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

Market Report | 2025-04-28 | 118 pages | Mordor Intelligence

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Report description:

The Malaysia Payments Market is expected to register a CAGR of 11.4% during the forecast period.

The Malaysian payments market is growing, and the major factor behind it is the country's transition to digital payments. The ongoing digital transformation of the market has been facilitated by government efforts, such as the adoption of an interchange fee cap, the migration of payment cards to support PIN and contactless payments, and the growth of POS terminals.

Key Highlights
- Market players are increasing their payment options to help merchants and businesses cope with the future of business and satisfy customers' expectations as Malaysia steps closer to becoming a cashless society and more widespread use of digital payments. However, small businesses continue to rely heavily on cash transactions. Getting cashless will also be difficult for certain small businesses, and street vendors need help acquiring the equipment to keep their digital currency.
- The main reasons for Malaysia's adoption of card payments are the gradual increase in consumer spending on online stores, Point of sale, government financial inclusion measures, and increasing preference for contactless payments due to the cards' convenience and ease of use.
- Over the past few years, there has been a sharp acceleration of developments in payment technology. Although cash has become one of the country's primary payment methods, many transactions are being made electronically. An infrastructure to ensure the efficient operation of this system has been put in place by the government.
- Small retail shops and street vendors have been at the center of fulfilling the country's daily essentials and grocery needs, and these retailers and street vendors are essentially accepting payments in cash. In addition, micro and small retail businesses are more vulnerable to economic shocks than large and medium businesses and are the least digital-savvy group.
- In the last few years, shopping has become increasingly popular in Malaysia. The country has an excellent broadband

penetration rate due to recent technological developments. Customers increasingly use mobile devices to purchase goods and services online due to the COVID-19 pandemic.

Malaysia Payment Market Trends

Card Payments to Witness the Growth

- Debit, credit, and bank-funded prepaid cards are used for payment at the point of sale in Malaysia's payments market. Card payment transactions via debit and credit cards at the point of sale have become popular in the country over recent years. Various government initiatives, such as the cap on interchange fees and the widespread expansion of point-of-sale infrastructure, support the growth of card payments in the country.
- In addition, over the last two years, there has been a marked increase in the number of EFTPOS terminals across the country. Many terminals throughout the country are foreseen to increase the acceptance of cards at retail outlets.
- In POS, vendors continuously innovate their products to capture the particular market in this country as debit and credit card payments at retail stores continue to grow.
- Moreover, payment cards are still one of Malaysia's most widely used payment tools for physical transactions. The sustained growth in the use of payment cards over recent years is expected to grow over the forecast period. To encourage greater use and adoption of payment cards, favorable policies such as the Payment Cards Framework providing measures enabling merchants to manage their acceptance costs better and address other frictions within the payment card ecosystem will further support this growth.

Retail Sector to Witness Significant Growth

- According to the Malaysian Central Bank, the most commonly used payment method is cash for retail transactions in Malaysia. All kinds of transactions relating to payments between customers, businesses, and the Government are carried out using this system. The essential monetary payments shall include utility bills, bus fares, groceries, and other shopping expenses. Despite the development of other non-paper-based payment mechanisms and electronic payment methods, It is still anticipated that cash will remain a significant retail payment method in Malaysia.
- Furthermore, due to a rise in the number of smartphones and consumers' willingness to shop abroad, e-commerce in Malaysia has also been growing at an accelerated pace for several years. The increasing physical infrastructure and regulatory framework for facilitating online commerce in this evolving sector can be exploited by businesses new to the country.
- In addition, the growth of Malaysia's e-commerce sector has begun to be stimulated by COVID-19-related online services and increased use of mobile phones in this country. Malaysia has many e-commerce users due to its widespread use of the Internet and telecommunications. Online shopping accounts for about 50% of consumers, with 82.9% buying their phones online. Malaysians are driven mainly by product quality, price advantages, selection, and accessibility of reviews. Exclusive discounts, free shipping, ease of use, and offers from online retailers impact consumers.
- As a result of the growth of digital payments in the region, retailers are being forced to adapt to these changes and provide their customers with better payment service options, which could help them to increase their sales and expand their presence.

Malaysia Payment Industry Overview

Malaysia's payment market is highly competitive, with many local and global players. The market's leading players use strategic cooperation actions and innovations to gain market share and increase profitability.

In April 2023, PayPal Holdings Inc. announced it had added new features to its complete payment solutions for small businesses. The solution enables small businesses to accept various payments, including Paypal, Venmo, and Paypal Pay Later Products. PayPal will also give small businesses access to four new features to help them drive payment acceptance and enhance how they run their business. This will include Apple Pay as a checkout option, the ability for customers to save payment methods with the PayPal vault for faster future checkout, a real-time account updater to help customers keep their payment methods up to date, and access to IC++ pricing.

In March 2023, Maybank collaborated with American Express and launched the American Express Explorer Business Platinum CardTM, which catered to small businesses, business banking, and corporate customers to help them better manage their cash flow while rewarding them for their spending. The American Express Explorer Business Platinum Card (Explorer Card) simplifies business expense management and is well-positioned to become the preferred payment tool for various types of expenditures, especially for travel, with a host of rewards for both local and overseas spending.

Additional Benefits:

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

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