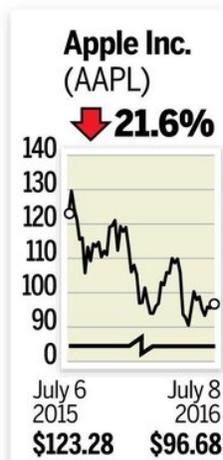


Investment Trends (Article Link)

Opportunities arise as mobile payments proliferate

By: [Kathleen Gallagher of the Journal Sentinel](#)

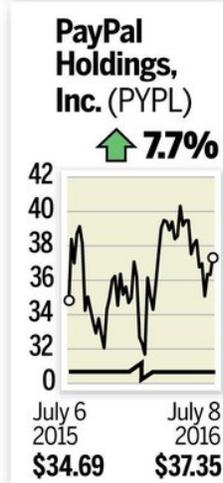
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With the growth of connected devices has come another fast-emerging trend: mobile payments.

PayPal, Venmo, Apple Pay, Square Cash, Google Wallet, Visa Checkout, Walmart Pay and many more competitors offer ways for consumers to make purchases, pay bills, and send or receive money using a web browser, text message or smartphone app. There is even a service, called clearXchange, that allows customers of participating banks to send funds via email or a mobile phone number to another person in the network.

Not everyone is jumping on the trend. Mobile payments are more likely to be used by millennials or generation Xers — mostly people who are under the age of 50, according to a [survey released in May](#) by The Pew Charitable Trusts.



However, the number of mobile payment users is growing, said Ben Van Handel, investment analyst at North Star Asset Management in Menasha.

U.S. consumers made about 9% of their e-commerce purchases on a mobile device in 2013, Van Handel said. That figure has grown to about 19% today, he said.

Survey respondents identified ease, speed and convenience as the primary reasons for using online payment systems, according to a report by the FICO software company of San Jose, Calif.

Some companies are poised to benefit from the rise in mobile payments.

[PayPal Holdings Inc.](#) (PYPL), San Jose, Calif., enables digital and mobile payments on behalf of consumers and merchants worldwide.

PayPal's goal is to "democratize the management and movement of money," [CEO Dan Schulman has said](#). It is aiming to do that by continuing to develop an open platform where customers can use any medium to make payments anywhere, Van Handel said.

Originally started for online shopping in the late 1990s, PayPal has 170 million users around the world. It allows customers to log in to make payments, without having to provide credit card or bank account numbers to the retailer. The company in 2013 made a big move into mobile transactions with its [acquisition of Chicago-based Braintree](#), parent company of Venmo, Van Handel said.

Venmo has had "viral growth," particularly on college campuses where students use it, rather than checkbooks, to pay rent, cover bar tabs and send money to each other, he said.

"PayPal is the only competitor in the payments area that started online and now is doubling down on its focus on mobile payments," Van Handel said.

The biggest risk here is the pocketbooks of PayPal's competitors, he said. Visa CEO Charlie Scharf, for example, has said many times that [his company intends to compete fiercely with PayPal](#), particularly because of the way the San Jose company encourages users to fund PayPal accounts with their bank accounts rather than with debit or credit cards.

"Visa, Apple Pay, Android Pay — they're all trying to solve the mobile payments problem, too," Van Handel said. "They all want to get in and get consumers' mind share."

These shares have a 52-week range of \$30 to \$42.55. They could reach as high as \$40 in the next 12 to 18 months, he said.

[Apple Inc.](#) (AAPL), Cupertino, Calif., makes mobile phones and other technologies.

Apple Pay struggled when it came out in 2014 because users needed to have an iPhone 6 and retailers needed to activate the near field communication chip in their terminals, Van Handel said. But now Apple Pay is gaining traction, he said.

Apple users on average earned \$85,000 a year, vs. \$61,000 a year for Android users, according to a [2014 report by Comscore](#). They also spend 45% more on apps than Android users, Van Handel said. As Apple grows its Apple Pay network, it has potential to increase the 0.15% of each transaction it receives from retailers, he said.

The biggest risk here is that Apple Pay, although a hot story, may not be able to have a big impact on its parent company's bottom line, Van Handel said.

These shares have a 52-week range of \$89.47 to \$132.97. They could reach as high as \$145 in the next 12 to 18 months, he said.



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