

South Korea Mobile Payment Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The South Korea Mobile Payment Market is expected to grow at a CAGR of 19.8% during the forecast period from 2022 -2027. Mobile wallet payments are becoming the mainstream payment method in South Korea, gradually displacing traditional payments such as cash and cards, with nearly 19.4% of total payments being made through Mobile wallets or payment gateways in Q2 2021, according to the Bank of Korea Report.

Key Highlights

South Korea has an excellent infrastructure while the people are used to shopping online, and the economy is performing well. Its economy has proved remarkably resilient during the most challenging of times. Further, The IMF predicts that GDP will expand at a rate of 2.5% in 2022, rising to 2.9% in 2023. The average South Korean earns USD 32,390 yearly, just USD 1,807 less than the average EU citizen.

Its e-commerce market is another factor driving the growth of the market. According to an article published in ppro.com, in May 2022, E-commerce accounts for 8% of all retail sales in South Korea, while 65% of all online purchases are completed on a mobile device.

The article also suggested that Koreans primarily buy online because of the convenience of delivery. Some stores such as Coupang offer a dawn delivery service - if you order before midnight, they will deliver at dawn the next day. And most stores offer at least a next-day delivery, if not the same day.

The COVID-19 pandemic further accelerated the adoption of mobile payments in the country, as consumers increasingly opted for contactless payments via mobile wallets due to fear of getting exposed to the virus through cash handling. Many retailers, restaurants, and public transport networks now accept payments via mobile wallets.

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South Korea Mobile Payment Market Trends

E-commerce Industry is expected to drive the growth of the market

According to a revised article in International Trade Administration, in August 2021, E-commerce is a key component of the overall consumer market in Korea and is consistently growing. Korea is a connected country; almost 99.5% of Korean households have internet access via PC, mobile, or another device.

South Korea's e-commerce companies, such as Coupang, perform well by meeting the needs of South Korean consumers through same-day delivery and online grocery shopping service. It captured a 19.2% share of the e-commerce sales in South Korea in 2020.

Further, South Korea has concluded free-trade agreements (FTAs) with at least 57 countries, including Canada. As of January 1, 2021, 98.5% of Canada's exports benefit from duty-free access to Korea under the Canada-Korea Free Trade Agreement (CKFTA). Various companies such as Naver and Coupang Corp are improving their logistic capacity and ability to provide faster delivery across the country. SSG.Com, a rising player in South Korea's e-commerce channel, is working closely with its sister company, E-Mart Inc, a leading hypermarket player. E-Mart Inc transformed one of its outlet stores in Seoul into a hybrid outlet that functions as a traditional hypermarket as well as a fulfillment center for online orders placed on SSG.Com.

Owing to the increasing demand for online grocery shopping, in March 2021, Market Kurly, a premium grocery shopping mall specializing in dawn delivery, opened a new logistics center in Gimpo city catering to the west localities of Seoul.

Proximity Payment Type to Hold the Highest Market Share

South Korea is emphasizing QR code-based mobile payments to accelerate the shift towards electronic payments. The Seoul Metropolitan Government, in collaboration with domestic banks, offers Zero Pay, a QR-based mobile payment solution, for merchants enabling smaller merchants with annual turnover below KRW 800million (USD 0.7 million) to accept mobile payments without any transaction fees.

The Government is taking preventive measures to diversify the dominant market of Google and Apple over mobile payment platforms. Owing to such motives, in August 2021, the South Korean parliament passed a bill that will require companies such as Apple and Google to allow the use of payment services other than their proprietary systems for the purchase of digital goods within their app stores.

The market is witnessing several strategic developments and partnerships to strengthen the market. For instance, in May 2022, South Korea's BC Card under KT signed an exclusive deal with the Indonesian government as an overseas partner for the nation's overseas digital-based platform services. The financial services firm will work with Jakarta's major digital payment platforms, including Alto and Pinnet, to build digital services, including QR code settlement and its infrastructure.

South Korea Mobile Payment Market Competitor Analysis

The South Korea Mobile Payment market is highly competitive and consists of several major players. In terms of market share, few of the major players currently dominate the market. However, with extensive adoption of Online E-commerce platforms for retail shopping and increasing adoption of contact-less transactions, many companies are increasing their market presence by securing new contracts and by tapping new markets.

June 2022 - ComfortDelGro Taxi and Alipay+ announced a partnership that enables mobile payments from Malaysia and South Korea, namely the Touch 'n Go eWallet and Kakao Pay, to be accepted as cashless payment options in all its Comfort and CityCab

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taxi. Users of these mobile wallets can pay for the cab fare simply through the wallet apps without the need to exchange currency.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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