

South Korea Mobile Payment - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The South Korea Mobile Payment Market size is estimated at USD 40.67 billion in 2024, and is expected to reach USD 62.96 billion by 2029, growing at a CAGR of 9.13% during the forecast period (2024-2029).

The South Korean mobile payments market is driven by the expanding e-commerce market, increasing emphasis on QR code-based mobile payments, coupled with businesses nationwide making their payment methods mobile-friendly. In addition, the presence of major market vendors coupled with the growing penetration of foreign market vendors in the country results in market growth.

Key Highlights

- South Korea has seen a surge in the adoption of mobile payment systems in the past few years, with many consumers opting for contactless payment options over traditional credit cards. Further, market vendors are focusing on providing a fast, secure, and convenient way to pay for goods and services, thus accelerating the growth of digital payments in the country, and could help market vendors to gain significant traction in the rapidly-evolving digital payment space.
- 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 predicted that GDP would likely 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.
- The country's e-commerce market is another factor driving its growth, with consumers adopting mobile payment services from various market vendors to make their purchases. 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.
- Further, the booming e-commerce and smartphone penetration attracting various global mobile payment vendors to launch their services in the country, thus positively impacting the market growth. For instance, in February 2023, British fintech firm PPRO

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launched its international digital payments infrastructure in South Korea. The fintech has incorporated its service with South Korean local cards and e-wallets Toss Pay. Toss Pay, the company's e-wallet solution makes purchasing using a card or an account linked to the Toss app easier.

-The COVID-19 pandemic further accelerated the expanded digital payments landscape in the country, thus positively impacting market growth. During the outbreak, consumers increasingly opted for contactless payments via mobile wallets or e-wallets due to fear of getting exposed to the COVID-19 virus through cash handling. Many retailers, restaurants, and public transport networks started accepting mobile payments.

South Korea Mobile Payment Market Trends

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

- The e-commerce market in the country has been witnessing significant expansion over the past few years owing to the growing smartphone and increasing usage of the Internet in the region, and the developments that are happening with the 5g technology will drive the customers to move towards the online purchase of goods significantly. Further, with the continuous growth of online shopping, digital payment services via mobile are increasing.

- Further, the high Internet and smartphone penetration is expanding the potential for the growth of e-commerce in the country. In addition, the high penetration of online shoppers owing to the growing popularity of online shopping in the country's 20-49 age group is expected to create opportunities for mobile payments market vendors to offer innovative mobile payment services in the E-commerce space. For instance, according to the Korean Internet & Security Agency, Ministry of Science and ICT (South Korea) September 2021 survey, around 97.9% of respondents between the 20-29 age group purchased goods and services (including over the Internet within the last year.

- Further, South Korea's e-commerce companies, such as Coupang, offer same-day delivery and online grocery shopping services. Various companies such as Naver and Coupang Corp are improving their logistic capacity and ability to provide faster delivery nationwide. Such developments are expected to attract consumers towards online shopping in the country, thus further increasing and creating the demand for mobile payment services in the country over the forecast period.

- Various mobile payment service providers have launched their own e-commerce platform, which in turn, further drives the demand for their mobile payments apps in the country's booming e-commerce market. For instance, Naver has an eCommerce platform called Naver Shopping. For a regular shopper using Naver Shopping, the app provides the Naver Pay option. Naver Pay is directly integrated into the shopping platform. This means that shoppers do not have to leave the site to make a payment. Such factors further drive the e-commerce market and subsequently boost the growth of mobile payments in the country.

Proximity Payment Type to Hold the Highest Market Share

- Proximity mobile payments are expected to witness significant adoption in the South Korean market over the forecast period. The scope for proximity-based Mobile Payments in the market studied encompasses NFC and QR code-based payments. This payment type requires the mobile phone to contact payment hardware in the immediate vicinity.

- South Korea emphasizes QR code-based mobile payments to accelerate the shift toward digital payments. Further, market vendors are expanding their QR-based mobile payment services and are gaining significant investments. For instance, in March 2023, South Korean QR payment platform GLN International secured a strategic investment of around KRW 110bn (USD 83.7m) from four institutions.

- Moreover, the increasing smartphone penetration in the country further expands the proximity-based mobile payments landscape. For instance, according to data from GSMA Intelligence, in January 2023, there were 64.19 million cellular mobile

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connections in South Korea. Further, according to the data, the number of mobile connections in South Korea increased by 1.4 million (+2.3%) between 2022 and 2023.

- Further, proximity mobile-based payment depends on the vast majority of new smartphones equipped with an NFC chip and an increasing number of outlets. The mainstream usage of NFC technology in mobile phones and retailers' point-of-sale systems will enable consumers to purchase goods and services directly at the point of sale using their mobile phones. Furthermore, major market vendors such as Apple Pay and Samsung Pay are using NFC technology. Such developments are expected to drive proximity-based mobile payments in the coming years.

- 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 Industry Overview

The South Korea Mobile Payment market is highly competitive and has several major players. In terms of market share, few of the major players currently dominate the market. However, with the 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 tapping new markets.

In March 2023, in South Korea, Samsung, and Naver Financial introduced an integrated mobile payments solution that allows Naver Pay users to use their smartphones to make in-person purchases at shops that accept Samsung Pay and Samsung Pay users to make online purchases at merchants that accept Naver Pay.

In March 2023, in a bid to expand its digital payment services, Apple launched Apple Pay in South Korea. With the launch of Apple Pay in the country, the company is looking to tap into the growing popularity of digital payments in the country.

Additional Benefits:

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

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