

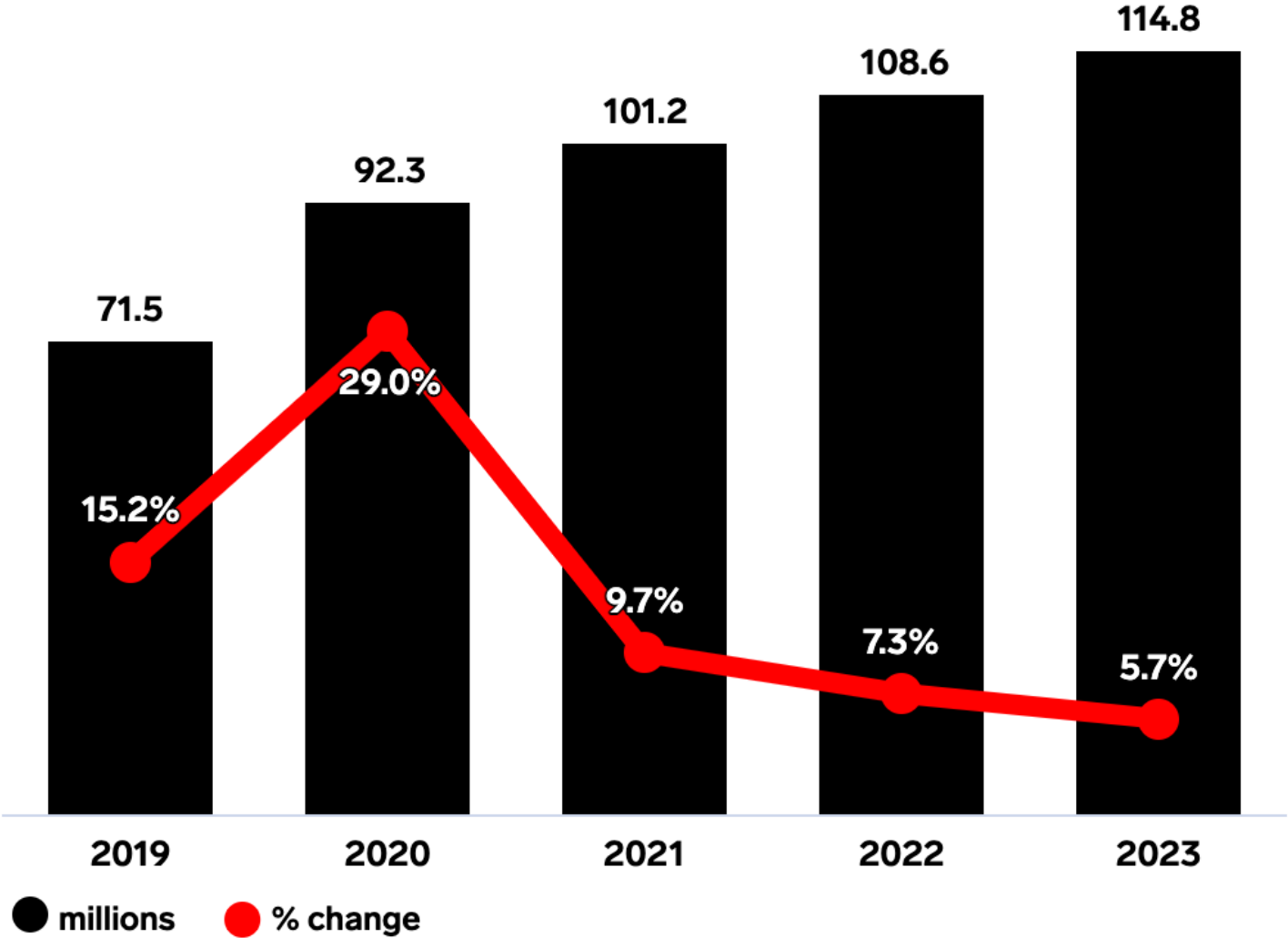
More than 100 million Americans will use proximity mobile payments in 2021

Article

The pandemic has not only altered consumers' shopping behaviors, but it's also changed how they pay for goods and services.

A significant number of people in the US were already using proximity mobile payments regularly before the pandemic—about 72 million in 2019, according to our estimates. As more consumers experimented with different forms of payment in 2020, however, the number of proximity mobile payment users in the US rose by 29.0% year over year to 92.3 million. We expect the user base to surpass 100 million this year and growth to continue steadily through the end of our forecast period in 2025.

Proximity Mobile Payment Users and Penetration US, 2019-2023



Source: eMarketer, March 2021

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We forecast that more than one in two US smartphone users will be proximity mobile payment users.

“Contactless payment is not just taking the form of traditional credit and debit cards waved in front of a payment terminal, but more so from mobile wallets like Apple Pay, Google Pay, and retailers’ mobile apps,” said Oscar Orozco, eMarketer director of forecasting at Insider Intelligence.

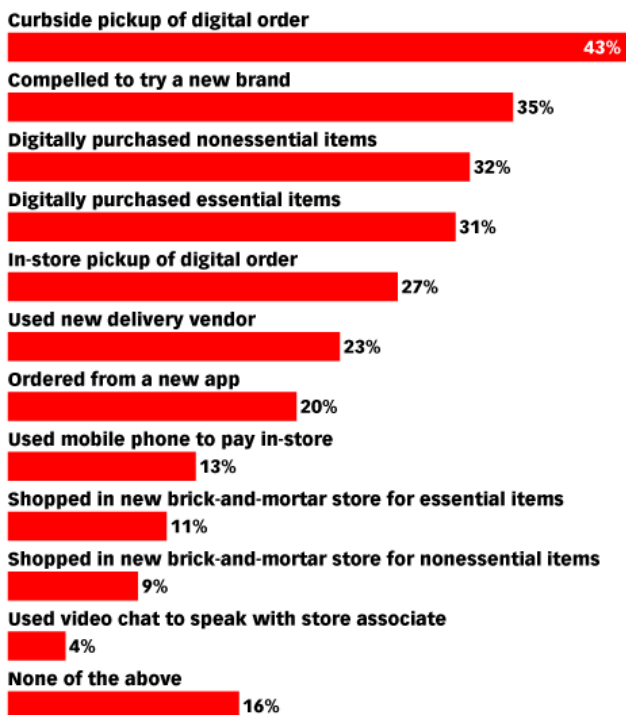
Visa announced that usage of its contactless cards in the US was up 150% year over year last March, and Mastercard reported about a 40% increase in contactless payments in Q1 2020. “While some of this was driven by contactless cards, what also spurred usage growth was increased adoption of cards in mobile wallets,” Orozco said.

According to April 2020 polling by FIS, more US adults are turning to mobile wallets to pay for their purchases instead of using cash.

Overall, consumers are becoming more comfortable with their new habits. In July 2020 polling by CommerceNext and CassarCo Strategy and Analytics, 13% of US internet users said they tried paying in-store with a mobile phone for the first time during the pandemic’s onset, while another 20% said they ordered a product from a mobile app that they hadn’t used before.

New Shopping Behaviors US Internet Users Tried for the First Time During the Coronavirus Pandemic*, July 2020

% of respondents



Note: *March & April 2020

Source: CommerceNext and CassarCo Strategy and Analytics, "The State of the Post-Pandemic Consumer" conducted by BizRate Insights and Affinity Solutions, July 28, 2020

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While there have been great advancements in the mobile payments space, several factors are inhibiting stronger growth and adoption.

First, some consumers—particularly older demographics—find mobile payment apps difficult to use. “There are definitely significant pain points when it comes to setting up and using a mobile wallet,” Orozco said. “Some adopters given the apps a try, and then fail to return for future in-store purchases.”

Then there’s also the issue of some businesses, especially small businesses, not being set up to accept mobile payments. Even big-box retailers that currently accept mobile wallets only accept a few of the choices out there. According to Orozco, this lack of cohesiveness has stymied growth.

Still, the volume of transactions happening via mobile wallets is increasing. In 2020, more than \$182 billion transacted in-store via mobile wallets in the US, up \$30 billion from our previous estimate.

This year, that transaction value will jump to nearly \$250 billion, and by the end of 2025, it will exceed \$500 billion.

“Though they still account for only a small percentage of all brick-and-mortar spending, proximity mobile payments will continue to pace the market as their usage increases,” Orozco said. “In the near term, we expect these apps to focus on incentivizing adoption by offering rewards and discounts at partner retailers. They will also tie in new features like peer-to-peer payments and cryptocurrency purchasing, which should also hasten engagement.”