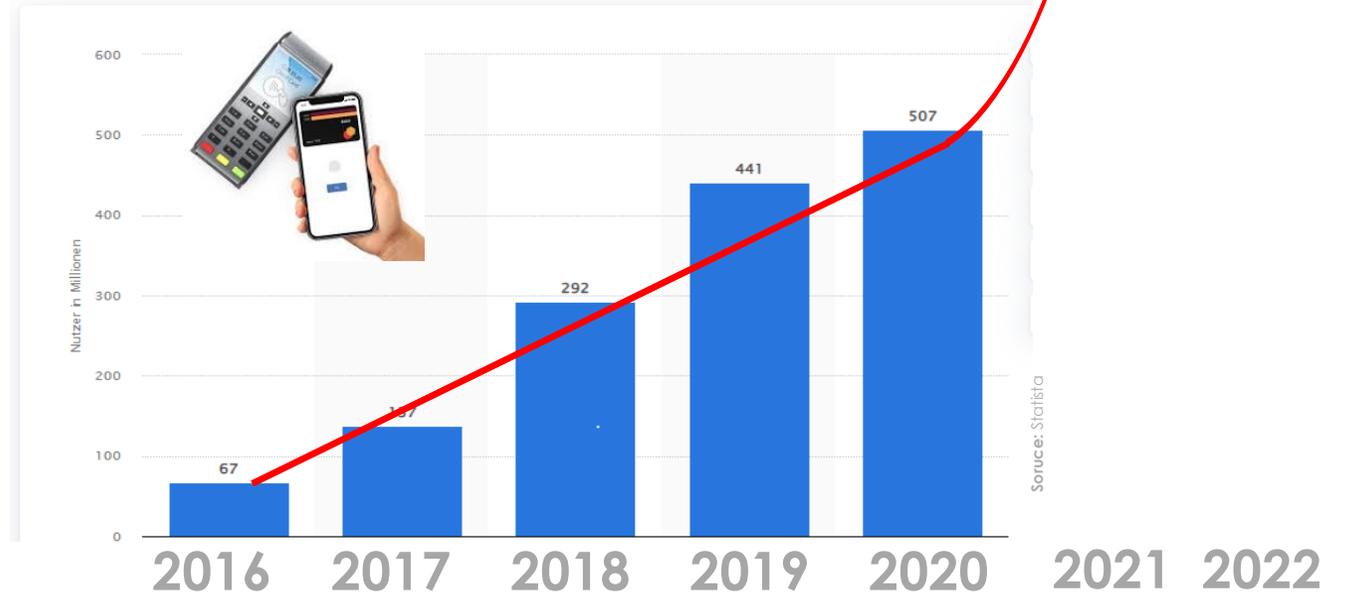
My first mobile Apple Pay transaction in UK



2013

My first mobile Apple Pay transaction in my home town

Schätzung zur Anzahl der Nutzer von Apple Pay weltweit (in Millionen)

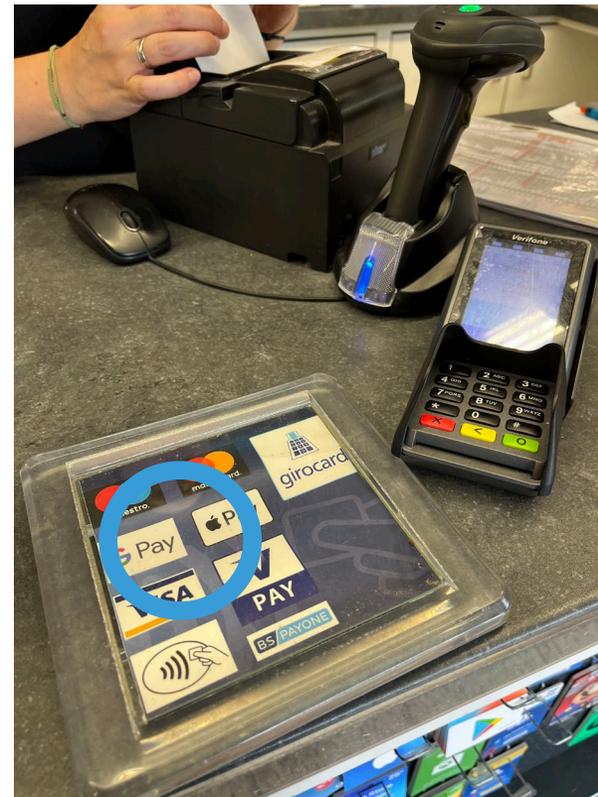


Continuous impressive growth in Apple Pay users worldwide (*Statista 2022)

COVID boosts uptake of contactless and Mobile payment dramatically

OEM Pay Payment now ubiquitous ..

.. even in my village, and even at the bakery !



OEM Pay Payment now ubiquitous ..

.. and it is not only Apple Pay. GPay and Samsung Pay are on the rise worldwide too

2020 [Mastercard study of payment trends at physical merchants 2020](#)

- “**76%** have made contactless payments more often than before **in the past six months** and almost every second person (44%) always, if possible.
- The card is the first choice for contactless payments, with 88% preferring to pay with it.
- As many as **12% prefer to use their smartphone** or smartwatch for contactless payment, and among **18-29** year olds it is already more than one in five (**22%**).”

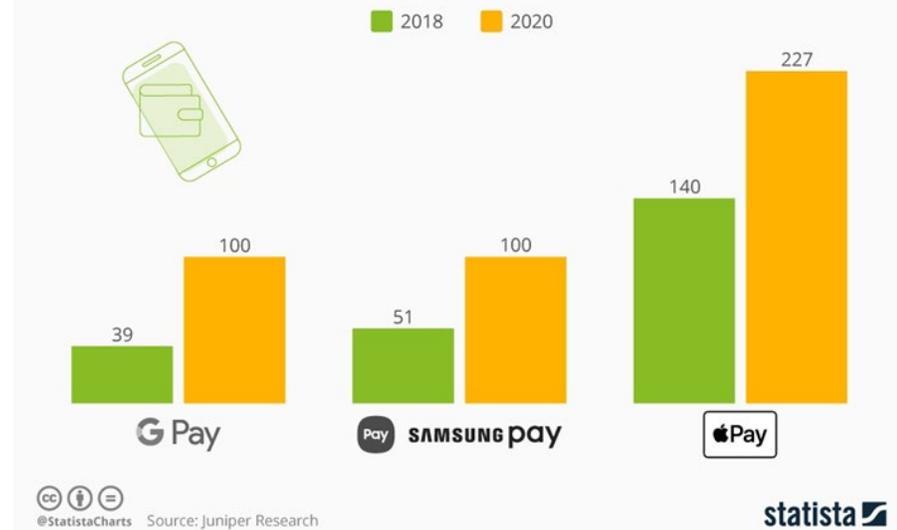
2021 [Mastercard study of payment trends in Germany 2021](#)

- “The high level of acceptance and use of mobile payment is **remarkable**...
- **23% have paid with their smartphone** or smartwatch in the last 12 months, among **18-29** year olds it was already one in three (**33%**). Another **17% are open to mobile payment** and want to try it out.
- Mobile payment users in Germany most frequently use **Google Pay (34%)** or **Apple Pay (32%)**. 16% prefer the mobile payment app of their bank or savings bank. Apple Pay (41%) is used most frequently among 18-29 year olds.”

=> OEM Pay is today a commonly accepted payment method

Digital Wallet Users Could Double by 2020

Estimated number of digital wallet users worldwide (in millions)



Apple has added Access Card support to Apple Wallet

- a similar rise in usage as with Payment is predicted



Image Credits: Apple

Hotel Room Key



Image Credits: Apple

Residential Key

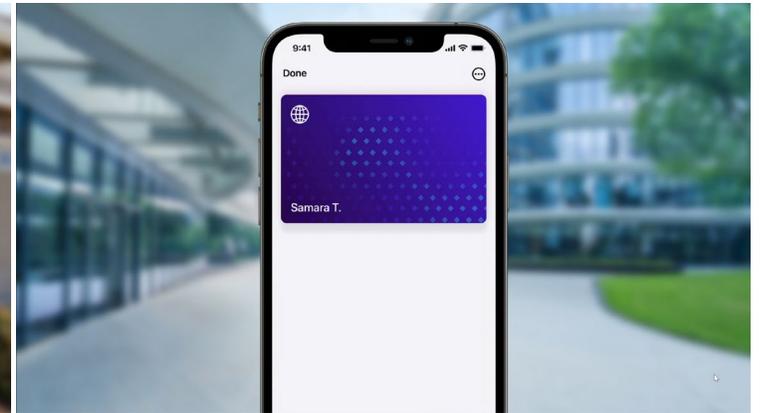


Image Credits: Apple

Corporate Badge

- Apple officially announced at the June 2021 WWDC keynote the addition of support for multiple types of **Access Cards** in Apple Wallet.
- We will get an update from **Darien Long** from dormakaba lodging Americas on the interest level of hotel chains for Apple Wallet later

Apple announced New Features for Access at WWDC '22



Wallet

Features

Key sharing

Multi-stay hotel passes

Web provisioning

Easy provisioning

Post-provisioning credential updates

Reader-initiated provisioning





Wallet

LEGIC continues to be a prioritized Apple Access Partner

Grid of logos including: THE UNIVERSITY OF ALABAMA, SCHLAGE, NOBU HOTELS, WaveLynx, LEGIC, ASSA ABLOY Global Solutions, IA, Evergreen, ALERT ENTERPRISE, dormakaba, GENESIS, ZEEKR, THE UNIVERSITY OF TENNESSEE KNOXVILLE, SALTO, swiftConnect, BMW, UF UNIVERSITY OF FLORIDA, Verkada, BYD, touchnet, LOTUS, vmware, UNIVERSITY OF SAN FRANCISCO, WORLD OF HYATT, Aqara, KIA, LATCH, LENEL S2, VOLVO, brivo, alliants, HID, Yale, CQ CLUB QUARTERS HOTELS, HYUNDAI, GWM, SILVERSTEIN PROPERTIES, ALLEGION, KASTLE SYSTEMS, Duke, WALT DISNEY World, VANDERBILT UNIVERSITY, Blackstone, jamf, safetrust, itc SYSTEMS, TRANSACT, PennState, atrium, cbord, level, PURDUE UNIVERSITY, wework, KENNESAW STATE UNIVERSITY.

So why do we anticipate the Rise of OEM Wallets in Access Control similar to the rise we've seen with Mobile Payment ?

End Users ...

- have got used to using OEM Wallets for contactless payments, boarding passes, tickets , etc. etc.
- like the simple tap & go user experience as well as Apple Express Mode and Power Reserve
- like the integration with other services on the smartphone, e.g. Apple's Find My app and iCloud.com to remotely put their device in Lost Mode suspending all Wallet cards/passes
- are lazy and don't really want to download multiple apps which they have to get familiar with. They are already familiar with their OEM Wallet
- trust the OEMs Apple and Google and much prefer their wallets to those of the device manufacturer (Samsung, Huawei, etc.)

Application Providers ...

- want to offer solutions which their users are demanding
- want to be able to address an existing huge market of OEM Wallet users (approx. 1000 Million)
- prefer not to have the hassle of developing and maintaining their own mobile apps

Corporations ...

- are managed by decision makers who are also OEM Wallet users and have themselves adopted Wallets
- include banks, Mobile Network Operators and car manufacturers who already integrate to the OEMs for payment, digital car keys, etc.
- want to offer the best user experience for their users. One example is **Hyatt Corporation**

So why do we anticipate the Rise of OEM Wallets in Access Control similar to the rise we've seen with Mobile Payment ?

Wall Street Journal Article from Aug 24, 2022 Using Your Phone as a Hotel Key Is Great Until It Isn't

...

Hyatt Hotels Corp. and Apple Inc. think they have the answer to making digital keys easier to use. Late last year, the two companies paired up to allow guests at six U.S. Hyatt hotels to add room keys to the wallet on their iPhone or Apple Watch. It has since expanded to 79 hotels and resorts.

Benjamin Weiss, vice president of product management at Hyatt, says a crucial difference between using the digital key in the Apple Wallet versus the hotel app is fewer steps to activate it. He cited guest frustration with elevator access as a key impetus for the switch.

“We needed to make the process of actually using the key really, crazy fast,” he says.

The key in the Apple Wallet is activated simply by flashing the phone or Apple Watch near the reader in the elevator or outside the room as long as the devices are in Express Mode. That reduces the time to access the room to one to two seconds, down from about 15 seconds, he says. It even works for several hours after the phone dies [thanks to Power Reserve], the companies say.

Comparison 3rd Party App vs Apple Wallet for End Users

COMPARISON	3rd Party App	Apple Wallet
Nr. of steps to select a card	At least 1 step to select a card in app	0 steps if Express Mode* is configured 

* Put simply, Apple retains control over features which are not available to 3rd party apps

Comparison Own App vs Apple Wallet for Corporations introducing Mobile Access

COMPARISON	3rd Party App	Apple Wallet
Cost	Application/app Provider only cost 	Higher as Apple expects additional fee per card p.a.

Now also Google have launched Google Wallet with larger ambitions than before



Image Credit: Google

- Google officially announced Google Wallet on May 11, 2022, at the 2022 Google I/O keynote.
- The app began rolling out on Android smartphones on July 18, replacing the Google Pay app in 40 countries worldwide and co-existing with the Google Pay app in the U.S.
- That's >100 M users worldwide
- The wallet will be a container for users to store their payment and non-payment assets

LEGIC's cooperation with Google

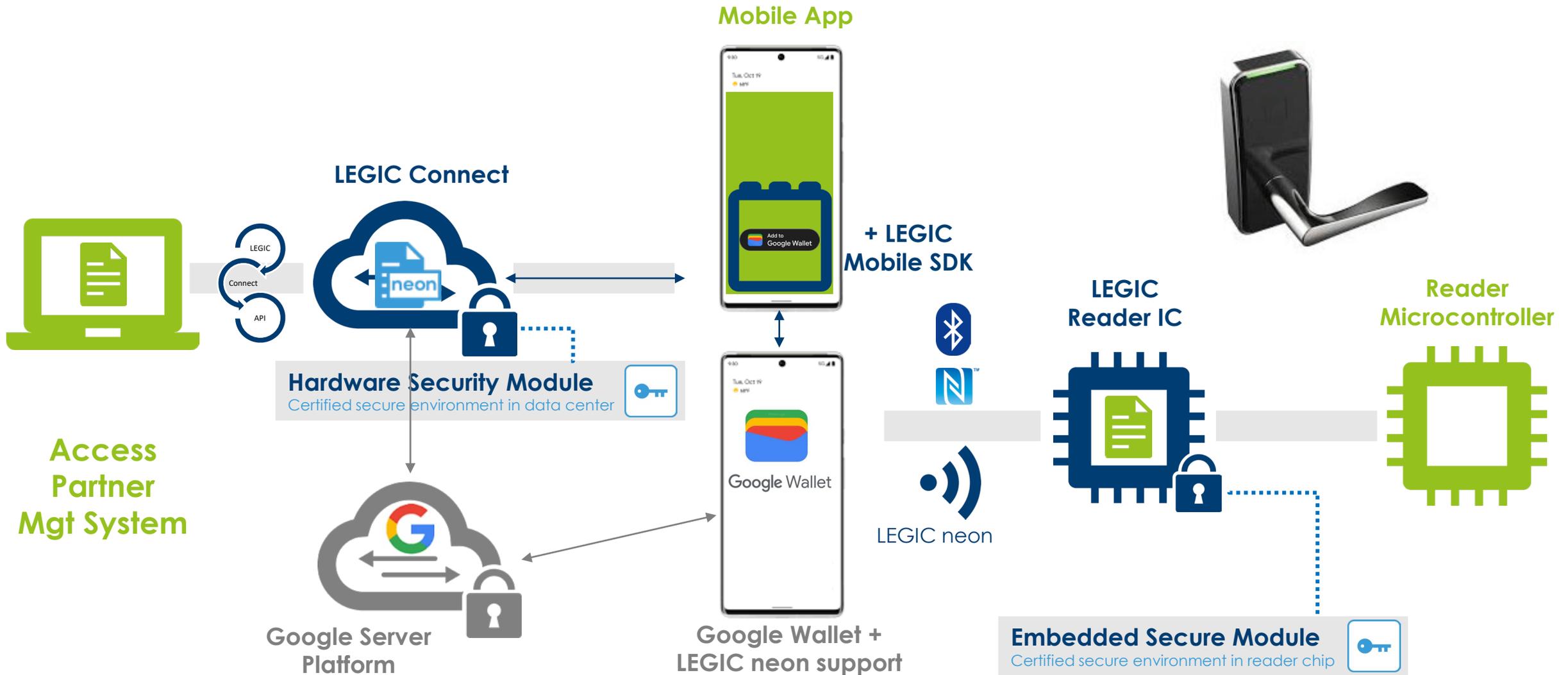


“LEGIC’s goal is to ensure that we are in a **leading position** to be able to offer our **existing and new partners** in **Access Control** and other business areas an easy-to-integrate trusted service to deliver the partner’s mobile credentials to Google Wallet.”

To this end, LEGIC is planning an enhancement to our **LEGIC Connect** Trusted Service to do exactly this

LEGIC's cooperation with Google

- How it is planned to work



LEGIC's cooperation with Google



To tell you more about the new Google Wallet and to explain why they believe the use of Google Wallet will rise beyond expectations, I'd like to introduce you to

Lucyna Janas

- Head of Partnerships for Google Wallet

Michael Hill

- Global Product lead , Access on Google Wallet and Android Integrations

Thank you!

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