

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

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Report description:

The UAE mobile payments market is expected to register a CAGR of 12.3% during the forecast period. The increasing use of mobile devices, open banking, contactless payments, and digital currency are vital drivers propelling the expansion of the market studied.

Key Highlights

Digital banking has evolved significantly in the United Arab Emirates. Due to the high penetration rate of smartphones, increased rate of innovations, and wide availability of sophisticated digital infrastructure, mobile banking in the United Arab Emirates is at an advanced stage compared to other major countries. According to datareportal, the internet penetration rate in the United Arab Emirates stood at 99.0% of the total population at the beginning of 2022.

Furthermore, government initiatives toward a digitalized and cashless country, the emergence of Bring Your Own Device (BYOD), an increase in the use of smartphones, and a vast number of individuals without bank accounts are some of the crucial factors that are expected to offer lucrative growth opportunities to mobile wallet providers in the United Arab Emirates during the forecast period.

With the adoption of technological advancements, consumers and businesses follow a contactless payment approach that is considered a convenient, fast, and cost-saving mode of transaction. To promote a cashless society through various smart government initiatives, the Central Bank of UAE supported the launch of the Emirates Digital Wallet, which is expected to revolutionize the payments landscape. Similarly, Netcetera enables secure payments in the United Arab Emirates with PayTabs using a 3DS server solution. Such technological advancements allow convenient and secure mobile payments.

However, various safety-related concerns related to mobile payments are holding back the growth of the UAE mobile payments market. Furthermore, the surge in data breaches and several security-related issues in mobile payment can impede the development of the market.

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Due to the advent of the COVID-19 pandemic, the overall demand for contactless payments, especially in retail stores and restaurants, increased drastically in the United Arab Emirates to avoid spreading the virus. Since there lies no touch in the overall payment process, these contactless payment solutions provided by mobile wallets offer a safer option in terms of carrying traditional plastic credit cards and handling cash. Hence, the total adoption rate of mobile payments accelerated after the COVID-19 pandemic. Post-pandemic, the intention to continue using mobile payment services and to recommend these to others has drastically increased, making the United Arab Emirates a cashless society.

UAE Mobile Payments Market Trends

Increase in the adoption of contactless payments

Increased adoption of emerging payment methods and consumers' eagerness to reap the benefits of the digital economy in the United Arab Emirates can drive the demand for mobile payments. With the support of various policy reforms and innovations from the leading market players and the rise of the global pandemic, mobile wallets and other contactless payment methods registered strong growth possibilities in the United Arab Emirates.

As merchants and consumers highly preferred to use touch-free technologies to stay safe throughout the pandemic, the Emirates NBD, one of the leading banking groups in the MENAT (Middle East, North Africa, and Turkey) region, stated that contactless payments now make up almost 84% of all face-to-face card payment transactions. As per the survey conducted by the payments solutions provider Checkout.com, more than half of the consumers in the United Arab Emirates are using digital wallets, leading to a cashless society driving mobile payments.

With the popularity of Buy Now Pay Later (BNPL) solutions, banks are partnering with digital payment providers to gain market share in the United Arab Emirates. Consumers also find BNPL a proper solution during emergency and big-ticket purchases and as a budget and financial planning tool. In September 2021, the UAE-based digital wallet, Payit, partnered with an omnichannel conversational commerce platform, PLATX, to allow merchants to collect payments through WhatsApp. Such kinds of partnerships increase the use of mobile payments, thereby ensuring safety.

The government invested heavily to improve internet penetration, which led to the rise of mobile-based e-payment platforms in the United Arab Emirates. The rise of cashless transactions presents opportunities for established and start-up businesses in the United Arab Emirates to capitalize on this. In September 2022, Fintech Firm NymCard expanded its offices in Beirut and Abu Dhabi, looking for a regional base to run their MENA-wide operations.

All mobile wallet-based payments utilizing Samsung Pay, Apple Pay, and Google Pay, more than doubled post-pandemic. The share of contactless payments of the total value transacted also doubled, indicating the surge in customer convenience in terms of utilizing contactless payment alternatives.

Rise in the popularity of cryptocurrency

Acceptance of crypto as a payment method is growing in the UAE market, especially in the banking sector, leading to a rise in mobile payments. Dubai and Abu Dhabi are listed as business investment places in the UAE market. Big crypto exchanges like FTX are setting up shops in Dubai. In September, Palazzo Versace announced its partnership with Binance to accept crypto payments. In August, Abu Dhabi launched a new blockchain and virtual assets strategy to build trust and attract more companies as the crypto industry is growing in the United Arab Emirates.

According to the survey conducted by YouGov, people in the United Arab Emirates within the age group of 18-34 are associated with cryptocurrency as a method of money transfer and payment. In contrast, people above 55 are mostly unaware of it, which indicates that trust is high among adults for cryptocurrencies in the United Arab Emirates. Also, local businesses like the grocery

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delivery service, YallaMarket, and property firms are accepting payments in crypto. Such trends in the United Arab Emirates have led to the rise in the popularity of cryptocurrency, thereby leading to mobile payment acceptance.

The 2021 cryptocurrency market led to renewed interest, especially in the emerging asset class, which is considered an investment opportunity and a payment method. In the United Arab Emirates, 63% of the respondents surveyed by Mastercard asserted that they are more open to using crypto than they were a year ago, and 50% of them are planning to use crypto in the next year, signifying that consumers are interested in spending their crypto assets for everyday purchases.

The millennials globally and those in the Middle East are primarily engaged in the cryptocurrency conversation, with more than half (67%) agreeing they are more open to using cryptocurrency. According to consultant Knight Frank, around 25% of Middle East millionaires have already invested in crypto. Mobile payment apps have exploded in popularity, mainly since social distancing has restricted the use of physical cash to some extent, increasing cryptocurrency usage in the United Arab Emirates.

UAE Mobile Payments Market Competitor Analysis

The UAE mobile payments market is moderately competitive with players such as Apple Pay, Samsung Pay, and Google Pay. Companies are introducing new offerings and continuously investing in new partnerships and acquisitions along with product development to increase their market share. Some of the key developments in the market are -

In October 2022, Al Maryah Community Bank offered the provision of digital payment services using Apple Pay, allowing customers to make payments more convenient, secure, and private while eliminating the need to touch buttons and terminals and replacing the need for physical cards and cash in the United Arab Emirates.

In June 2022, Samsung launched the Samsung wallet by combining the capabilities of Samsung Pay and Samsung Pass into a new single platform. The wallet enables users to store digital keyboard passes and identification cards in one place and has a single, easy-to-use, and secure mobile application for all this functionality. It is rolled out in 13 territories, including the United Arab Emirates.

In March 2022, Google Pay, in collaboration with Pine Labs, launched Tap to Pay for UPI, a functionality that aims to bring seamless convenience to the United Arab Emirates and other countries.

Additional Benefits:

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

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