

## **Germany Payments Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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### **Report description:**

The German payments market is expected to register a CAGR of 12.32% from 2022 to 2027. The primary factors driving the market's growth in the region are robust growth in E-commerce, increasing internet penetration, and rapid adoption of mobile payments, among others.

□ Germany is a cash-dominant country, but cash payments have been actively discouraged in Germany since the pandemic. Consequently, most establishments and stores have started accepting card payments, and Germans have begun to move toward digital payment solutions.

□ As such, digitization, coupled with the advent of the second Payment Services Directive (PSD2) and robust e-commerce growth, paved the way for developing many new payment options in the region. The emergence of Apple Pay, Google Pay, and mobile payment solutions from banks like Kwitt will likely fuel mobile growth.

□ Innovative digital payment solutions are making their way into the German payments market. Driven predominantly by the rising use of smartphones and the emergence of digital wallet payment options such as PayPal, it emerged as the newest number one trend for online payments in Germany.

□ Furthermore, more people are using electronic means for transactions. New card terminals, more accessible solutions for smaller merchants, cashless ticketing in transit, mobile payments, and contactless cards are all important. Government-led initiatives are also helping by recently implementing several legislative initiatives to strengthen the payment sector's resilience.

□ The Covid-19 outbreak has significantly accelerated the trend toward cashless payments in Germany. According to Bitkom,

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Germany's digital association, more than 70% of Germans would like to see more digital and contactless payment options. In-store payment behavior has also evolved at a pace during the outbreak. During the pandemic, Germany has seen a surge in (contactless) card-based and mobile payments. Merchants actively encouraged customers to pay by card, ideally contactless, instead of cash.

## Germany Payments Market Trends

### High Proliferation of E-commerce and Rising Adoption of M-commerce is Expected to Drive the Payments Market

□ E-commerce in the region is proliferating at a high rate owing to the increasing number of online shoppers over the past few years. For instance, as per EUROSTAT, the proportion of individuals aged between 16 to 74 in the European Union who ordered or brought goods and services over the internet was 51% in 2016, which grew to 66% in 2021.

□ Many online stores and E-commerce platforms in Germany accept credit cards and PayPal as payment methods. Many E-commerce websites also accept invoices, buy now and pay later. With so many advantages, E-commerce companies offer easy payment checkout solutions. The E-commerce market is further expected to grow over the forecast period.

□ Furthermore, the adoption of mobile commerce is on the rise because many market players in the region have developed dedicated apps. Many applications allow connecting consumers with a credit card, which drives the market's growth. As per the E-commerce association BEVH, the mobile commerce revenue in Germany made up around 40% of e-commerce goods sales in 2021.

□ Furthermore, payment methods are continuously evolving in the region. As reported by PostNord, 50% of Germans made payments through PayPal or similar options for online purchasing, followed by invoices and debit or credit cards by 21% and 17%, respectively.

### Retail Sector to Drive the Payments Market

□ The retail industry is one of the top three industries in Germany. As a result, the retail sector continues to represent a wealth of opportunities for new business, trading and investing. The payment market in Germany is developing with the changing customer behavior. Trends such as mobile payments, internet banking, instant payments, and the Government's growth initiatives are affecting the payment market in the country.

□ Further, Germans spend a significant share of money on categories that include food, beverages, tobacco, clothing, footwear, cosmetics, body care products, furniture, appliances for the household, and leisure items such as watches and accessories. Furthermore, various payment checkout solutions offered by top retail market players in the region are further accelerating the growth of the retail sector.

□ As per The German Retail Association (HDE) and the Federal Statistical Office of Germany, the retail sales revenue has continuously risen over the past few years. As per data, the retail sales revenue grew from EUR 526.8 billion in 2018 to EUR 586.1 billion in 2021.

□ This continuous rise in the retail sector provides various opportunities to payments providers in the region to enhance their payment platforms and apps to cater to the increasing demand. Furthermore, the rising adoption of digital wallets and contactless payments by cards is further providing lucrative opportunities for payment providers in the region.

## Germany Payments Market Competitor Analysis

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The German payments market appears to be fragmented owing to the availability of the large number of players intensifying the competition. Major players in the German payments market are adopting strategies like acquisitions and partnerships to expand their reach to more regional consumers. Some major companies in the payments market are Visa Inc., Mastercard Inc., Girocard, Google pay (Google LLC), and PayPal.

□ March 2022 - Berlin-based B2B BNPL platform Mondu raised a USD 43 Million Series A round led by US-based venture capital fund Valar Ventures and will use the funding to expand into more European countries later this year.

□ September 2021 - Deutsche Bank announced to acquire Berlin-based payment service provider Better Payment. Deutsche Bank will integrate Better Payment's technical solutions into its existing product range over the next twelve months, leveraging the acquisition to expand its market share in payment processing and acceptance.

Additional Benefits:

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

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