

Japan Mobile Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Japan Mobile Payments Market size is estimated at USD 211.13 billion in 2024, and is expected to reach USD 815.79 billion by 2029, growing at a CAGR of 31.04% during the forecast period (2024-2029).

Key Highlights

- The population of Japan is known for being early technology adopters. They are eager participants in modern eCommerce, as well as an inventor of two key cashless payments technologies -- Near field communication (NFC) and QR Codes. The first-ever mobile wallet was also launched in Japan two decades ago.
- Moreover, The ease of payment with contactless-enabled cards led to an increase in the total spending behavior of users and increased use of the card compared to the non-contactless-enabled card. However, activating mobile wallets had a far deeper impact on overall spending. The pandemic accelerated the transition toward contactless payment with the rapid adoption of mobile payments. Further, the usage of contactless payments was incredibly high in restaurants and quick-service restaurants.
- The payments business is witnessing unprecedented change. New payment solution companies compete with incumbents for market share and use technology to disrupt traditional networks and business models across retail and wholesale payments. On the other hand, regulations are increasing, and payment platforms and market infrastructures are consolidating, renewing, and re-designing.
- To be sure, the mobile phone applications that offer payment services continue to face danger from data privacy. To increase the security and dependability of their policies, businesses are always looking for quicker and safer solutions to identify the identities of their customers. Some companies are eager to integrate official papers, such as driver's licenses, etc., to authenticate users and prevent fictitious or fraudulent accounts. These actions are enhancing mobile payments.
- After COVID-19, it was anticipated that acceptance of digital payment methods would increase and become more significant over time. Governments and regulatory agencies forbid currency usage because it is thought to be a possible virus carrier. For

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instance, since the government imposed a lockdown, cash usage in Japan decreased by half, and stores that sold necessities avoided cash transactions.

Japan Mobile Payments Market Trends

Development of M-Commerce Platforms and Increasing Internet Penetration in Japan Driving the Market

- Japan's mobile payment environment is driven by the nation's expanding network and internet infrastructure. As a result of improved cellular and internet access, mobile payments are becoming the standard in the nation's small shops and everyday services.
- Because of the internet's quick spread, the market under investigation is anticipated to prosper. Due to increased investments by internet service providers, the internet penetration rate has been strong over the previous few years and is expected to continue on the same trajectory.
- Japan was one of the first nations to install 5G internet infrastructure in their areas. To encourage the expansion of network infrastructure, the government actively allocated the bands and requested the necessary administrative and financial assistance.
- The online retail and e-commerce sectors are expected to experience the most significant growth due to rising internet usage. Japan's e-commerce market was projected to increase 6.9% to USD 194.3 billion in 2022. With rising smartphone usage and a more comprehensive online presence, e-commerce is expected to grow and benefit the sector under study.
- Several apps, including Paytm, PhonePay, etc., enable mobile payments. Banks, shops, retail outlets, and brands have launched mobile apps to provide customers with better and more effective payment options. This aspect has considerably driven the market under study.
- In Japan, e-commerce and the mobile payments business are both expanding at a rapid rate. The rapid expansion of e-commerce platforms and online retailers has had and will likely continue to impact local markets, pushing consumers to embrace mobile payments.

Digital Wallet (includes Mobile Wallets) to Witness the Growth

- Due to their simplicity in enabling online bill payments and other money transfer services, mobile wallets are becoming extremely popular all over Japan for e-commerce businesses. Additionally, the usage of these modern instruments enables quick and secure transactions. These advantages of utilizing a mobile wallet have led to increased use of these products.
- During the forecast period, this factor is anticipated to create lucrative opportunities in the studied market. Customers of mobile wallets can transfer and receive money with ease due to the user-friendly UI. Users of mobile wallets can finish their transactions even while on the go due to the user-friendly UI.
- Alternative digital currencies are already quickly embraced in the region, with cryptocurrencies being the most in demand. Future digital wallets will offer on-demand and frictionless access to these alternative digital assets and store and enable payment transactions. Furthermore, they will make it possible to carry out financial transactions using these many payment sources and keep this cash.
- Integrating a payment gateway is one of the most essential components of every firm in various industries today. Furthermore, throughout the projected period, market expansion has been anticipated to be fueled by increased online transactions. The crucial advancement in fortifying the ecosystem required to sustain enormous volumes of digital payments has been supported by the focus on building a reliable communication infrastructure. Companies that have benefited from such advances, like Yahoo and Amazon in India, are providing rebates on payments made using digital wallets, encouraging customers to choose these services.

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Japan Mobile Payments Industry Overview

The Japanese mobile payments market is moderately fragmented, demonstrating fierce competition between the service providers. Several communication firms are enabling connection with their current apps to accept payments via cell phones. Telecom companies are eager to enter the market with their products. Through Japan, the ecosystem is seeing new participants from other ecologies grow.

In May 2022, Mastercard announced Digital First Program, which was expected to support Google Pay, a contactless smartphone payment service. Mastercard's Digital First Program is a digital card issued after an application is submitted from a digital environment, such as an app or website, and is immediately reviewed. Digital devices such as smartphones and smartwatches could be used for payments. In addition, it was a program that provided value-added functions that utilize the digital environment, such as alerts at the time of use, and control functions, such as temporary suspension of service.

In May 2022, PayPay Co., Ltd. and a smartphone securities company whose mission is "Making asset management more accessible," announced that PayPay Money would be used in the "Purchase as Remains" service, which enabled stock and investment trust transactions inside the "PayPay Securities App." Connecting PayPay balance (PayPay Money) to "Buy as Own," would allow clients to invest in stocks and mutual funds using their PayPay Money balance.

In April 2022, as a new merchant, PayPal collaborated with "BULK HOMME," a skincare company that sold items for guys. Due to the partnership, customers of Bulk Homme would be able to use their PayPal accounts to shop for products online and make purchases using PayPal. Additionally, the business offered PayPal customers special deals that could save up to 80% on various products.

Additional Benefits:

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

Table of Contents:

1 INTRODUCTION

- 1.1 Study Assumptions and Market Definition
- 1.2 Scope of the Study

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

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- 4.4 Evolution of the payments landscape in the country
- 4.5 Key market trends pertaining to the growth of cashless transaction in Japan
- 4.6 Impact of COVID-19 on the payments market in the country
- 4.7 Analysis of major case studies and use-cases

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 and Increasing Internet Penetration in Japan Driving the Market

5.2 Market Restraints

5.2.1 Lack of a standard legislative policy remains especially in the case of cross-border transactions

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 Mobile Payments Industry

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

5.6 Analysis of the increasing emphasis on customer satisfaction and convergence of global trends in Japan

5.7 Analysis of cash displacement and rise of contactless payment modes in Japan

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, and Bank Financing Prepaid Cards)

6.1.1.2 Digital Wallet (includes Mobile Wallets)

6.1.1.3 Cash

6.1.1.4 Other Points of Sale

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 Other Online Sales (includes Cash on Delivery, Bank Transfer, and Buy Now, Pay Later)

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 PayPay

7.1.2 Visa Inc.

7.1.3 MasterCard Inc.

7.1.4 Mitsubishi UFJ Financial Group

7.1.5 Resona Holdings

7.1.6 Rakuten Group Inc.

7.1.7 Credit Saison

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7.1.8 Aeon Credit Service

7.1.9 JCB

7.1.10 PayPal

8 INVESTMENT ANALYSIS

9 FUTURE TRENDS

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