

## **Australia Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The Australia Payments Market size is estimated at USD 0.92 trillion in 2024, and is expected to reach USD 1.97 trillion by 2029, growing at a CAGR of 16.44% during the forecast period (2024-2029).

The government commissioned a study of Australia's Payments System regulatory architecture in the 2020-21 Budget. An assessment of the self-regulatory model's adequacy was included in the review. According to the Payments System Review, industry self-regulatory bodies are still the appropriate venue to create technical rules and standards for ecosystem members.

According to Lowe, the shift away from banknotes began before the pandemic, but it has increased in the year 2020 and 2021 and is expected to continue. The use of cash has decreased by 30% in the previous three years, as measured by the total value of ATM withdrawals. In addition, debit cards are becoming more popular than credit cards, and the number of account-to-account transactions is increasing. He said the number of people utilizing the New Payments Platform is rapidly growing and that it's "logical" that the industry is thinking about when the direct entry system will be phased out.

The term "digital wallet" refers to services such as Apple Pay and Google Pay, which save a person's payment information on a smartphone or in the cloud and can make payments instead of using cash. These wallets might store 'digital tokens,' RBA-backed digital versions of banknotes, and access bank account balances.

According to the Reserve Bank of Australia, the New Payments Platform (NPP) allows Australian consumers, businesses, and government agencies to send and receive real-time data-rich payments between bank accounts 24 hours a day and seven days a week. The NPP presently has over 72 million account holders who may send and receive payments, which is growing. The NPP handles over 2 million payments daily, accounting for roughly 25% of all account-to-account credit transfers.

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Digital cash systems come with their own set of concerns. Because cash is digital, hackers are more likely to access the system. Even though they have not paid anything to earn money, they may generate more coins. When too many coins are created, the value of the remaining cash in the system decreases. Hence, this risk affects both the users and the banks equally.

According to the Reserve Bank of Australia, consumers and merchants have sought to decrease their usage of cash due to the COVID-19 pandemic, which has expedited the shift to electronic payments, in some cases because of health concerns about handling coins and banknotes. For in-store purchases, many businesses advocated using contactless cards and mobile payments, while consumers modified their payment habits to forego using cash and coming into contact with payment terminals. To further eliminate the need to touch payment terminals, the payments industry backed the migration to contactless payments by temporarily raising the no-PIN limit on contactless card transactions from USD 100 to USD 200.

## Australia Payments Market Trends

### E-Commerce Segment is Anticipated to Witness Significant Growth

According to Australia Post, the home and garden e-commerce segment grew 37 % year over year in July 2021 compared to January the prior year. Food and beverage, as well as hobbies and recreation, grew by more than 30%.

According to National Australia Bank, Domestic merchants' online retail expenditure in the department shops category climbed by 51.1% in August 2021 in Australia, compared to the previous year. In this area, international merchants grew at a pace of 33.3%.

The importance of regulation in shaping digital commerce in the region will become increasingly crucial. As open banking takes off in Australia, the country has become a cross-border payment hub in real-time. In mid-2021, the Federal Government proposed financial market infrastructure (FMI) reforms, which the Reserve Bank of Australia's Payment Systems Board applauded. These are a slew of efforts, disruptive technologies, and services to make real-time cross-border transactions more accessible.

Selling in-store and online through several channels - e-commerce websites, Amazon, eBay, Instagram, and so on - to create a smooth experience and consistent brand messaging across all touchpoints is called omnichannel commerce. Creating an omnichannel experience, on the other hand, is about meeting customers where they are and making it easy for them to buy. As a result, mobile devices are a perfect medium for omnichannel commerce, as most customers carry their cellphones with them at all times.

During the COVID-19 epidemic, mobile commerce promotion and sales have increased. Brands shifted to video technologies like FaceTime for consultations and Instagram Stories for product inquiries. Shoppable postings have also been deployed across social media channels to take advantage of consumers at home and online. These tendencies will drive the market under study.

### Growing Inclination Towards Purchasing Online is Driving the Market

According to the Australian Bureau of Statistics, in September 2021, the share of online sales in total retailing in Australia was roughly 15.3%, the highest proportion of online sales during the Feb 2020-Sep 2021. Food retailing's share of online sales declined from 7.4 % in 2020 to 7.2 % in 2021; however, online food sales were still larger than at the end of 2020(4.5%).

According to a new survey by Marqeta, Australian consumers are at the vanguard of mobile wallet use and acceptance of digital banking tools, leaving cash and physical payment experiences in more significant numbers than consumers in the United States or the United Kingdom. The 2022 State of Consumer Money Movement study by Marqeta surveyed 4,076 people across three

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continents, including over 1,000 in Australia, to find out how people in the United States, the United Kingdom, and Australia want to pay, bank, and shop.

Furthermore, according to the survey, 69% of Australians said they felt secure enough using a mobile wallet to leave their physical wallet at home, 23% more than the number of Americans who said the same. Mobile wallets received higher grades for convenience (90 %) than other survey respondents, and more Australians indicated they could make mobile payments anywhere they wished (86% ).

According to Contevo, with more than half of Australians having at least one BNPL account, most shops now offer various Buy Now Pay Later (BNPL) choices to cater to diverse demographics. It's also critical for retailers to offer PayPal and credit card services that accept currencies that customers want to use. Consumer shopping habits have changed, and online orders have increased, forcing Australian Post and other carriers to scale and adapt swiftly. Late-night and weekend deliveries will become the norm for the majority of 2020. Increased lead times can negatively influence the customer experience, forcing purchasers to hunt for better service elsewhere.

The rise and change in consumer preferences and companies' different approaches to capturing wide market space will create an opportunity for online sales to grow. For instance, the growth of Click & Collect orders indicates that more people are pre-purchasing things and spending less time in stores. Providing a smooth and seamless Click & Collect program will aid the growth of the companies.

#### Australia Payments Industry Overview

The Australian Payment market is fragmented, with a significant number of players in the market. However, a few large players in the market, such as PayU, occupy a considerable share of the market. The competitive rivalry in the market is high, with various players trying to increase their revenue. Players like Securepay are also trying to increase their share in the market. As such, the market players are undertaking various strategies such as enhancing the product portfolio, among various others. Moreover, the growing e-commerce industry is also encouraging the development of payment methods across the country.

May 2022 - Customers of National Australia Bank (NAB) can now pre-register for the new buy now, pay later (BNPL) service, as the bank aims to provide more financial flexibility to Australians. Customers can borrow up to USD 1,000, split purchases into four payments, and spend it everywhere Visa is accepted. They will be able to add NAB Now Pay Later to digital wallets and in-person transactions.

April 2022 - P97 Networks, a mobile commerce platform, has teamed up with Viva Energy Australia to develop a fleet management and driver app. The Shell Card Go app will offer fleet managers and drivers contactless mobile payments, allowing authorized drivers to pay for the fuel at Shell, Liberty, and Coles Express locations, as well as allowing users to find stations, view site details, and earn rewards, as well as easily access their transaction histories.

#### Additional Benefits:

- <li> The market estimate (ME) sheet in Excel format </li>
- <li> 3 months of analyst support </li>

#### Table of Contents:

- 1 INTRODUCTION
- 1.1 Study Assumptions and Market Definitions
- 1.2 Scope of the Study

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## 2 RESEARCH METHODOLOGY

## 3 EXECUTIVE SUMMARY

## 4 MARKET INSIGHTS

### 4.1 Market Overview

### 4.2 Industry Stakeholder Analysis

### 4.3 Industry Attractiveness-Porter's Five Forces Analysis

#### 4.3.1 Bargaining Power of Suppliers

#### 4.3.2 Bargaining Power of Buyers/Consumers

#### 4.3.3 Threat of New Entrants

#### 4.3.4 Threat of Substitute Products

#### 4.3.5 Intensity of Competitive Rivalry

### 4.4 Evolution of the payments landscape in Germany

### 4.5 Key market trends pertaining to the growth of cashless transaction in Germany

### 4.6 Impact of COVID-19 on the payments market in the country

## 5 MARKET DYNAMICS

### 5.1 Market Drivers

5.1.1 High Proliferation of E-commerce, including the rise of m-commerce and cross-border e-commerce supported by the increase in purchasing power

5.1.2 Enablement Programs by Key Retailers and Government encouraging digitization of the market

5.1.3 Growth of Real-time Payments in Germany

### 5.2 Market Challenges

5.2.1 Card Related Frauds to Pose Challenges to the Market Growth

### 5.3 Market Opportunities

5.3.1 Move towards Cashless Society

5.3.2 New Entrants to Drive Innovation Leading to Higher Adoption

### 5.4 Key Regulations and Standards in the Digital Payments Industry

### 5.5 Analysis of major case studies and use-cases

5.6 Analysis of key demographic trends and patterns related to payments industry in Australia (Coverage to include Population, Internet Penetration, Banking Penetration/Unbanking Population, Age & Income etc.)

5.7 Analysis of the increasing emphasis on customer satisfaction and convergence of global trends in Australia

5.8 Analysis of cash displacement and rise of contactless payment modes in Australia

## 6 Market Segmentation

### 6.1 By Mode of Payment

#### 6.1.1 Point of Sale

6.1.1.1 Card Payments (includes Debit Cards, Credit Cards, Bank Financing Prepaid Cards)

6.1.1.2 Digital Wallet (includes Mobile Wallets)

6.1.1.3 Cash

6.1.1.4 Others

#### 6.1.2 Online Sale

6.1.2.1 Card Payments (includes Debit Cards, Credit Cards, Bank Financing Prepaid Cards)

6.1.2.2 Digital Wallet (includes Mobile Wallets)

6.1.2.3 Others (includes Cash on Delivery, Bank Transfer, and Buy Now, Pay Later)

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## 6.2 By End-user Industry

### 6.2.1 Retail

### 6.2.2 Entertainment

### 6.2.3 Healthcare

### 6.2.4 Hospitality

### 6.2.5 Other End-user Industries

## 7 Competitive Landscape

### 7.1 Company Profiles

#### 7.1.1 Secure Pay

#### 7.1.2 WorldPay

#### 7.1.3 Pin Payments

#### 7.1.4 2Checkout

#### 7.1.5 Google Pay

#### 7.1.6 Amazon Pay

#### 7.1.7 eway

#### 7.1.8 Square

#### 7.1.9 Mastercard

#### 7.1.10 Visa

## 8 Investment Analysis

## 9 Future Outlook of the Market

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