

Mobile Payment Adoption Has Been Slow in Western Europe, but the Pandemic Could Be the Catalyst for Growth

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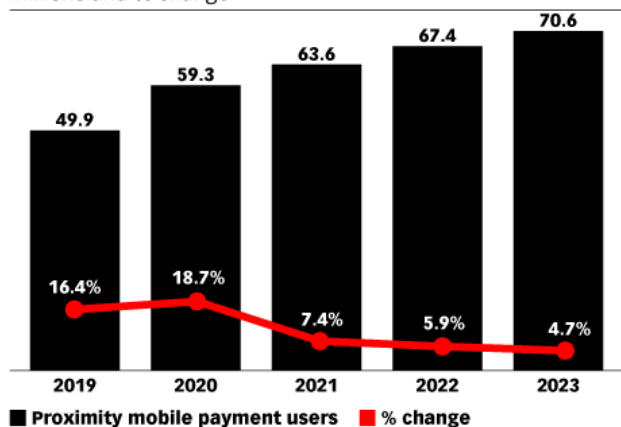
Rimma Kats

Western Europe—particularly the EU-5—has always had a strong cash culture, and concerns over security have inhibited mobile payment adoption in the region. That’s gradually changing, however, in large part because of the pandemic, as more consumers are using cashless forms of payment to help curb the spread of the coronavirus.

This year, there will be 59.3 million proximity mobile payment users in Western Europe, up 18.7% from a year prior. We expect steady growth through 2023, when 70.6 million people in the region will have made at least one proximity mobile payment transaction in the past six months.

Proximity Mobile Payment Users in Western Europe, 2019-2023

millions and % change



■ Proximity mobile payment users ■ % change

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

Source: eMarketer, Oct 2020

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Over the past few months, banks and financial institutions have made strides in getting consumers to pay using mobile devices. In March, for example, the European Banking Authority **recommended** that people adopt cashless forms of payment, and that financial services providers make those options more feasible for their customers. Many countries subsequently **increased** their contactless payment limits to the EU's legal maximum of €50 (\$55.98) per transaction.

At the onset of the pandemic, Mastercard **reported** seeing an upward trajectory in contactless payments across Europe. "While the majority of this increase is likely due to a rise in contactless card use, there will probably be new interest and demand in mobile payment services as well," said Cindy Liu, eMarketer senior forecasting analyst at Insider Intelligence.

PayPal is helping drive adoption, too. In its Q2 2020 earnings call, the company **announced** that it would launch QR code-based payments in 26 countries across Europe and North America, as well as in Australia and Hong Kong. In an effort to entice more merchants, PayPal has waived seller transaction fees on QR code payments until 2021. If more merchants begin to take up this functionality, Liu said, these more traditional markets will see mobile payments surge.

“COVID-19 may have inadvertently accelerated the growth of mobile payments in Western Europe, where both consumers and merchants had to rapidly adapt to an environment where the use of cash was frowned upon,” Liu said. “We expect 2020 to be a major turning point for the industry.”