

South Korea Real Time Payments Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The South Korean real time payments market is expected to register a CAGR of 8.7% during the period 2022-2027. The primary factor driving the growth of the market is the high smartphone penetration, growing e-commerce transactions, and government initiatives, among others.

Key Highlights

The spread of e-commerce payment transactions and the introduction of internet banking in the past couple of years are accelerating the movement toward a further diversification of the range of electronic payment and settlement systems in the region. Furthermore, the declining popularity of paper-based transactions in the country has accelerated a move towards real time payments in the region.

South Korea has a well-developed real-time payments infrastructure, which was introduced in 1988 through CD/ATM Network. Further, launched in 2001, South Korea's real time payment system HOFINET (Housing Finance Information Network)/ Electronic Banking System (EBS) system offers immediate posting of the funds 24/7 throughout the year. The EBS/HOFINET is operated by Korea Financial Telecoms & Clearing (KTFC) in the country.

Furthermore, as data reported by GSMA, the mobile penetration in the country was 122.6% at the start of 2022.. These factors are further proliferating the growth of the real time payments market in the country and attracting global real time payment provider companies to invest in the region.

For instance, in January 2021, the global financial settlement network EMQ announced its footprint expansion into South Korea, offering enterprise customers worldwide the benefits of faster, transparent, and more efficient cross-border payments. By connecting EMQ's global network to South Korea, the company will be able to provide increased access to our global network ecosystem and meet the demands from global businesses for transparent, fast, and reliable cross-border payments.

Moreover, the Covid-19 pandemic has accelerated major shifts in the payment behavior of South Korean users by declining the

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usage of paper-based payments, switching from in-store to online payment methods, and adopting instant or real time payments. These major shifts towards real time payments have created new opportunities for major real time players in South Korea.

South Korea Real Time Payments Market Trends

Digital Transformation coupled with High Smartphone Penetration is Expected to Drive the Market

The popularity of smartphones in South Korea has meant the country has been a faster adopter of real time payments. Further, the popular mobile payment providers such as Toss, KakaoPay, and N-Pay are also increasingly popular, resulting in more popularity of real time payments in South Korea.

Data from GSMA shows that there were 62.92 million cellular mobile connections in the Republic of Korea at the start of 2022. Further, with the high internet penetration, digital payments and instant payments in the region are increasing at a fast rate. As data reported by the Bank of Korea, the share of easy mobile payment in total digital payment transactions grew to 41.2% in Q2 of 2021 compared to 37.5% in Q2 of 2020.

Furthermore, the government is taking initiatives to accelerate the digitalization and payment infrastructure in the country, resulting in a boost in the digital economy. For instance, in July 2021, the World Bank's Digital Development Global Practice launched The Korea Digital Development initiative (KoDi). The three-year initiative aims to help the low-and middle-income countries accelerate the digital transformation that is data-driven, secure, and green by sharing information on recent reform practices and providing country-specific technical assistance.

Further, in April 2021, South Korea and Cisco, a worldwide leader in technology, announced the launch of a collaborative framework under Cisco's Country Digital Acceleration (CDA) program to accelerate digitization across the country and power an inclusive recovery from the COVID-19 pandemic. Under the partnership, the company will invest in key areas like 5G, smart factories, cloud, and next-generation IT skills development. Initiatives are aligned with South Korea's Digital New Deal strategy, which seeks to bolster Korea's industrial competitiveness, overall digital capacity, and economic resilience.

All of the factors mentioned above are further expected to boost the real time payments market, supported by high smartphone penetration and government initiatives to boost digital infrastructure in the region.

P2B Segment is Expected to Gain Significant Traction Supported by Rising E-commerce Transactions

The Covid-19 pandemic boosted the growth of the e-commerce market in South Korea, which resulted in wider acceptance of online payment sites and cashless payment options such as digital wallets and real time payments. The users found it suitable and easy to use instant payment methods during online shopping for immediacy and better checkout solutions offered by real time payments.

Moreover, with booming e-commerce in South Korea, cross-border e-commerce is also exploding. Due to this, merchant's and consumer's demand is growing for fast, convenient payment processing and instant settlement payment solutions. Owing to this, many major players such as EMQ are offering cross-border real time payments to consumers and merchants in South Korea, further increasing the demand for P2B real time payment transactions in the region.

Further, in March 2022, Citcon, a mobile wallet payment provider, announced the expansion of its E-commerce payments presence to South Korea and Japan. Citcon's global payments gateway allows merchants to trade with customers in these markets using all local payment options, including over 30 locally issued credit and debit cards and eight popular digital wallets, all through a single payment gateway. Such factors are expected to increase the P2B real time payments over the forecast period.

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The South Korea Real Time Payments Market appears to be moderately consolidated. With consumer preferences changing rapidly towards faster payments, the real time payments market has become a lucrative option and thus, has attracted a huge amount of investments. The major market players offer convenient payment solutions and are rapidly indulging in merger and acquisition activities to increase the consumer base and product offerings.

March 2022 - Roxe, a blockchain-based payments company that is powering the next generation of payment solutions, announced a strategic partnership with GME (Global Money Express Co., Ltd), the first non-bank money transfer company and payment service provider in South Korea. By utilizing Roxe's technology and the Roxe Instant Settlement Network (RISN), GME will generate value for end customers by removing barriers of time, geography, and currency.

November 2021 - Google has announced that it will provide an alternative payment system at its app store in South Korea from next month in an apparent move to follow the country's new law that bans app market operators from forcing the use of their own payment systems.

Additional Benefits:

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

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