

**GMO** RESEARCH

Engaging people around the world



Mobile payment in Asia:

# Insights on Consumer Preferences

# About This Paper

There is no doubt that Asia is a hotbed for mobile payment players, and competition is heating up all over the region. So what do the consumers in Asia want out of mobile payment? Here, we will look at user preferences across six key markets in Asia.

This paper examines the market for mobile payment in Asia. Mobile payment is the ability to make payments using a portable electronic device such as a mobile phone – a service which is becoming increasingly in demand in the modern digital world. The findings presented in this paper come from a survey conducted by GMO Research (GMOR) in 2018, and they provide insight into this dynamic and ever-changing market and the challenges and opportunities it will face in the future.

This paper is presented in three parts. In the first part we examined the current state of mobile payment in Asia, drawing comparisons between Asia and the rest of the world, and between different countries within the region. This section also examined the demographics of Asian mobile users.

In this second part we will look at user preferences, including the most popular uses for mobile payment, the preferred mobile payment apps by country, and the level of competition posed by other forms of payment.

In the third part we will lay out the challenges and opportunities related to mobile payment in Asia. This includes the most significant reasons behind resistance to mobile payment, and the potentially enormous market available to companies who are able to overcome consumers' concerns.

# Six Prime Asian Markets

The six countries GMO surveyed – India, China, the Philippines, Indonesia, Malaysia and Thailand – are each at different stages of the transition from cash to mobile payment, and while momentum is building for mobile payment across the region, cash still dominates in some countries.

As we have already seen, China and India are blazing a trail, and have seen some of the fastest growth in mobile payment in the last few years.<sup>7</sup> China in particular, dominates, with mobile payment penetrating nearly all segments of the economy and businesses of all sizes, from large companies to independent street vendors. These countries demonstrate just how influential a force mobile can be.

In the Philippines, there is still a lot of competition for the top spot, and plenty of contenders are making their presence felt in the mobile payment market, but there is no clear leader as yet.<sup>8</sup> In Thailand, the government has launched a new economic model, 'Thailand 4.0', which aims to promote innovation and technology, and move Thailand away from the 'middle-income trap' towards a 'value-based

economy'.<sup>9</sup> This is reflected in the country's plans for fintech (financial technology), which include collaborative cross-border transfers with neighbouring countries<sup>10</sup> and a new QR code payment system for 2019.<sup>11</sup>

In Malaysia, mobile payment faces significant competition from the existing, well-established infrastructure for contactless card payments<sup>12</sup> this trend is also seen in developed Western economies like the UK,<sup>13</sup> where a population with a high proportion of 'banked' individuals (i.e. people with bank accounts) prefers the ease of contactless card payments over switching to a new mobile payment service or digital wallet.

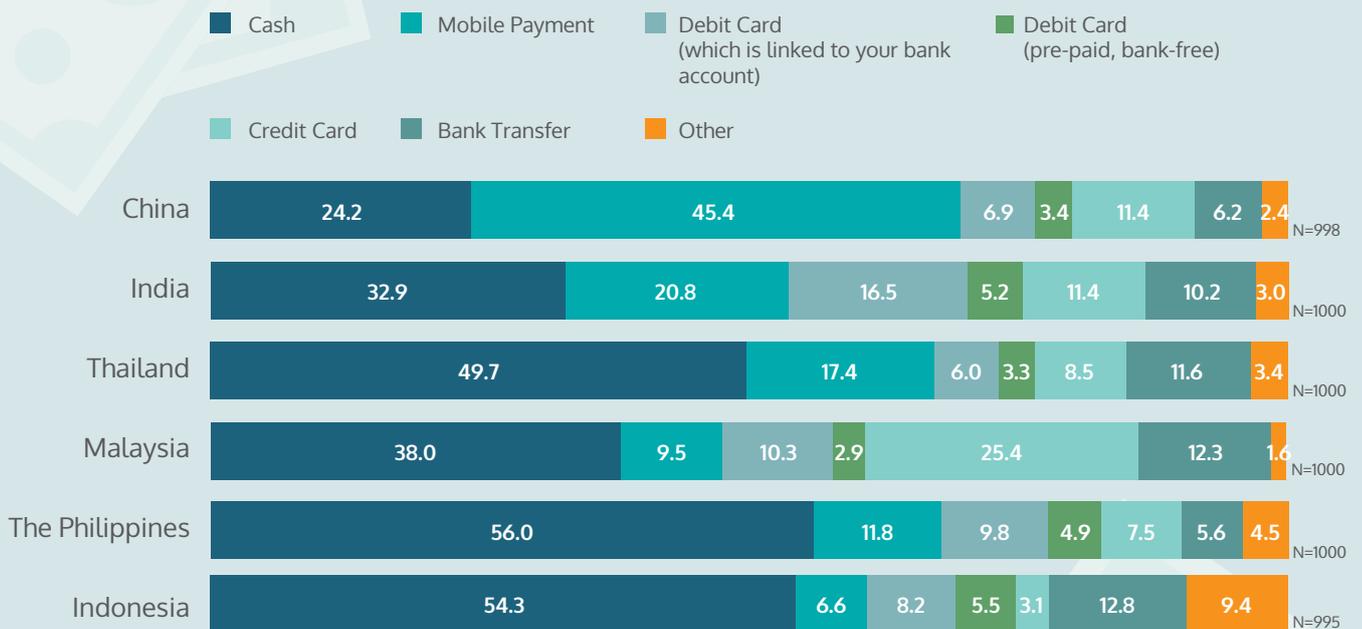
The Asian markets with the most potential, therefore, are those with high numbers of 'unbanked' individuals, as it is more likely that people will transition from cash to mobile than from cards to mobile. This is why Indonesia – with its strong preference for cash and its increasing adoption of smartphones – provides such a landmark opportunity for mobile payment companies.

# Cash Is Often King

Cash is the biggest competitor to mobile payment across all the surveyed Asian countries (Figure 4). For almost every country, the respondents rated cash as their most used payment method, with mobile typically coming in second. Exceptions to this are China – where mobile dominates at 45.4%, followed by cash at 24.2% – and Malaysia,

where the number two spot is held by credit cards at 25.4%. This supports the notion that payment method preference is a question of infrastructure and availability: in countries with high usage of cash and no dominant digital alternatives, mobile payment has the potential to truly make waves.

**Figure 4:**  
Payment mode preference with cross-country comparison (in %)  
Please Allocate Your Own Payment Method Usage To The List Below

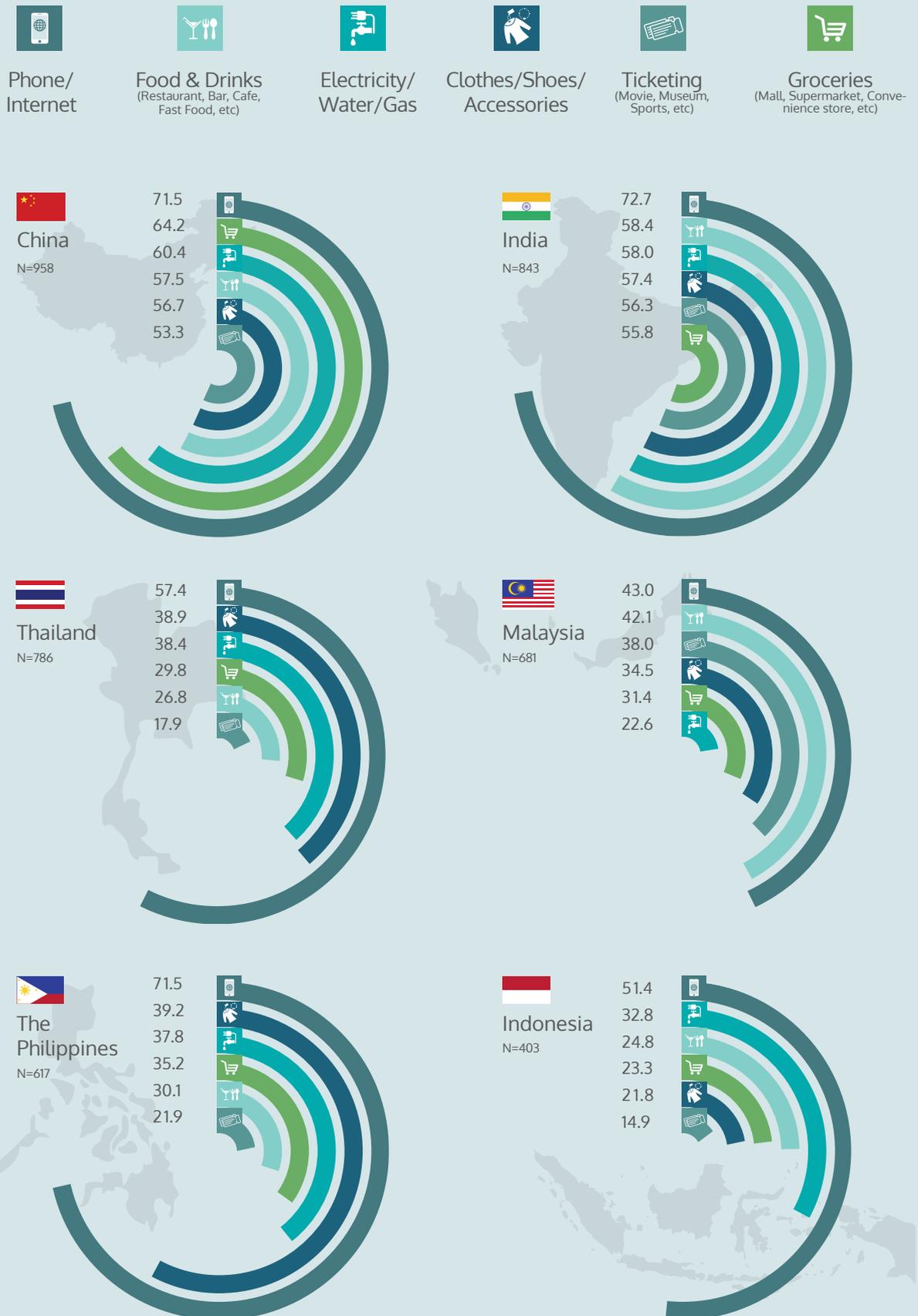


Source: GMOR survey "Mobile Payment Asia" 2018  
Base: All respondents  
MA

# Bills, Bills, Bills

The most popular use for mobile payment is to pay for phone and internet bills – every surveyed country had this as their top-rated mobile payment activity (Figure 5). Other significant uses are paying utility bills (i.e. electricity, water, gas), and buying food and drinks at restaurants and bars. The countries where mobile payment has a strong influence over the market seem to use this payment method for a wide variety of purchases. For instance, there is little difference between India's second most popular item, food and drinks (58.4%) and its fifth most popular, groceries (55.8%), while countries with less general uptake of mobile payment, such as Indonesia, tend to use it predominantly for just one or two types of transaction (e.g. 51.4% for phone/internet, but only 14.9% for ticketing). This suggests that the desire to use mobile payment is there, but the infrastructure does not currently exist in certain industries to support it.

**Figure 5:**  
Top uses for mobile payment across countries (in%)  
On Which Payment Occasions Do You Use Mobile Payment?



Source: GMOR survey "Mobile Payment Asia" 2018  
Base: Mobile payment users only  
MA

# The Most Dominant Apps

Global giant PayPal takes a significant chunk of the mobile payment market in several Asian countries (Figure 6): it is the most used app in the Philippines (63.7%), Thailand (58.4%) and Malaysia (56.5%), and the third most used in Indonesia (33.3%). However, each surveyed country also has popular local apps in their top three, such as PromptPay in Thailand and Gcash in the Philippines. In India, Paytm is the market leader (84.9%), and in China, Alipay is by far the biggest player (91.8%). Apps that have been rolled out across ASEAN, such as LINE Pay and Grab Pay, also appear in the top three apps for these countries,

while there are far fewer global brands (e.g. Apple and Samsung) in the rankings overall. Perhaps the biggest opportunities, then, are for country-specific apps, rather than global mobile payment brands.

Although it has been mentioned that the various mobile payment markets in Asia differ greatly in terms of maturity and adoption, there remains some similarity in terms of usage patterns and consumer expectations. In the last part of this white paper, we look at challenges faced by the mobile payment industry in Asia and also opportunities that lie ahead for this booming market.

**Figure 6:**  
Top apps for mobile payment with cross-country comparison (in %)  
Which Mobile Payment App/Service Are You Using Regularly?



Source: GMOR survey "Mobile Payment Asia" 2018  
Base: Mobile payment users only  
MA

## About GMO Research

GMO Research can offer you an online research solution platform that allows access to our multi-panel, multi-country online panel network – Asia Cloud Panel. Asia Cloud Panel consists of over 22 million online panelists across 13 APAC countries, ranging from consumers to CEOs, and we are constantly expanding our reach both in Asia and globally.

GMO Research is also part of and is backed by GMO Internet Group, one of the largest Internet conglomerates in Japan, specializing in a number of Internet-related technologies, including web infrastructure and e-commerce, Internet media, Internet securities and social media and smartphone platforms. GMO Internet Group has the number one Japanese market share in Internet security, payment processing, e-commerce solutions, web hosting, domain and FX trading.

### For more information:

[request@gmo-research.jp](mailto:request@gmo-research.jp)

USA (NY) +1 516-884-9600

EU +40 742-820391

Japan +81 3-5456-3244

China +86 21-3330-1227

Singapore +65 8435-9426

Malaysia +60 3-2721-2013

India +91 11-4104-9336

## References

<sup>7</sup> <http://www.theasianbanker.com/updates-and-articles/china-india-and-thailand-lead-asia-pacific-in-the-growth-of-retail-mobile-payments>

<sup>8</sup> <http://fintechnews.sg/24543/mobilepayments/payments-asia/>

<sup>9</sup> <https://www.thailand-business-news.com/economics/54286-thailand-4-0-need-know.html>

<sup>10</sup> <http://fintechnews.sg/24543/mobilepayments/payments-asia/>

<sup>11</sup> <http://fintechnews.sg/25941/mobilepayments/nets-itmx-cross-border-qr/>

<sup>12</sup> <http://fintechnews.sg/24543/mobilepayments/payments-asia/>

<sup>13</sup> <https://www.theguardian.com/business/2018/jun/18/uk-debit-cards-transactions-overtake-cash-for-the-first-time>

## Image Sources

Cover 2, Denys Prykhodov, [https://www.shutterstock.com/de/image-photo/tach-phone-mobile-wallet-onlain-shopping-157175759?src=aYkNE38i--LKskP\\_kf5mCA-1-31](https://www.shutterstock.com/de/image-photo/tach-phone-mobile-wallet-onlain-shopping-157175759?src=aYkNE38i--LKskP_kf5mCA-1-31)  
Icons, [www.freepik.com](http://www.freepik.com)