South Korea Real Time Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 100 pages | Mordor Intelligence

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Report description:

The South Korea Real Time Payments Market size is estimated at USD 1.48 billion in 2024, and is expected to reach USD 7.38 billion by 2029, growing at a CAGR of 37.91% during the forecast period (2024-2029).

The primary factors driving the market's growth are the increased internet and smartphone penetration, growing e-commerce transactions, and government initiatives, among others.

Key Highlights
-The increasing ubiquity of smart devices and growing online retail commerce drive the adoption of real-time payments. In addition, rapid technological changes such as the rollout of 5G and increased smartphone penetration across South Korea encourage real-time payments. Furthermore, as data reported by GSMA, the mobile penetration in the country was 122.6% at the start of 2022; these factors further proliferated the growth of the country's real-time payments market and attracted global real-time payment provider companies to invest in the region.
-According to the ACI worldwide report, real-time payment transactions are expected to grow to 11.3 billion in 2026 in South Korea due to digitalization in banking and financial institutions. The spread of e-commerce payment transactions and the introduction of Internet banking in the past few decades are accelerating the movement toward a further diversification of the range of electronic payment and settlement systems in the region. Furthermore, the declining popularity of paper-based transactions in the country has accelerated a move towards real-time payments in the region.
-The rapid growth of digital wallets and the expansion of digital payment services by key vendors across South Korea drive market growth. For instance, in September 2022, Alipay+, a digital payment platform, collaborated with Asian Mobile payment providers to offer four digital wallets, including AlipayHK, Touch 'n go, TrueMoney, and GCash in South Korea.
-However, amid rapid growth in cyber crimes in recent years, the level of insecurity regarding payment frauds has increased,

which is anticipated to remain among the major factor challenging the studied market's growth in South Korea during the forecast period.
-Moreover, the COVID-19 pandemic accelerated major shifts in the payment behavior of South Korean users by declining the usage of paper-based payments, switching from in-store to online payment methods, and adopting instant or real-time payments. These major shifts towards real-time payments created new opportunities for major real-time players in South Korea.

South Korea Real Time Payments Market Trends

Digital Transformation coupled with High Smartphone Penetration is Expected to Drive the Market

- South Korea is among the countries with the highest penetration rate of smartphones. For instance, according to a survey conducted by the Korea Information Society Development Institute (KISDI), in 2022, around 94% of respondents stated that they owned a smartphone, up from around 22% in 2011. Hence, the popularity of smartphones in South Korea has meant the country has been a faster adopter of real-time payments.
- Further, mobile payment providers such as Toss, KakaoPay, and N-Pay are also increasingly popular, resulting in more popularity of real-time payments in South Korea. According to PRPO, a fintech firm, the country is expected to become an e-commerce hub and is projected to register around 13% CAGR by 2024. In February 2023, cards in South Korea accounted for 66%, and digital wallets stood at 22%, according to PRPO.
- Furthermore, the government is taking initiatives to accelerate the digitalization and payment infrastructure in the country, resulting in a boost in the digital economy. For instance, the World Bank's Digital Development Global Practice, a three-year initiative launched in 2021, has been running the Korea Digital Development Initiative (KoDi), which aims to help the low-and middle-income countries accelerate the digital transformation that is data-driven, secure, and green by sharing information on recent reform practices and providing country-specific technical assistance.
- Moreover, according to the Bank of Korea, the share of mobile easy payment in total digital payment transactions increased from 16.30% in Q1 2020 to 21.50 in Q2 2022. Hence, all of the factors mentioned above are further expected to boost the real-time payments market, supported by high smartphone penetration and government initiatives to boost digital infrastructure in the region.

P2B Segment is Expected to Gain Significant Traction Supported by Rising E-commerce Transactions

- The e-commerce market witnessed significant growth due to the COVID-19 pandemic in South Korea, leading to wider acceptance of online and cashless payments, such as digital wallets and real-time payments. For instance 2022, e-commerce accounted for 8% of total retail sales in South Korea, according to PPRO. The users found it suitable and easy to use instant payment methods during online shopping for immediacy and better checkout solutions offered by real-time payments.
- Furthermore, according to Statistics Korea, the online shopping transaction volume in South Korea increased from KRW 113.73 trillion (USD 0.087 trillion) in 2018 to KRW 209.88 trillion (USD 0.16 trillion) in 2022. The growth indicates the growing penetration of the e-commerce industry in South Korea, which in turn is creating a favorable outlook for the studied market's growth.
- Moreover, with booming e-commerce in South Korea, cross-border e-commerce is also exploding. Due to this, merchants and consumers demand is growing for fast, convenient payment processing and instant settlement payment solutions. Owing to this, many major players, such as EMQ, offer cross-border real-time payments to consumers and merchants in South Korea, further increasing the demand for P2B real-time payment transactions in the region.
- Further, in March 2022, Citcon, a mobile wallet payment provider, announced the expansion of its E-commerce payments presence to South Korea and Japan. Citcon's global payments gateway allows merchants to trade with customers in these markets

using all local payment options, including over 30 locally issued credit and debit cards and eight popular digital wallets, all through a single payment gateway. Such factors are expected to increase the P2B real-time payments over the forecast period.

South Korea Real Time Payments Industry Overview

The South Korea Real Time Payments Market is moderately consolidated. With consumer preferences changing rapidly towards faster payments, the real-time payments market has become a lucrative option and, thus, has attracted a huge amount of investments. The major market players offer convenient payment solutions and rapidly indulge in merger and acquisition activities to increase the consumer base and product offerings.

In March 2023, the Financial Regulator of South Korea approved the launch of Apple Pay in the country and allowed local credit card firms to launch Apple Pay Service. The financial authority expects the launch of Apple Pay to promote the NFC payment service in South Korea.

In February 2023, Samsung and Naver formed entered into a strategic partnership to maintain the market leadership in South Korea in mobile payments, as Apple is expected to launch Apple Pay in the coming months. Several card companies like KB Kookmin, Shinhan, Hana, Lotte, NH NongHyup, and Woori have agreed to form a common 'open pay' service.

Additional Benefits:

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

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