

Mobile Payments Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The mobile payments market is expected to grow at a CAGR of 29.5% over the forecast period (2023 - 2028). The stores and services worldwide are rapidly adopting mobile payment applications, such as PayPal, Samsung Pay, Apple Pay, AliPay, and WeChat Pay, to accept and transfer payments. With increasing internet penetration and rapid growth in online retailing, this trend is expected to continue over the forecast period.

Key Highlights

Cash is increasingly being used for payments that are limited to small amounts; for a larger share of payments that involve large amounts, consumers are opting for either card payments, net banking, or mobile payments. According to a survey conducted by payment processor TSYS, which involved 1,222 consumers, 54% of the participants preferred paying via debit cards, 26% chose credit cards, and 14% preferred using cash. This trend is expected to shift toward accepting mobile payments, even for small transactions in recent times.

The smartphone industry's growth can be attributed to the increasing popularity of several critical operating systems, namely Android and iOS. Google's Android is one of the most popular smartphone operating systems globally. The availability of various features in Android phones boosts Android OS's popularity among consumers. Due to the high prevalence of Android, several smartphone manufacturers are adopting it as their operating system. Thus, the increasing demand for and the launch of various Android-based smartphones are expected to drive the growth of the studied market.

According to Ericsson, the number of smartphone subscriptions worldwide surpasses six billion and is expected to grow by several hundred million in the next few years. China, India, and the United States have the highest smartphone users. By 2026, the number of smartphone subscriptions is expected to increase to 7516 million.

Also, according to GSMA, in North America, the number of smartphone subscribers is expected to reach 328 million by 2025. Moreover, by 2025, the region may witness an increase in the penetration rates of mobile subscribers (86%) and the Internet

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(80%). According to GSMA, by 2025, Europe is estimated to register the highest Internet penetration rate (82%) and smartphones (88%).

According to a survey conducted by VISA and MADA, 66% of Saudi respondents have reduced their in-store purchasing since the outbreak of the epidemic, while 48% have increased their online shopping. When they shop in stores, 77% prefer digital payments to cash, with 56% of respondents opting for contactless cards and mobile wallets (60%). The top reasons for their increased preference for digital payments were improved trust in payment system security, speed, convenience, and reduced human touch.

Mobile Payments Market Trends

E-commerce to Drive the Mobile Payments Market

With the increasing number of smartphones worldwide and high-speed cellular networks present in most countries worldwide, the e-commerce industry is growing. With an increase in the E-commerce industry, mobile transactions are also expected to grow rapidly, providing a significant boost to the mobile payments market.

The European e-commerce business has been expanding rapidly, providing exciting potential for online retailers in various industries. France is a key consumer market in Europe and a significant e-commerce market in terms of internet penetration, percentage of e-commerce consumers, and average expenditure. According to the E-commerce Foundation, in 2020, the e-commerce sector in France accounted for 4.79% of the country's GDP. Further, the e-commerce industry was expected to account for 5.19% of GDP in 2021.

The rise of e-commerce and the O2O market has created many scenarios for people to adopt mobile payments in recent years. According to WorldPay, digital/mobile wallet is expected to occupy 60.2% of e-commerce payments by 2024 in the Asia-Pacific region, followed by credit card (16.1%). On the other hand, mobile payment played a crucial role in reducing friction and making on-demand, small-ticket services easily adoptable when they first began to emerge in the region; rapid developments in these sectors, in turn, further drive the uptake in mobile payment usage.

The e-commerce sector in China is expected to register high growth due to the proliferation of mobile payments and key players, such as Alibaba, JD.com, and Tmall. Online payment methods are rising due to the convenience of mobile shopping and increased consumer spending, specifically in smaller cities and rural areas. According to CNNIC, online shoppers grew from 638.8 million in the first half of 2019 to 782.4 million by the end of 2020.

Online retail or e-commerce halted significantly in China due to the global COVID-19 outbreak, leading to a worldwide lockdown. However, online groceries have significantly increased their market presence, as Chinese citizens are urged to stay home and buy groceries online. Also, online grocery retailers are stimulating online buyers to engage in cashless payments as a measure of safety, which is further expected to increase the traction of mobile payments.

North America Holds the Major Share of the Market

The North American region is one of the significant market shareholders in the studied market. Although mobile payments witnessed comparatively slow adoption in the studied period, the COVID-19 pandemic and the boom in e-commerce have largely accelerated it. They have influenced the growth of the studied market ominously in the region.

Mobile payment is expected to gain significant traction in the region, becoming a preferred mode of payment for citizens across the US over the forecast period. For instance, according to Capgemini estimates, 41% of shoppers in the country expect their smartphone or tablet to become their 'most important shopping tool'.

US residents have begun to rely even more on mobile devices while stuck at home due to the global Coronavirus (COVID-19) pandemic. Adding to the scenario, Taco Bell, Target, Hy-Vee supermarkets in the Midwest, Speedway convenience stores, and

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Jack in the Box started to support Apple Pay, mobile payment, and digital wallet service that enables customers to quickly and securely pay in stores using their Apple Watch and iPhone. With the addition of these major retailers, 74 of the top 100 merchants in the US and 65 % of all retail locations across the United States will support Apple Pay.

Furthermore, in February 2022, Apple announced plans to introduce Tap to Pay on iPhone. The new capability intends to empower millions of merchants across the US, from small businesses to large retailers, to use their iPhones to seamlessly and securely accept Apple Pay, contactless credit and debit cards, and other digital wallet payments through a simple tap to their iPhone with no additional hardware or payment terminal.

The Canadian market for digital payments continues to be influenced by domestic and international payment innovations, payment systems modernization, payment service providers, and regulators' efforts to reshape the payments industry for the future. According to the Canadian Payment Methods and Trends Report 2021, the use of mobile payments grew in 2020, with 29% of Canadians stating that they had made a purchase using mobile payment or a digital wallet.

Mobile Payments Market Competitor Analysis

The Mobile Payments Market is moderately consolidated with significant players such as Google LLC, Apple Inc., PayPal Inc., MasterCard Inc, Visa Inc., and American Express Co. The companies are introducing new offerings, continuously investing in partnerships and acquisitions, and product development to increase the market share. A few of the recent actions by the companies are listed below.

December 2021 - Visa announced the acquisition of Currencycloud, a global platform that enables banks and fintech companies to provide innovative solutions for cross-border payments. Furthermore, the acquisition is expected to empower clients and partners for flexibility and transparency in making international payments.

December 2021 - Paypal announced its partnership with Earlysalary, an India-based financial wellness platform to offer better financial flexibility to salaried employees by giving instant cash advances against earned salary.

November 2021 - American Express International, Inc. and Fujitsu Limited, the leading Japanese information and communication technology company, signed a new partnership to optimize their global expense management by centralizing and driving the digital transformation of expense management.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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