

MONEYWISE

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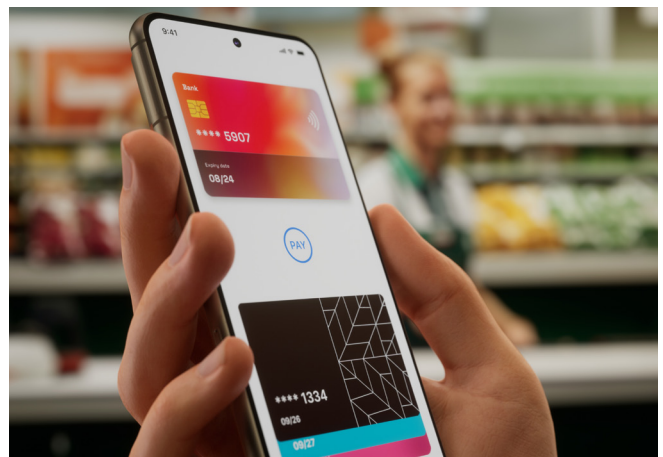
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THIS MONTH'S TOPIC: SAFER SPENDING WITH DIGITAL WALLETS

Digital wallets can protect your money, keeping it safer than cash or debit cards alone. In this article we will cover what a digital wallet is, how it can make purchasing more convenient, and how it can safeguard your money.

WHAT IS A DIGITAL WALLET?

Digital wallets are a form of contactless payments. This means that you do not need your card with you. They offer options to digitally store your credit or debit card payments. This then allows consumers to use technology, such as a smartphone or smartwatch, to conveniently make purchases. Some examples include Apple Pay, Google Pay, and Samsung Pay. You may also see other options depending on what type of smart device or operating system you use. Basically, any card you might store in your physical wallet could potentially be turned into information and stored in a digital wallet on your smartphone instead. Once uploaded, anywhere you can tap your card to make a purchase, you can simply tap your smartphone instead. This included almost all major retailers in 2025. Did you forget your purse in the car before walking into the store? No problem! You can just pay with your smartphone!



HOW DO DIGITAL WALLETS WORK?

Digital wallets are made possible through a technology called Near Field Communication (NFC). When two NFC devices are near each other, they generate a small magnetic field that permits the digital exchange of data rather than requiring physical contact between a card and a card reader. Because the field is so small and covers such a small area, it reduces the risk that anyone could intercept the signal. NFC also uses high-level security features like two-factor authentication and encryption. This safeguards user data from unauthorized people or devices. This can make a digital wallet safer than a physical card that can be

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picked up and used by anyone if it is lost or left in a store. Digital wallets can only be used with a smartphone or watch and often require the user to “unlock” the phone or enter a passkey or second level of security, which only the phone owner knows.

ARE DIGITAL WALLETS SAFE?

Digital wallets can reduce the risk of someone picking up your card off the ground. However, can they keep scammers from stealing your digitized card information? Luckily, in addition to the safety of NFC's short-wave signal, when you make purchases with a digital wallet there is another layer of protection. This is called **tokenization**. Through this protection, digital wallets actually never use your real card number to make purchases after you enter the account numbers into the wallet. Instead, they create a “token” version of your card to act as an extra layer of security between you and whoever you are paying. This makes it impossible for a criminal to learn your real card number and run up a series of online

purchases. To stop transactions, all your digital wallet provider needs to do is delete the “token” and create a new one with a new number.

You can use digital wallets for the convenience of never worrying that you forgot your card or for the added security of not sharing your real card number. No matter which reason you choose, digital wallets could be a great new way for consumers to spend more conveniently and safely in the future.

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