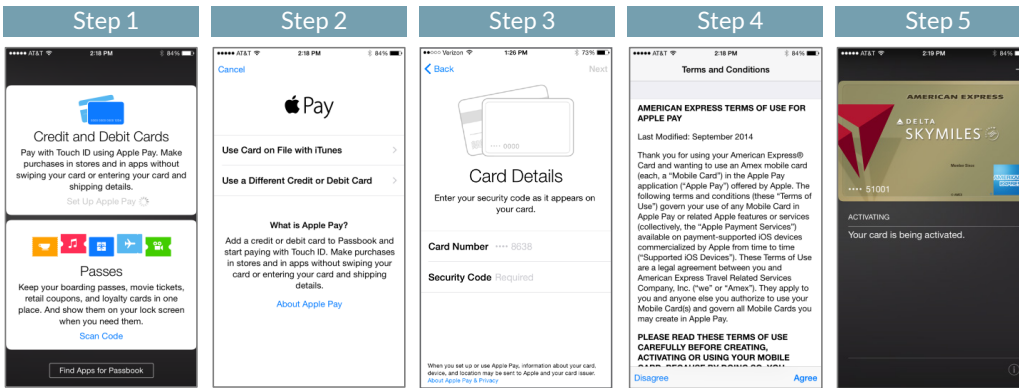


# Tracking Apple Pay: October 21, 2014 Update, The Launch

**Overview:** With great anticipation, Apple Pay launched Monday, October 20th with a number of high profile bank and merchant partners. First Annapolis conducted a number of transactions with the following observations.

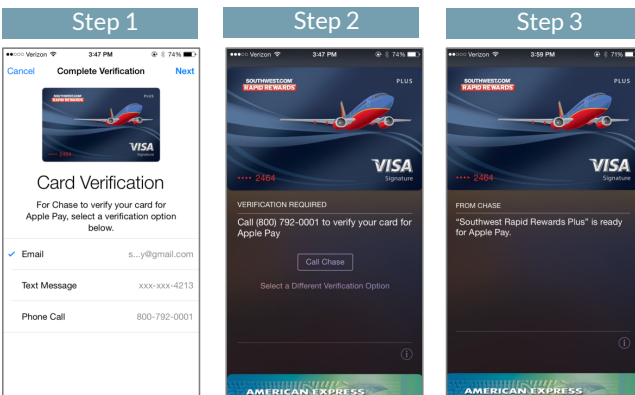
## Sign-up via iTunes: Easy and Simple



## Observations

- Sign-up and adding a card with a stored iTunes account is a quick and easy process.
- Users simply:
  1. Open Passbook and select add a new card.
  2. Select, "Use a Card on File with iTunes."
  3. Enter the card security code
  4. Review and agree to Terms and Conditions.
  5. Wait for verification.
- After these steps the card was ready for transactions.

## Sign-up By Adding A New Card: Mixed Results



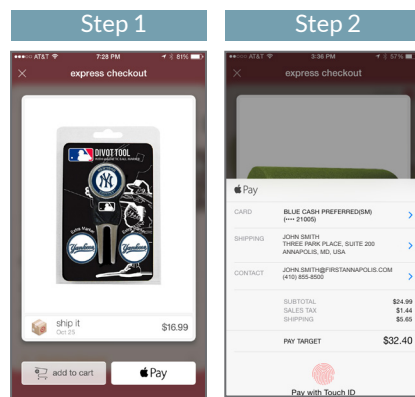
## Observations

- For some, loading cards is as easy as using the camera and entering the card security code. (The camera did not work for cards with etched numbering)
- At the same issuer, other card holders were prompted to verify the account (via email, text, or phone call) indicating issuers appear to be using risk scoring.
- Verification can be lengthy, with several users prompted to call customer service and asked to provide a full social security number and verify several past addresses; call time was in excess of 10 minutes.
- Users with unsupported cards receive a message prompting them to contact their issuing bank directly; they can also see supported issuers. Early reactions on social media (e.g., Twitter) have been negative for these issuers.
- Users attempting to load a card not in their name receive a similar message.

## In-App Transactions: Fast and Convenient

### Observations

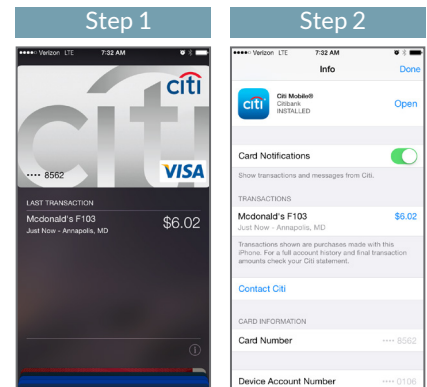
- Apple Pay is incorporated directly on the product page, making individual item purchasing easy and simple.
- Payment for individual items from a product page worked seamlessly.
- In some observed apps however, Apple Pay was not a payment option for items grouped together in the regular checkout process.



## In-Store Transactions: Technology Works Well, Human Element Needs Help

### Observations

- The technology works very well, all transactions that were properly initiated went through.
- Signature and PIN entry was required in several transactions.
- Some store clerks at merchant locations were unfamiliar with Apple Pay, creating awkward interactions.



For more perspective on these topics and others, please contact:

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Source: Apple.com, Apple announcements, and First Annapolis Consulting research.