

## **North America 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 North American payments market is expected to register a CAGR of 15.49% during 2022-2027. Some of the primary factors driving the growth of this market in the region are the rise of eCommerce, the prevalence of mobile devices, open banking, and digital currency.

#### Key Highlights

American Express is a major credit card company in the United States. It is well-known for providing excellent customer service and some of the best rewards. American Express offers credit cards suitable for a wide range of cardholders, from ultra-elite business travel cards to everyday rewards. The J.D. Power 2021 U.S. Credit Card Satisfaction Study has ranked first for customer satisfaction among national credit card issuers.

Credit card issuers (or offering banks) are the players (banks or credit unions) from which people obtain credit cards. Chase and Citi are two of the largest banks in the United States, while TD and RBC are the largest in Canada. The issuing bank gets to decide things like the interest rate, the limit, foreign fees, etc.

The COVID-19 pandemic had a significant impact on the payment industry in North America. Lockdowns and business closures prevented people from making in-person purchases and altered how they transacted before the outbreak. While overall spending fell due to concerns about the economy and personal finances, people spent more money online, hastening the transition from cash to digital payments. There appears to have been a significant increase in contactless payment solutions, such as cards, smartphones, and wearable devices.

During the COVID-19 pandemic, approximately one-fifth of consumers subscribed to new products and services to adapt to a changing situation and economic instability, and only a small percentage of consumers in North America canceled or downgraded their existing subscriptions. Furthermore, consumer spending on the top one hundred subscription apps increased by at least 30% globally and more than 25% in the United States. As a result, many online businesses are discovering the benefits of subscription

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purchasing agreements, such as revenue predictability, which improves future business planning.

## North America Payments Market Trends

### Increasing use of digital wallets payments

Digital wallets are becoming increasingly popular among North American e-commerce customers, accounting for 29.2 % of regional transaction value in 2021. Wallets surpass credit cards in the United States in 2022 and are expected to account for nearly one-third of regional e-commerce spending by 2025, led by Apple Pay, Amazon Pay, Google Pay, and PayPal.

Mobile wallet usage is growing in the North American payments market, majorly in the United States, with more growth expected as contactless POS terminal penetration grows. Furthermore, credit card use fell in 2021, while debit card use increased. On the other hand, card usage is increasingly shifting to pass-through mobile wallets. In 2021, credit cards will account for 23.9 % of POS transaction value, more than USD 11.1 trillion, led by 40.2 % in North America.

While physical cash is becoming less popular, the global shift toward digital payments and alternative currencies has sparked interest in CBDCs (central bank digital currency) in Canada and the United States. The Bank of Canada released a report titled "The Positive Case for a CBDC" in July 2021. The Federal Reserve Bank of the United States "remains fully engaged in CBDC research and policy development."

Furthermore, the e-commerce platforms can accept various payment methods, making it easier for more users to access the business, such as major credit cards, gift cards, and so on. E-commerce platforms such as Amazon, eBay, and Shopify frequently charge monthly and transaction fees to cover online payment processing fees.

E-commerce sales in the United States are increasing as digital payment experiences improve. This rise reflects consumers' growing comfort with online shopping and their increased use of mobile and handheld devices.

The buy-now-pay-later service was gaining popularity among North American consumers as an alternative payment solution. US consumers use BNPL for various reasons, including making purchases that would otherwise be out of their budgets, avoiding credit card interest, and borrowing money without a credit check. BNPL's dramatic global rise continued, doubling its share of North American e-commerce in 2021, rising from 1.6 % to 3.8 % of the transaction value.

### United States to hold a majority market share

Credit cards are the most popular payment method in Canada and the United States, both online and offline, with debit cards coming in second in the latter. Credit card spending in North America exceeds USD 3 trillion annually and is increasing at an annual rate of about 8%. Payment processing fees total approximately USD 85 billion per year.

Payments Canada collaborates with the region's leading payment solution providers on the Real-Time Rail Payments system. For example, Payments Canada announced in March 2021 that Interac Corp. had been chosen as the exchange solution provider for Canada's real-time payments system, the Real-Time Rail (RTR). The announcement comes after the Bank of Canada was involved in a selection process.

How users access the internet in the United States has a direct impact on the growth of mobile commerce. Users prefer smartphones to PCs for internet browsing because smartphones are less expensive, and high-speed internet is no longer a luxury in many countries.

Due to the growth of the digital payment market, mobile commerce has also changed the way brick-and-mortar businesses operate, particularly in terms of accepting cashless payments. Apple Pay, Samsung Pay, and Google Pay, for example, are among the leading competitors competing with market leaders in their respective countries. With consistent increases in mobile payment in several countries, the North American digital payment market is expanding rapidly.

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## North America Payments Market Competitor Analysis

The North American Payments market is highly competitive, with key players such as Apple Pay, Samsung Pay, Amazon Pay, Google Pay, and many others in the region developing new e-commerce solutions for a wide range of end-user applications. Companies are also investing and forming partnerships in the continent to expand their businesses and provide e-commerce platforms to the country's people.

April 2022 - Dwolla, a fintech company that drives innovation through sophisticated inter-account payment solutions, has announced the release of Virtual Account Number (VAN), a long-awaited feature for connecting banks and fintech. These VANs are a process management tool that allows businesses to manage complex payment workflows.

February 2022 - Apple has announced plans to launch Tap to Pay on the iPhone. The new capability aims to enable millions of merchants across the United States, from small businesses to large retailers, to accept Apple Pay, contactless credit and debit cards, and other digital wallet payments with a simple tap on their iPhones and no additional hardware or payment terminal.

### Additional Benefits:

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

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