

China Is Moving Toward a Cashless Society

Proximity mobile payments are now ubiquitous across retail categories

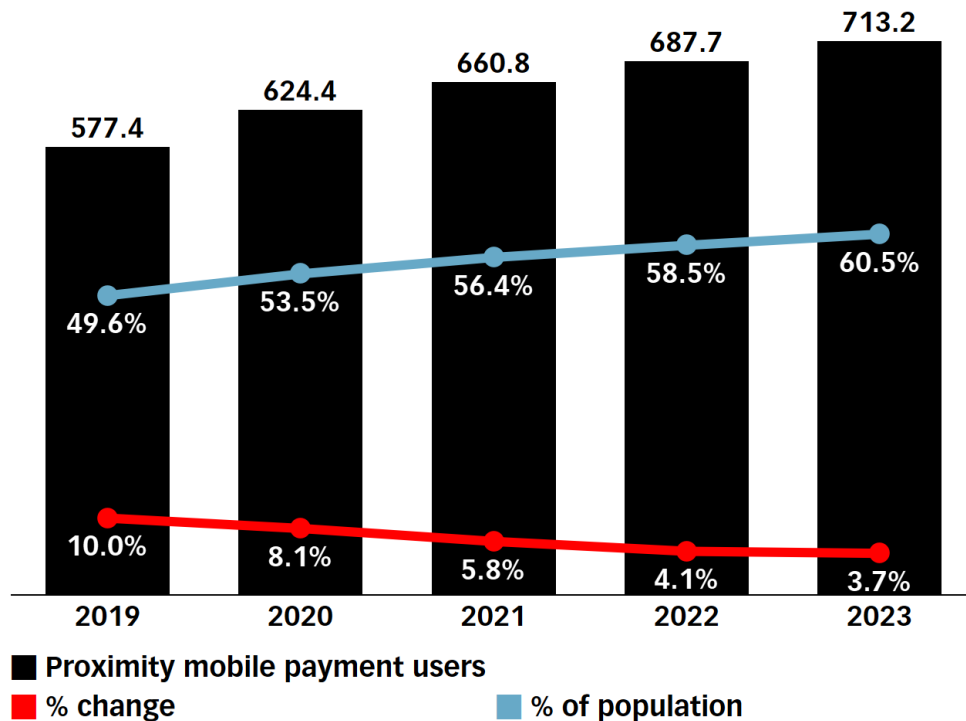
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eMarketer Editors

We forecast that 577.4 million people in China made a purchase via proximity mobile payment within a six-month period this year. Those users account for 49.6% of the country's population. In 2020, more than half of the population will utilize this payment method, with that figure rising to 60.5% in 2023.

Proximity Mobile Payment Users in China, 2019-2023

millions, % change and % of population



Note: ages 14+; mobile phone users who have made at least one proximity mobile payment transaction in the past six months; includes point-of-sale transactions made by using mobile devices as a payment method; excludes transactions made via tablet; excludes Hong Kong
Source: eMarketer, October 2019

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China has been a trailblazer in the “cashless” movement. This year, mobile payment users in China will represent 61.0% of the 947.1 million proximity mobile payment users worldwide, we estimate. Other countries, especially India, will begin to add to this user base. Throughout our forecast period, China’s share of global proximity mobile payment users will remain dominant, though it will fall to 54.6% in 2023.

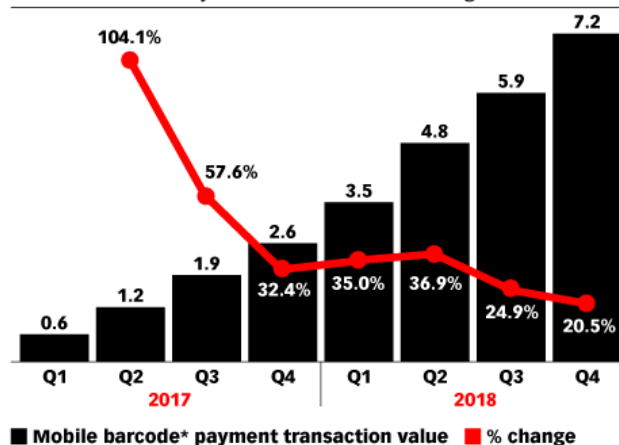
“The country’s steady march toward a cashless society is enabled by Alibaba’s Alipay and Tencent’s WeChat Pay,” said Man-Chung Cheung, eMarketer research analyst and author of our recent “[China Mobile Payment Users 2019](#)” report. “These two leading payment systems

have introduced QR code-backed payments into the daily habits of consumers.”

The transaction value of barcode mobile payments—of which the most common are executed with QR codes—reached RMB21.4 trillion (\$3.23 trillion) in China in 2018, according to iResearch Consulting Group. That accounted for 11.2% of total mobile payment transaction value via third-party service providers in 2018.

Mobile Barcode* Payment Transaction Value in China, Q1 2017-Q4 2018

trillions of Chinese yuan renminbi and % change



■ Mobile barcode* payment transaction value ■ % change

Note: *most commonly via scanning QR codes
Source: iResearch Consulting Group, "2018 Third-Party Mobile Payment Report," May 1, 2019

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According to a May 2019 Ipsos report, close to half (47%) the amount of living expenses among proximity mobile payment users in urban areas of China was spent via third-party mobile payments in Q1 2019. That’s 15 percentage points higher than in Q4 2018. During the same period, the transaction value share of cash dropped from 26% to 19%.

Proximity mobile payments are widely used in offline retail—again, often by a simple QR code scan. Among mobile payment users, some of the most common places for such payments were at supermarkets and convenience stores (62.5%), shopping malls (50.5%) and even street stalls (45.8%).

Mobile payment apps are not merely one-dimensional tools for payment; they now offer other services as well. For example, a popular

feature on Alipay and WeChat Pay enables diners to make reservations and prepay for meals before arriving at restaurants.

The activities users conduct on mobile payment services include digital purchases (66.4%), paying bills (52.9%), topping off accounts (51.9%), sending peer-to-peer payments (38.3%) and purchasing online wealth management products (21.2%), according to a July 2018 iiMedia Research survey.

eMarketer PRO subscribers can read more about our latest forecast for proximity mobile payment users in China, as well as potential opportunities and challenges in the market.

Report by Man-Chung Cheung Oct 24, 2019

China Mobile Payment Users 2019



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