

Japan Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Japan Payments Market size is estimated at USD 0.28 trillion in 2025, and is expected to reach USD 1.07 trillion by 2030, at a CAGR of greater than 31.04% during the forecast period (2025-2030).

Over time, payments have evolved from bartering to token systems (exchanging coins and paper money), currency pooling (deposits and bank accounts), and ultimately cashless transactions. Over the past decade, a significant acceleration in modern payment systems has been witnessed in Japan, among the primary factors influencing the growth of the studied market in Japan.

Key Highlights

- Although one of the leading payment methods in the nation is cash, digital transactions are developing quickly, transforming the country into a digital one. Establishing the necessary infrastructure by the Japanese government also aids in ensuring the efficient operation of the payments market.
- The third generation of online technology, Web 3.0, combines structured data and cognitive services to enable the web to understand and accomplish user objectives. Payments may use Web 3.0 to offer users more intelligent and individualized payment experiences. By using natural language processing (NLP) and voice commands, consumers can tell their devices what and how much they wish to pay using Web 3.0 technologies, for instance. Based on a user's past payment history and preferences, Web 3.0 technology can also offer customized payment recommendations and offers. Such technologies are also anticipated to evolve and influence the Japanese payments market during the forecast period.
- Due to their simplicity in enabling online bill payments and other money transfer services, mobile wallets are becoming extremely popular for e-commerce businesses all over Japan. 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. This factor is anticipated to generate lucrative opportunities in the studied market during the forecast period. Customers of mobile wallets can

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transfer and receive money with ease due to the user-friendly UI. Users of smartphones can finish their transactions even while on the go due to the user-friendly UI.

- On the flip side, card fraud occurs when thieves use card holder's financial or credit card information to gain unauthorized entry to user accounts and take money. The substantial increase in the number of users who have fallen victim to fraud is caused by the fact that most people's everyday and professional lives are currently virtual or online, as well as the growing complexity of hackers and organized crime groups that target Japan online. Such factors are likely to restrain the growth of the studied market.
- COVID-19 notably impacted the Japanese payments market, with companies like Japan Post Bank intensifying their rivalry with PayPal. The market players are striving towards continued digitalization and innovation in the payments industry to mitigate the effects of the pandemic. Hence, the post-pandemic period is anticipated to witness a continued evolution of the payments industry in Japan.

Japan Payments Market Trends

Online Sales Mode of Payment Segment is Expected to Significant Market Share

- 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, the online payment facility is anticipated to create lucrative opportunities in the studied market.
- Alternative digital currencies are already quickly being embraced in the region, with cryptocurrencies being the most in demand. Future digital wallets offer on-demand and frictionless access to these alternative digital assets and store and enable payment transactions. Furthermore, they make it possible to carry out financial transactions using various payment sources.
- Similarly, the buy now, pay later (BNPL) firm in Japan, Paidy, offers Paidy Link that instantaneously links account holders to their digital wallets. Paidy employs its models and machine learning to speed up transactions and ensure payment. JS Capital Management, Soros Capital Management, Tybourne Capital Management, and Wellington Management contributed to the company's recent USD 120 million Series D fundraising round.
- According to the Bank of Japan, Credit cards were the most used cashless means of payment in Japan, according to a survey conducted from August to September 2023. Around 68.4 percent of the respondents stated that they used credit cards in their daily lives, while 8.1 percent only used cash. Moreover, a quick and easy payment process was the leading reason for consumers in Japan to use cashless payment methods. Over 67 percent of respondents said they used digital payment methods to make payments quickly and easily. Further, according to the Japan Consumer Credit Association, In 2023, the number of credit cards issued in Japan reached 308.6 million. The number increased by 2.5 percent from over 301 million cards in the previous year.
- The rise in spending on online shopping would create an opportunity for the market players to develop new real-time payment solutions to capture the market share. In January 2023, Japanese fintech Smartpay launched Smartpay Bank Direct, the country's first digital payments service that offers installments directly from users' bank accounts. Through the new service, Smartpay claims it is Japan's first digital consumer finance company to utilize Japan's open banking system, with a network of 67 partner banks across Japan. The digital payments service supports credit cards and direct debit through an automated, single-click user experience at the point of purchase, with no additional fees or interest for consumers.

The Retail End-user Industry Segment is Expected to Hold Significant Market Share

- The retail payments landscape in Japan has undergone a significant transformation in recent years due to changes in end-user payment habits, payment innovation, technical advancements, and the entrance of new providers. Japanese consumers are now

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using a variety of new, convenient payment options made possible in substantial part by mobile technology. One of the most significant retail payment trends is BNPL (buy now, pay later). Additionally, the new payments platform has enabled real-time payments utilizing PayIDs since eCommerce has grown to new levels throughout the epidemic. Many retailers in Japan accept BNPL as an essential form of payment, especially for internet sales in specific retail markets where BNPL adoption is high.

- Further, according to Appliv Topics, the growing Japanese e-commerce industry is spearheaded by the three large-scale online retailers Rakuten, Yahoo Japan, and Amazon, which generate sales exceeding YEN one trillion (USD 0.068 billion). The three market leaders expanded their monthly active user bases by offering a range of products and services outside of business-to-consumer (B2C) commerce, reaching more than 40 percent of online users with their brands. This includes Rakuten's internet banking services, Amazon's video distribution services, and Yahoo's auction platform.

- Moreover, According to a survey conducted by Appliv Topics and JustSystems in Japan in 2023, the most used e-commerce site among consumers was Amazon, with approximately 50 percent naming the Japanese platform as their primary online shopping channel. The online marketplace Rakuten Ichiba followed in second place, with around one in three online shoppers ordering over Rakuten's platform.

- Paying by link is a relatively new payment method highly effective for streamlining the checkout process. It is gaining momentum in Japan. It can penetrate all retail segments, whether online or in-store. It would allow a business to automatically produce and distribute payment links to clients via text, email, chat, and QR codes. Customers would be directed to a PCI-compliant hosted checkout page using these links, which use one-time-use URLs. They then would provide their payment details.

- According to Infcurion conducted the 2023 Consumer Payment Trend Survey covering 20,000 people aged 16-69 across the country. QR Code Payment App usage increased across all business sectors. 'Supermarkets and Grocers' (from 13% to 18%), Taxis (from 8% to 16%), and 'Japanese Pubs and Bars' (from 9% to 14%) experienced substantial increases.

Japan Payments Industry Overview

The Japan Payments Market is highly fragmented with the presence of major players like Mer Pay Co. Ltd (MerPay), Mitsubishi UFJ Financial Group, Resona Holdings, KDDI Corporation (AuPay), and Japan Post Bank Co. Ltd. Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

- November 2023 - Mitsubishi UFJ Financial Group (MUFG), one of Japan's largest financial services firms, has tapped Amazon Web Services (AWS) to accelerate its digital transformation. MUFG taps AWS for digital transformation As part of a multi-year agreement, MUFG will leverage AWS' cloud technologies to adopt generative artificial intelligence (AI) and machine learning capabilities, automate processes, and offer personalized financial services to meet customer needs.

- July 2023 - LINE's virtual Asset and blockchain-related business organization, and PayPay Corporation announced the launch of the "PayPay Linkage Service," which would allow users to use PayPay Money to buy virtual Asset and cash them into PayPay Money on crypto asset trading service "LINE BITMAX."

Additional Benefits:

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

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