

Japan Real Time Payment - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Japan Real Time Payment Market size is estimated at USD 2.04 billion in 2024, and is expected to reach USD 8.44 billion by 2029, growing at a CAGR of 32.76% during the forecast period (2024-2029).

Real-time payment systems were proliferating due to increased consumer adoption for speed and convenience and the continued shift away from cash with payment solutions enabled by innovation and regulation.

Key Highlights

- The growing adoption of smart devices and booming online retail commerce drive the rapid adoption of real-time payments in the country. Also, the rising tide of real-time payments reflects growing consumer demand for real-time transactions, driven due to the ubiquity of smartphones and other connected devices, which have catalyzed consumer expectations for immediacy.
- Several initiatives by the Japanese government, including financial incentives, standardization, and infrastructure development, are also adding growth to the real-time payment market. For instance, the government is planning to introduce a platform for wages through a digital platform which could further contribute to the adoption among consumers. Also, the government has set a target of growing cashless payments to around 40% of all transactions by 2025, up from approximately 20%.
- However, the larger dependence of the population on cash (traditional method), cost of implementation, and low consumer demand as they prefer traditional payment systems are the factors challenging the growth of the real-time payment market in Japan.
- Several market players are expanding their offering of real-time payment systems in the country. In December 2022, Adyen launched its unified commerce solution in Japan to provide a payment platform that connects different online and offline sales channels. Such introductions from the vendors are expected to fuel the market growth during the forecast period.
- The outbreak of the COVID-19 pandemic greatly impacted the real-time payment market. With the country's focus on digital

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transformation and its advanced technology infrastructure, real-time payment solutions had widespread adoption. Additionally, the pandemic accelerated the trend toward cashless payment methods, leading to greater use of mobile payment solutions and e-wallets. This also helped spur innovation in the real-time payment industry as companies compete to offer more convenient and secure solutions.

Japan Real-Time Payment Market Trends

Digital Payment Adoption Will Drive the Market

- Digital payments have been widely adopted and are growing in popularity in the country. Mostly used digital payment methods include QR code payments, mobile payments, contactless card payments, and others. This adoption is driven by the convenience and increased security offered by digital payment platforms.
- Digital payments are helping to facilitate real-time payments by providing a fast and efficient payment infrastructure in various ways, including instant transfer, real-time processing, easy reconciliation, and convenient access to the users. According to FIS, Japan's share of cash point-of-sale payments fell 15% yearly (YoY) in 2021, compared to a 7.8% YoY reduction the year before. Consumers have opted for digital payments to avoid touching currency during the pandemic.
- According to the government of Japan, cashless transactions are expected to account for at least 40% of all transactions in Japan by 2025, up around 20% from 2021. It believes that expanding digital payments will boost tourism and stimulate financial sector innovation in the country. This will eventually lead to a greater demand for real-time payments.
- Furthermore, the Japanese government is planning to introduce a system for companies to pay salaries digitally without going through bank accounts by spring 2023, and 30% of companies are considering implementing this system. Such initiatives are further supporting the growth of the real-time payment market.
- The younger population in Japan is becoming a significant part of the consumer economy and demanding a change to digital to match their technology-friendly habits. Also, massive political efforts to bring digital payment adoption by giving consumer rewards and cash rebates are likely to grow the adoption of digital payments in Japan.

Increased Smartphone Penetration to drive the Market

- Increasing smartphone penetration in Japan is playing a key role in the growth of real-time payments in various ways, such as mobile payments, mobile banking, increased accessibility, and improved user experience. It is contributing to market growth by making digital payment methods more accessible and convenient for consumers.
- In Japan, about 92% of persons aged 30 to 39 will use smartphones to access the internet in 2021. In the case of those in their twenties, the percentage was slightly lower. According to the Ministry of Internal Affairs and Communications, only 12.1% of those aged 80 and older used cell phones to access the internet (Japan).
- According to a survey conducted by the Ministry of Internal Affairs and Communications (Japan) in September 2021, a leak of one's personal information or browser history was by far the most common reason for Japanese respondents to feel insecure when using the internet, with more than 90% mentioning it. Computer virus attacks and fake billings or frauds followed privacy concerns.
- Furthermore, the survey revealed that most people in Japan feel anxious when using the internet, with the older generations having a higher tendency to feel this way. Such trends are expected to hamper the growth of the real-time payments market in every demography of the Japanese population. Leaking personal information is something that can also impact the payments habit of the younger population.
- The growth of M-commerce is also contributing to the market growth as the smartphone penetration increased the buying and

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selling of goods and services in the country. According to the Mobile Content Forum, the m-commerce market size in Japan reached around JPY 4.9 trillion as of 2021.

Japan Real-Time Payment Industry Overview

The Japanese real-time payment market is fragmented due to the presence of many players operating in the market. The market has become an attractive choice due to rapidly changing customer tastes, attracting considerable investment. Because of the immense potential growth, service providers are undergoing strategic initiatives such as expansion, partnership, agreement, acquisitions, etc.

In August 2022, ACI Worldwide, the global leader in mission-critical, real-time payments software, announced an agreement with Japan's leading central domestic payment network, Japan Card Network, Inc., CARDNET, to modernize its digital payments infrastructure. The agreement would see ACI work with CARDNET to provide the latest digital payments technology and next-generation solutions to CARDNET's customers.

In March 2022, Worldline, a global leader in payments services, announced its entrance into Japan, where it will handle credit card payments for retailers across the country. Japan has large development potential for card payments because it is an economically mature, very secure nation with conservative consumer habits. Also, in March 2022, Worldline expanded its business into Japan, where it now provides credit card payment processing to local businesses. For its growth in Japan, the French payment provider teamed with local payment solutions and network service provider (NSP) Vesca. Vesca will serve as a technical enabler in the country, acting as Worldline's acceptance layer. Worldline intends to launch its service in early 2022. These services will comprise credit card acquisition and point-of-sale card acceptance and processing. According to the corporation, the company wants to increase its e-commerce capabilities in the following months.

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 Definitions

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Attractiveness- Porter's Five Forces Analysis

4.2.1 Bargaining Power of Suppliers

4.2.2 Bargaining Power of Buyers/Consumers

4.2.3 Threat of New Entrants

4.2.4 Threat of Substitute Products

4.2.5 Intensity of Competitive Rivalry

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- 4.3 Evolution of the Payments Landscape in the Country
- 4.4 Key Market Trends Pertaining to the Growth of Cashless Transaction in the Region
- 4.5 Assessment of Impact of COVID-19 on the Market

5 MARKET DYNAMICS

5.1 Market Drivers

- 5.1.1 Increased Smartphone Penetration
- 5.1.2 Government Initiatives are Accelerating the Adoption of Real-Time Payment Solutions

5.2 Market Challenges

- 5.2.1 Payment Security Related Concerns
- 5.2.2 Existing Dependence on Cash

5.3 Market Opportunities

- 5.3.1 Changes in Government Policies Encouraging the Growth of Digital Payments

5.4 Key Regulations and Standards in the Digital Payments Industry

- 5.4.1 Regulatory Landscape Across the World
 - 5.4.2 Business Models with Potential Regulatory Roadblocks
 - 5.4.3 Scope for Development in Lieu of Evolving Business Landscape
- ### 5.5 Analysis of Major Case Studies and Use-Cases

6 Market Segmentation

6.1 By Type of Payment

- 6.1.1 P2P
- 6.1.2 P2B

7 COMPETITIVE LANDSCAPE

- 7.1 ACI Worldwide Inc.
- 7.2 Fiserv Inc.
- 7.3 Paypal Holdings Inc.
- 7.4 Mastercard Inc.
- 7.5 FIS Global
- 7.6 VISA Inc.
- 7.7 Apple Inc.
- 7.8 Alipay (Ant Financial)
- 7.9 SIA SpA
- 7.10 Finastra

8 Investment Analysis

9 Future of the Market

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