

Apple proposal to end NFC exclusivity in the EU shouldn't affect Apple Pay's dominance

Article

The news: Apple proposed letting third-party mobile wallet and payment providers access the iPhone's near-field communication (NFC) capabilities in the European Union, [per](#) a

European Commission press release.

- The concession is meant to address a European Commission antitrust investigation against Apple.
- The Commission accused Apple of using its iOS policies to illegally restrict competition in the mobile payments market.
- The proposal would be in place for 10 years and would not restrict payments in stores outside the EU. Apple could be fined 10% of its worldwide annual turnover if it doesn't honor the commitment.
- The Commission is seeking feedback on Apple's proposal.

Why this matters: Currently, Apple Pay and Apple Wallet have exclusive access to the iPhone's NFC payment features. This exclusivity has helped Apple Pay and Apple Wallet dominate the mobile wallet industry.

Letting other companies offer their own NFC payment features could change the dynamic of the whole industry as other mobile wallets fight for Apple's share of users in the EU.

- A big winner in this would be **Google Pay, which 32.5% of proximity mobile payment users in the US will use in 2024**, per our forecasts, a share that is likely similar in the EU. Apple Pay, meanwhile, will boast **53.8% of US mobile proximity users**.
- And Google Pay has the momentum to gain users. Of the three major mobile wallets (Apple, Google, and **Samsung**), Google Pay will grow the fastest. The number of Google Pay users will increase 6.3% through 2027 compounded annually, per our forecast.
- **Samsung Wallet** could also grow its customer base, which in 2024 will include **12.9% of US proximity mobile payment users**. The mobile wallet is expected to grow less than 1.0% compounded annually through 2027, per our forecasts, but an industry shakeup like this could change its growth trajectory.

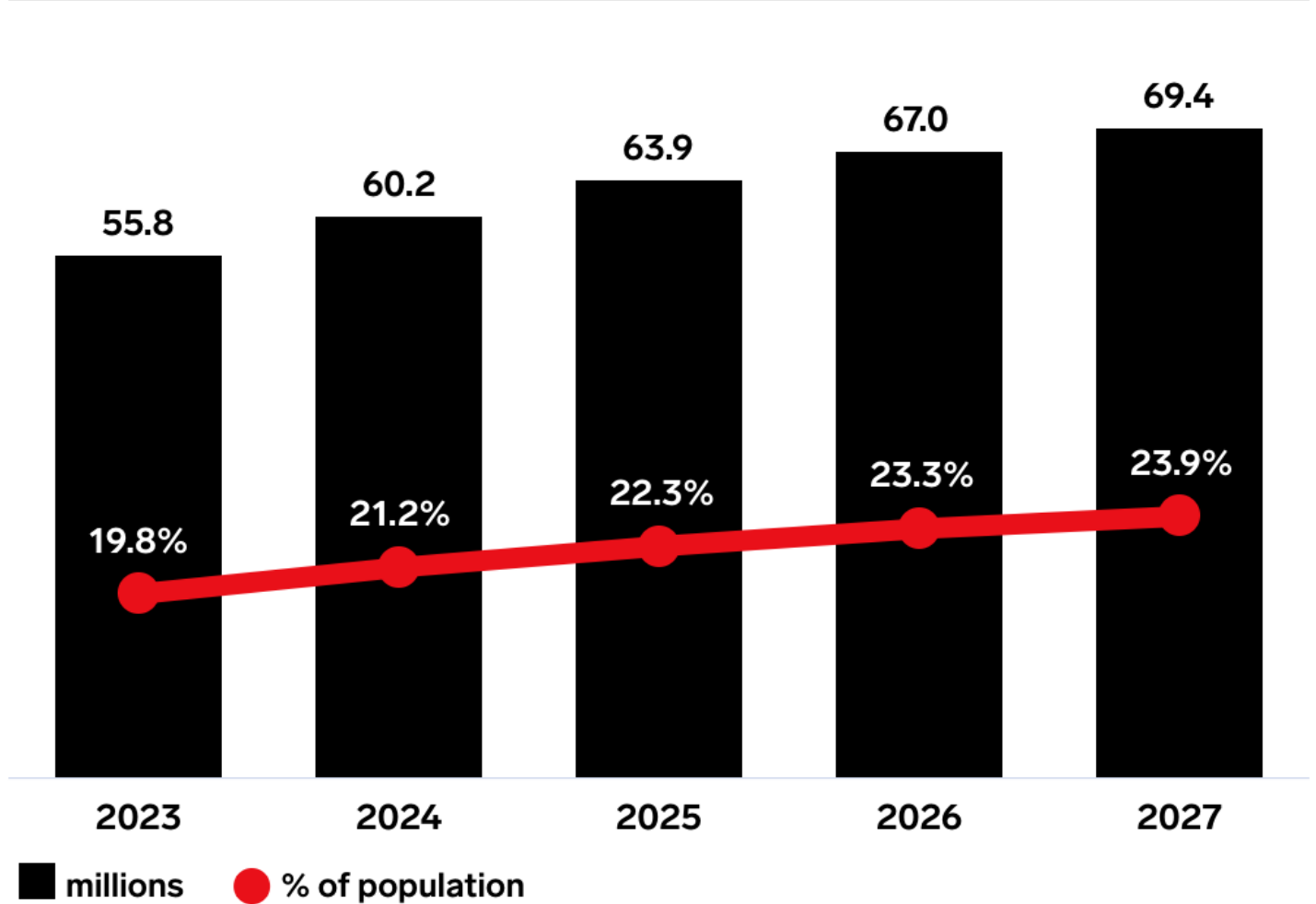
Should Apple be scared? Despite the opportunity to lose users to other mobile wallets, ending the NFC likely won't hurt Apple Pay in the EU too severely.

- Apple has an extremely loyal base of customers—especially among younger generations. Apple is **teens' top payment app**, per a March 2023 survey by Piper Sandler: 42% of teens in the US had used the mobile wallet in the last month.

- Using Apple Pay has become an entrenched habit for many users, and getting consumers to change their habits without proper incentives will be very hard for other mobile wallets to pull off.

Apple Pay Users and Penetration

US, 2023-2027



Note: ages 14+; mobile phone users who make a proximity mobile payment transaction using Apple Pay via mobile phone at least once per month

Source: Insider Intelligence | eMarketer, April 2023

Insider Intelligence | eMarketer

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