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Mobile payment in Asia:

Will Cash Finally Be Dethroned?

Exploring the growing market for mobile payment in Asia, and the challenges and opportunities for the future

About This Paper

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 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 this first part we will examine 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 will also examine the demographics of Asian mobile users.

In the second part we will look at user preferences around mobile payment, 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.

The State Of Mobile Payment In Asia

Mobile payment usage has been steadily rising in Asia. But who are the users and how do their preferences differ across the different countries? For a start, let's look at mobile penetration in the region.

The state of mobile in Asia

Mobile phones have become ubiquitous around the world, and Asia is no exception. Although mobile penetration rates are higher in other parts of the world, such as Europe and the USA, the proportion of Asian users accessing the internet on their phones is on the rise. According to research, mobile internet penetration rose in Asia-Pacific from 47.1% in 2014 to 57.2% in 2018,¹ and it is predicted to continue on an upward trend.

There is no question that Asia is an important market for mobile, and especially for the booming field of mobile payment. The region is seeing impressive growth in mobile payment and mobile banking. In fact, the latter has expanded some 1.5–3 times since 2014 in certain Asian markets,² and the entire Asia-Pacific region is considered to be the fastest growing market for mobile payment worldwide, with compound annual growth of 35.2%.³ In the ASEAN region⁴, mobile payment transactions are forecast to reach \$30 billion by 2021.⁵ This is happening as traditionally cash-reliant societies begin to move towards non-physical e-payment options.

About the survey

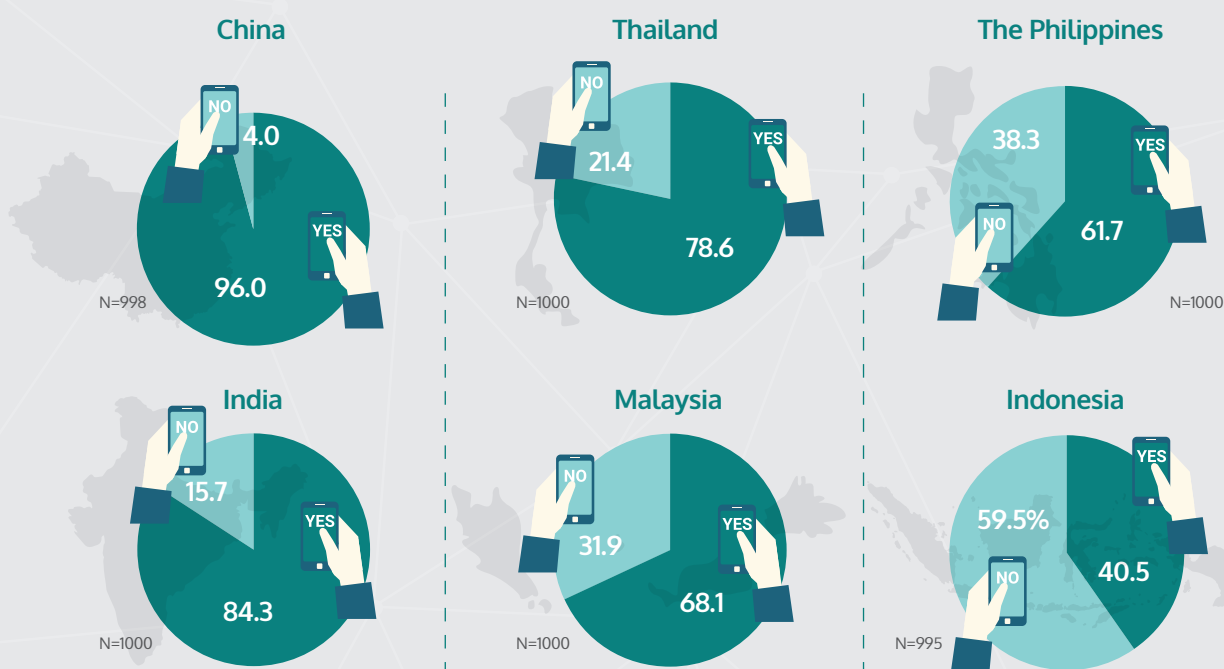
This survey was conducted online by GMO Research from July 11–18, 2018, on a sample of 5,993 respondents from China, India, Indonesia, the Philippines, Malaysia and Thailand.

China And India Lead The Way

Mobile payment penetration is higher in some Asian countries than others. GMO Research (GMOR) has conducted a survey on mobile payment usage in six countries across Asia. Of those surveyed by GMOR, China and India have the highest proportion of regular mobile payment users, at 96.0% and 84.3% respectively, and these countries are widely recognised to be Asia's dominant existing markets for mobile (Figure 1).

Indonesia has the lowest proportion of regular users at 40.5%, which makes it the market with the highest potential for mobile payment companies. While the Chinese market is dominated by mobile payment giants Alipay and WeChat Pay, Indonesia is more open to new players. Some experts consider Indonesia to be the fastest growing market for mobile payment in the world⁶, as the population is rapidly adopting new technologies, particularly in urban areas.

Figure 1:
Mobile payment penetration with cross-country comparison (in %)
Do You Use Mobile Payment Regularly?



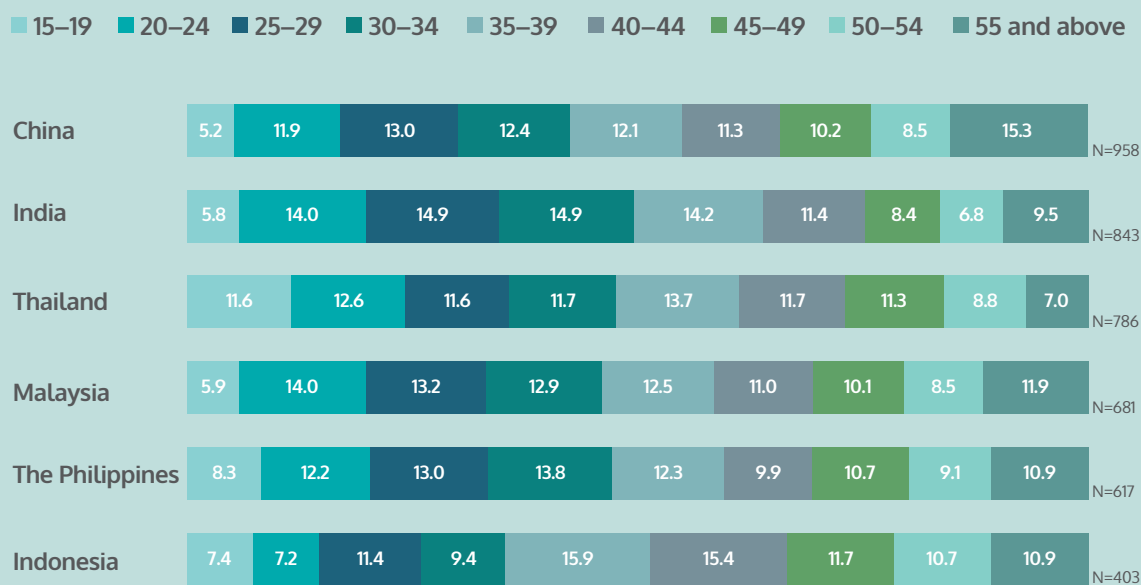
Source: GMOR survey "Mobile Payment Asia" 2018
Base: All respondents. 5,993 respondents from China, India, Indonesia, the Philippines, Malaysia and Thailand. (SA)

Younger Users Set The Trend

Analysing the age and gender demographics of the respondents by country (Figure 2) reveals different peak age groups for using mobile payment depending on the level of mobile payment penetration in the market. In India, the biggest segments of the population using mobile payment are the 25–29-year-olds and 30–34-year-olds, while in Indonesia it is the 35–39-year-olds.

Thus the countries with higher existing mobile payment penetration tend to have a younger user base, suggesting that there is a large, untapped younger market of users in countries where mobile payment penetration is currently lower.

Figure 2:
Mobile payment user demographics by age group, with cross-country comparison (in %)



Source: GMOR survey "Mobile Payment Asia" 2018
Base: Mobile payment users only (SA)

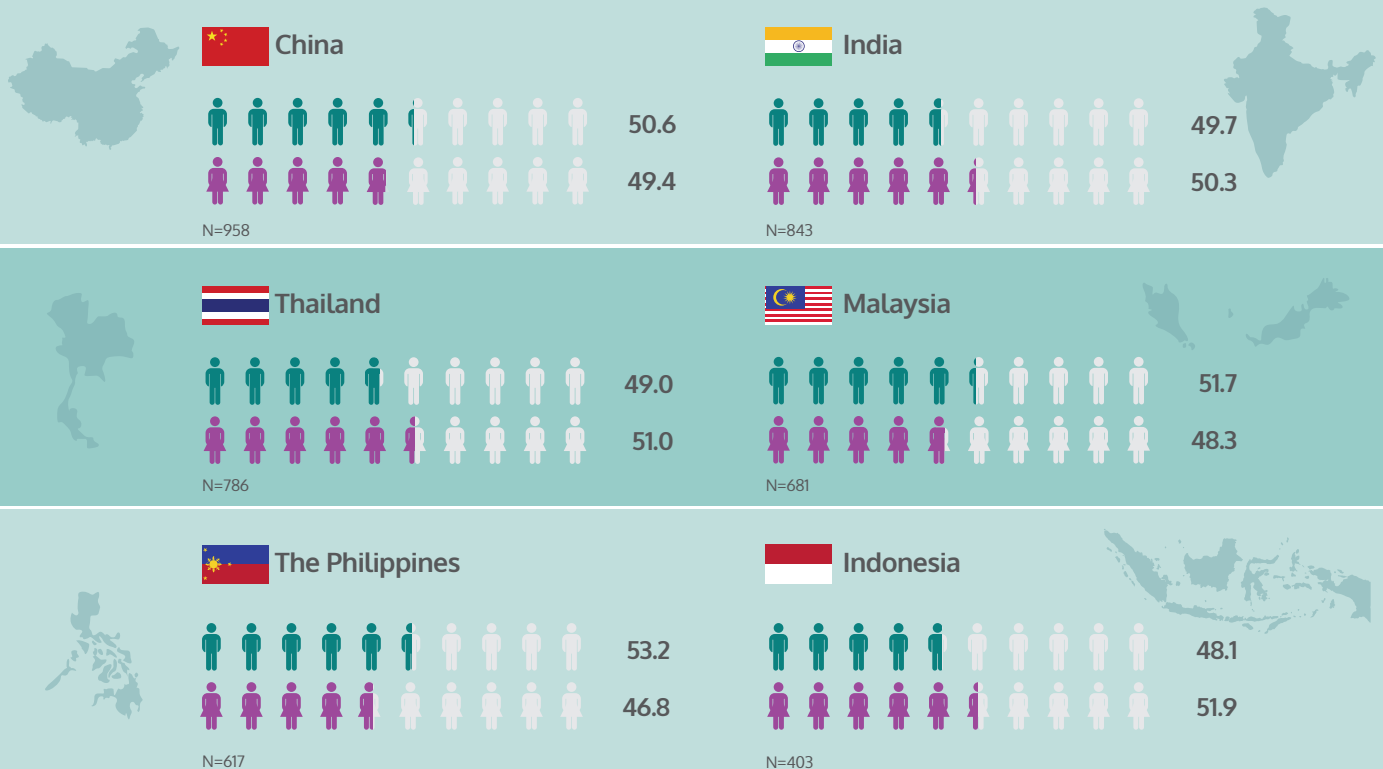


Breaking down the data by gender (Figure 3) reveals a fairly even gender split across all six countries, with the smallest gender divide being in India (49.7% male, 50.3% female) and the largest in the Philippines (53.2% male, 46.8% female).

vastly different stages of maturity when it comes to mobile payment adoption. In the next two parts of this white paper, we deep-dive into user preferences, as well as the challenges and opportunities in specific markets across Asia.

User demographics displayed from the GMOR survey suggest that the different markets within Asia are at

Figure 3: Mobile payment user demographics by gender, with cross-country comparison (in %) Mobile Payment Users By Gender



Source: GMOR survey "Mobile Payment Asia" 2018
 Base: Mobile payment users only (SA)

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.

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² <https://sbr.com.sg/financial-services/asia/smartphone-banking-booms-in-asia-digital-penetration-expands-threefold>

³ <https://blog.wirecard.com/6-surprising-facts-payment-asia-know/>

⁴ ASEAN: the Association of Southeast Asian Nations

⁵ <https://www.brinknews.com/asia/the-battle-for-e-wallet-supremacy-in-southeast-asia-2/>

⁶ <https://asia.nikkei.com/Features/FT-Confidential-Research/Indonesia-s-mobile-payments-industry-to-enter-defining-year>

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