

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

Market Report | 2024-02-17 | 95 pages | Mordor Intelligence

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Report description:

The Vietnam mobile payments market was valued at USD 35.89 billion the previous year and is expected to grow at a CAGR of 9.84%, reaching USD 63.59 billion by the next five years. Mobile payment systems like M_Service, Viettel Digital Services, ZaloPay, National Payment Corporation of Vietnam, and GrabPay by businesses and services nationwide are progressing quickly in Vietnam. This trend is anticipated to persist during the projection period due to rising internet usage and the rapid expansion of online shopping.

Key Highlights

- Mobile phones, particularly smartphones, have elevated to essential significance in the context of the world economy's fast expansion. Additionally, most people in the country consider the Internet a basic necessity for daily living. Due to this, the number of cell phones and internet users grew massively, driving the country's mobile payment market.
- Many industry participants, like ZaloPay and GrabPay, use reward systems to retain existing mobile payment service users and attract new ones. Several service providers, for instance, provide scratch cards equipped with a reasonable amount to facilitate transactions through their applications. Such compensation schemes encourage customers to use mobile payment apps, boosting the mobile payment market in Vietnam.
- Additionally, the Party and the Government of Vietnam have recently given digitalization and improved non-cash payment a great deal of attention and firm directives. Based on such directives, the State Bank of Vietnam (SBV) has continuously enhanced the legislative frameworks and regulatory procedures to support the banking industry's digital transformation and adoption of cashless transactions. The payment infrastructure has received steadily increasing amounts of investment. Financial literacy and communication have both been emphasized. These have produced crucial pillars for the rapid development of digital payments and banking digitalization.
- Further, banking digitalization has made significant progress, particularly in payment operations, offering real advantages to

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individuals and companies. These outcomes are indicated by the data published by the State Bank of Vietnam that nearly 70% of adults have payment accounts in the past year. The payment systems have operated smoothly and safely, meeting almost all economic payment demands with a high average annual growth rate in mobile payment transactions. Many banking services are now entirely used in digital channels, like opening new accounts and issuing bank cards, deposits, money transfers, etc.

-The market for mobile payments is expected to expand over the forecast period due to the growing popularity of M-commerce in Vietnam, which involves online businesses utilizing wireless devices like smartphones. Furthermore, M-commerce enables consumers to transact anywhere there is wireless internet access. Additionally, businesses like ZaloPay have already debuted their mobile commerce offerings. Customers can now instantly make in-store purchases without the hassle of swiping a card due to the introduction of digital wallets like the National Payment Corporation of Vietnam and M_Service.

-The market for mobile payments is growing but is being constrained by rising data breaches and security problems. Additionally, citing concerns about security and unlawful use of personal data, many customers hesitate to accept the new technology.

-It should be emphasized that when the COVID-19 pandemic first appeared, the relevance of digital financial services increased. Consumers benefit financially from developments in financial technology, Internet banking, and electronic payments. According to World Health Organization (WHO) research, customers should avoid using cash and contact-based payments since they might spread germs. Instead, they should opt for mobile payments. This payment at convenience made mobile payments an essential activity in the country.

Vietnam Mobile Payments Market Trends

Increased Mobile Penetration Drives the Market in the Country

- Increased utilization of smartphones can switch to m-payments, which make payments easier due to their convenience and quick process. As per GSMA, between 2021 and 2025, 15 million new mobile internet users in Vietnam will come from Vietnam. By 2025, smartphones will account for more than 85% of connections in Vietnam, up from 62 % in recent years.

- Moreover, 73.5 % of Vietnam currently use smartphones. In the previous year, the proposed National Digital Infrastructure Strategy for 2025 states that Vietnam wants to raise the rate to 85%. In recent years, Vietnam had 91.3 million smartphone customers, according to the Department of Telecommunications, a division of the Ministry of Information and Communications (MIC). There were two million more smartphone customers, increasing to 93.5 million in the previous year.

- Mobile wallets are expected to push toward cashless payment in Vietnam, a country with a higher unbanking population, and most people pay for goods valued at less than VND100,000 VND (USD 4.41) by cash. Through increased penetration of smartphones, people get acquainted with mobile payments and experience the convenience of using them.

- Further, the increasing mobile penetration has driven the growth of m-commerce in the country. The success of various Vietnamese-origin e-commerce platforms, such as Tiki, Sendo, and The gioididong, demonstrates Vietnam's ability to foster e-commerce. These platforms have grown into big e-commerce powerhouses thanks to investments from Japan, Germany, the United States, South Korea, China, and Singapore. The growth of online shopping has further facilitated the growth of mobile wallets in the country.

Retail to Experience Significant Growth

- Recently, a banh mi (Vietnamese sandwich) store on Dang Van Ngu Street in Hanoi drew a lot of young consumers not just because the price of the sandwich was under VND 20,000 (USD 0.8) but also because the young customers were delighted with the shop's new payment mechanism. Such experiences indicate the potential for growth of the mobile payments market in the country.

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- Moreover, customers may use the QR code attached directly to the glass cabinet housing the sandwich to purchase without using cash by swiping it. To make payments quicker and more accessible, the business accepts more than ten types of e-wallets.
- Since the pandemic began, there has been a noticeable rise in the usage of e-wallets, payments made through cellphones and QR codes, and a strong demand for instant credit solutions like buy-now-pay-later, particularly among the underbanked and unbanked populations.
- The COVID-19 epidemic has significantly increased the market for online purchases, with non-cash payments making up 70% of all retail transactions in Vietnam last year. A study of 15,000 shops found that 72.8% of all transactions in the previous year involved cashless payments, an increase of 9% from a year earlier. With 36.5% of all transactions at retail stores, restaurants, and cafes made using bank accounts, it has overtaken cash (29.8%), e-wallets (14.8%), QR codes (9.9%), bank cards (8.5%), and payment gateways (0.5%) as the most common means of payment.

Vietnam Mobile Payments Industry Overview

The Vietnam mobile payments market is moderately consolidated and consists of several major players. The major players with a prominent share in the market such as M_Service, Viettel Digital Services, ZaloPay, National Payment Corporation of Vietnam, GrabPay, etc., are focusing on expanding their customer base across foreign countries through the adoption of various technologies.

- April 2022 - ZaloPay developed the Accumulation Account product as an electronic wallet with various user advantages. To invest and make money, anyone may use idle funds up to a maximum of 10,000 VND. Profit is paid daily at a rate of 5% annually. The product is controlled by BIDV and ACB Fund Management Company Limited (ACBC) to make savings deposits at Vietnamese banks.
- June 2023 - Samsung Vina Electronics, a subsidiary of Samsung Electronics, signed a memorandum of understanding (MOU) with Shinhan Bank Vietnam, which offers corporate users various banking and financial services, to establish a strategic relationship between the financial products of Shinhan Bank and Samsung Wallet. The partnership will serve as a foundation to accelerate a convenient and comfortable lifestyle for Galaxy users and Shinhan customers within the scenario of mobile payment making its way to all activities and entertainment of Vietnamese customers.

Additional Benefits:

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

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