

MARKET UPDATE

Global Mobile Wallet Market to Surpass \$250b by 2024

Bangladesh market to grow by 30pc thanks to large customer base, cash back offers

Dr. Farhan Ishrak Ahmed



"We are experiencing nearly 30 per cent growth annually and this growth will gain momentum in the coming years thanks to a large customer base where more than 70 per cent have no bank accounts and they are coming to use mobile wallet", Dr. Shahadat Khan, Founder and CEO of Sure Cash said.

Dr Khan was asked to forecast the growth of Bangladesh mobile wallet market with global outlook. "Our growth would be more than double as nearly 70 per cent of our people are still unbanked and they are coming fast thanks to lucrative offers and regulatory support", he said.

A new report released by Global Market Insights, Inc. a US based global market research company says the global mobile wallet market will grow a CAGR of over 15 per cent to USD 250 billion by 2024 from over USD 100 billion in 2017.

Bangladesh mobile wallet market is likely to grow a compound annual growth rate (CAGR) of over 30 per cent by 2024 when industry experts anticipated the global mobile wallet market to grow a CAGR of over 15 per cent over the forecast time span.

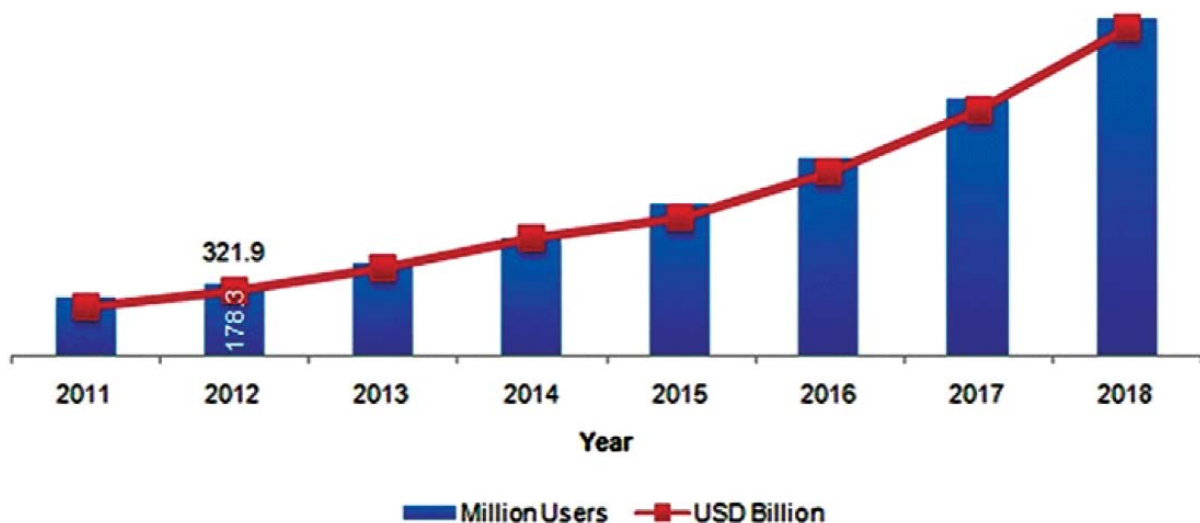
The growth will propelled by changing customer behavior, conducive regulatory environment, lucrative cash back and attractive discount offers by MFS operators, collaborations among banks and fintech firms and higher capital investments thanks to growing customers base, industry experts say.

"The industry growth is propelled by attractive discounts and cash back offers by mobile wallet providers", the report says with a note that the main reason for such growth is various attractive discounts and cash back offers made by players.

The report says significant capital investments by major industry players toward redevelopment programs and collaboration among fintech firms and commercial banks will further stimulate the industry growth.

Changing customer behavior is fostering the growth of the mobile wallet market. Digital disruption and generational shifts are causing fundamental

Global mobile wallet market, 2011 – 2018, (Million users) (USD Billion)



Source: Cisco, Mobile Trends Magazine, Fiserv, Primary Interviews, Transparency market Research

transformations in customer behavior that are influencing customer expectations from banking solutions", the report says.

"Cash back offers also reduces the customer acquisition cost by preventing companies from spending large amounts on marketing their product", the report says.

"The millennial prefer to partner with banking establishments that provide meaningful, contextual, and personal engagement with their customers. This is promoting the use of mobile wallets among users".

"These customers, particularly the younger generation (aged between 15 to 34) are hyper-connected, digitally savvy, and more accustomed to the digital experiences provided by online retailers", the report says.

In Bangladesh, mobile payments have made large inroads thanks to rapid smartphone adoption and the absence of alternative payment methods. The number of users and volume of transactions are increasing day by day.

More than 50 million people are using mobile financial services offered by 18 banks to meet their needs under a conducive regulatory environment. The industry has experienced 120 per cent growth since 2011 thanks to rapid customers' adoption and innovations in services offered.

The government offices are increasingly accepting this new mode of payment while different private sectors have been using this platform for salary disbursement. bKash, a multinational company is leading MFS player in Bangladesh with lion share of the market followed by Rockets and Sue Cash.

bKash is enticing the customers' by offering various attractive discounts and cash back offers. These cash back offers promote repeated purchases among customers which presents mutual benefits for customers and mobile wallet providers.

bKash has already adopted QR code in its payment apps to facilitate customers cashless shopping experiences, the BB official said noting that transactions through mobile financial services (MFS) grew 20.41 percent year-on-year to Tk 378,885 crore in 2018 thanks to the rising acceptance of digital payments by private and public entities.

By the end of December 2018, the number of active accounts availing the service also grew by about 77.68 percent to 3.73 crore compared to what was at the start of the year.

The writer is Special Editor of The Bangladesh Express and a Member of BJFCI