

THE WALL STREET JOURNAL.

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TECH

Amazon Pay Accepted Here? Web Giant Aims to Put Digital Wallet in Stores

Amazon is looking to start by working with gas stations, restaurants and other merchants that aren't its direct competitors



Amazon Pay might be coming to your favorite gas station or restaurant: A customer at the Amazon 4-star store in New York City's Soho area paid using the Amazon app. PHOTO: MARY ALTAFER/ASSOCIATED PRESS

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Nov. 21, 2018 5:40 a.m. ET

Amazon.com Inc. [AMZN -0.97% ▼](#) is gearing up to challenge Apple Inc. in the mobile-payments race.

The e-commerce giant is working to persuade brick-and-mortar merchants to accept its Amazon Pay digital wallet, according to people familiar with the matter, attempting to expand a service now used primarily for purchases online.

To start, the company is looking to work with gas stations, restaurants and other merchants that aren't direct competitors, a person familiar with the matter said. Retailers that view Amazon as a threat could resist the effort, the people said.

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The push to become a bigger player in consumer payments shows Amazon's desire to further integrate itself into the lives of its customers. It isn't clear exactly how customers would use Amazon Pay in stores: They could tap their phones at checkout, much the same way they use Apple Pay, or scan a code on their phones, among other options. Apple says Apple Pay was accepted at more than

five million in-store locations in the U.S. as of May, and the number of

merchants accepting its wallet is growing.

U.S. consumers have been slow to adopt digital wallets, which were responsible for less than 1% of all U.S. card transactions last year, according to the Nilson Report. Amazon is looking to Asia, where digital wallets and mobile-payment apps like Alipay and WeChat Pay are commonly used. Amazon executives want to gobble up the U.S. market while the competition remains fairly minimal, according to people familiar with their thinking.

An Amazon spokeswoman declined to comment.

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Consumers typically upload their debit or credit card account to a digital wallet, and click the wallet tab on a merchant's website to make an online payment. With wallets capable of in-store payments, consumers hold a phone above a contactless checkout terminal to transmit the card information. Merchants that accept wallets generally don't pay additional fees beyond what they pay for card payments.

Amazon is offering incentives such as lower payment-processing fees or marketing services to entice merchants to accept its digital wallet, according to people familiar with the matter.

Lower payment-processing costs could be a convincing pitch. Rising interchange, or swipe, fees, account for a big chunk of those costs and are a point of tension between retailers and credit-card companies. Card networks including Visa Inc. and Mastercard Inc. set the fees, which merchants pay to banks and other issuers when consumers use their cards to shop.

Currently, shoppers can use their Amazon accounts to check out at a small number of Amazon's brick-and-mortar locations, such as Amazon Go and its bookstores, and a growing number of online merchants accept Amazon Pay, its third-party service. Amazon Pay stores credit- and debit-card numbers, allowing shoppers to skip the step of typing in their account information at checkout and making them more likely to complete purchases.

During the 12 months through March 2018, some 14% of U.S. online shoppers used Amazon Pay outside of Amazon.com to make at least one online or mobile payment, down slightly from a year earlier, according to a survey from Bernstein Research.

Amazon has been exploring ways to get customers to use Amazon Pay at Whole Foods, the grocery chain it purchased in 2017, The Wall Street Journal reported earlier this year.

Amazon also is working to make Alexa, its virtual assistant, an in-store payments platform, people familiar with the matter said. For example, a customer paying for gas could tell the Alexa voice assistant in the car to use Amazon Pay.

With Amazon Go stores in Seattle, Chicago and San Francisco, Amazon has introduced a concrete version of what it calls "just walk out" shopping using phones. Customers scan an app-generated code as they go through turnstiles, cameras track what they pick up throughout the store, and they can walk out without stopping to pay. The store automatically charges them.

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