

## Apple's new Passbook: Is it the next digital wallet?

Almost exactly a year after Google unveiled Google Wallet, Apple unveiled what it calls Passbook, a feature that will consolidate merchant offers, tickets, and boarding passes. Right now, the two products have very little in common, but that has not stopped bloggers far and wide from speculating that Passbook could become the killer digital wallet of the future.

The little that's known for certain about Passbook is what was said earlier this month at Apple's Worldwide Developers Conference in San Francisco, where 5,000-plus hardware and software engineers were introduced to coming attractions in Apple's world. The headline grabbers at the show were the description of MacBook Pro with Retina Display and the litany of new features to be available in iOS 6, due out in the fall.

Buried deep in the all-important WWDC 2012 keynote presentation (which you can view on YouTube; see below), Scott Forstall, senior vice-president for iOS software, describes and demonstrates Passbook. He only takes maybe three minutes total for what he calls "a brand new app," but that's par for the course with Apple. The web page that Apple uses to talk about Passbook is only a paragraph long, summarizing this new offering like so: "No more hunting through your wallet searching for gift cards, coupons, passes, or tickets. Passbook keeps everything organized—and handy."

Forstall expands on this somewhat. "There are a lot of really great apps in [Apple's] App Store and they are starting to put passes, boarding passes, and tickets into the apps," he says.

"This is great but the problem is, when you get to the movie theater or to the airport, you have to fumble around to find the app and then find the ticket or the pass within the app. Passbook takes all of those passes and combines them together in one place, and integrates it right into the [operating system]," he continues.

In the demonstration, illustrations show what the iPhone screen would display if such merchants as Target, Starbucks, United Airlines, Amtrak, and W hotels were to participate. However, Apple hasn't provided specifics about how any particular merchant could participate.

One interesting tidbit in the demonstration shows how a Starbucks pass would display on the iPhone, showing the customer's balance and how it would be updated automatically as the customer buys coffee. However, it's clear that the money transaction is strictly between Starbucks and the customer, with Apple out of that end of it.

The other interesting feature of Passbook is that it is geographically aware. It will automatically alert the user to nearby merchants that have offerings the user would be interested in, or tell the user where the actual airline gate is for the flight on his or her boarding pass.

"So that is Passbook, a way to get all of your passes and tickets in one place," Forstall concludes.

[If you don't want to wade through the entire two-hour keynote address at the YouTube site listed below, slide over to about the 1:33 mark. You might want to take in the opening portion, though. Apple's disembodied know-it-all, Siri, warms up the crowd with the deadest of dead-pan jokes. It's pretty amusing.]

While those are the facts, the speculation is just starting as one blogger after another weighs in. Here's a sampling:

- “We’ve been waiting for Apple to announce an NFC solution to take advantage of the 400 million credit cards it stores in iTunes for its customers. Perhaps Passbook is the first step in that direction. It wouldn’t take much to add credit cards to Passbook, then enable secure transfer of the track data using an NFC-equipped phone,” says David Dorf on the Oracle Blog.
- “Passbook will certainly make the QR-code-based stubs more user-friendly, while also increasing awareness among folks who continue to opt for paper while doubting the usability and authenticity of a digital counterpart,” says Zach Honig, of Engadget.
- “No observer would accuse Apple of rushing into mobile payments, despite its huge smart phone mindshare lead...The key app is called Passbook and it is, for all practical purposes, a digital wallet,” says Tom Goldsmith, of the Electronic Transactions Association.
- “The tight tethering between the iPhone’s hardware and software may make Apple the only company with the luxury of time to build a payment platform. Most iPhone users have handed their credit card information to Apple to make purchases through at least one of the company’s online stores...But the genius of Passbook is that it isn’t stopping there. It is looking so far beyond the credit card that it’s launching without any form of payments system in place, forgoing the credit card (for now) to grab control of the rest of the wallet,” says Nathaniel Mott of PandoDaily.
- “If Apple could make a hypothetical Passbook system as affordable to merchants as using and processing traditional credit card transactions—or even cheaper—it could get retailers pounding on its doors,” says Geoff Duncan of Digital Trends.

The surest conclusions out of all of this are that Apple has the capability to enter the digital wallet field and that Passbook is seen as the logical first step. As more information comes out of the Cupertino, Calif.-based giant, particularly as iOS 6 rolls out fully, everybody will have even more to speculate about.

##

Sources used in this article include:

Apple Special Event June 11, 2012

Passbook. Just the ticket. And the boarding pass, card, and coupon

Could Apple’s Passbook become a true digital wallet?

## The Apple Passbook

Apple demos Passbook, a one-stop shop for tickets and boarding passes

Apple's Passbook Already Has Your Credit Card, and the Rest of the Wallet Will Follow

Apple's Roadmap for Mobile Payments?

### About the Author

John Ginovsky is contributing editor of ABA Banking Journal and editor of the publication's TechTopics e-newsletter. For more than two decades he has written about the commercial banking industry. In particular, he's specialized in the technological side of banking and how it relates to the actual business of banking. He previously was senior editor for Community Banker magazine (which merged with ABA Banking Journal) and was a staff writer for ABA's Bankers News. You can email him at [jginovsky@sbspub.com](mailto:jginovsky@sbspub.com)

