

# Payment Methods Report 2021

Latest Trends in Payment Preferences



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# DOCOMO Digital

## The Evolution of the Alternative Payments Landscape in 2021 and Beyond



**Jonathan Bennett**, Chief Commercial Officer, is responsible for all commercial activities globally at DOCOMO Digital. Jonathan has over seventeen years' experience in the payments' ecosystem, having held leadership positions with Cashflows, Travelex, Mastercard and Kalixa Payments Group. Jonathan brings deep expertise in the entire payments value chain and is passionate about driving innovation and best-in-class customer experience. Jonathan graduated from the Lancaster University.

Jonathan Bennett ■ Chief Commercial Officer ■ DOCOMO Digital

Spiralling demand for new, innovative forms of digital payments in different world regions is transforming the financial services landscape. Many emerging economies have low rates of bank account ownership. Still, high levels of mobile phone penetration make the smartphone the device of choice to replace cash and plastic cards when it comes to sending and receiving payments.

That leaves traditional banks to compete for digital business with fintechs, telcos, and smartphone manufacturers. For example, merchant services and mobile payment platform **Square are reportedly set to challenge traditional banks** by launching checking and savings accounts of its own.

The company's Cash App, which allows customers to conduct person to person money transfers via the app or Square's website, reported 36 million monthly active users in December 2020. Square also offers plug-in readers, allowing merchants to accept mobile and contactless payments on their Android and iOS devices. The proposed addition of savings and checking accounts for small to medium businesses (SMBs) will further expand that merchant proposition. Importantly for small retailers processing mobile payments in emerging economies, funds from sales handled by Square will be instantly available for spending in the checking product.

### E-wallets growth masks key differentiation

Adoption of digital and mobile payments across the world surged during the coronavirus pandemic as more consumers shopped online and switched to using different forms of contactless payment technology instead of handling cash and chip and pin cards. **Juniper Research predicts** that the number of people using digital wallets exceeded 2.5 billion in 2020, having grown from under one billion in

2015. Much of that growth has come from Asia, particularly countries like India, where only 3% of adults own credit cards, according to the latest **World Bank financial inclusion data**.

In a new recently published whitepaper – **The Evolution of The Alternative Payments Landscape in 2021 and Beyond** – we documented how the market for electronic wallets (e-wallets) has evolved. Not all e-wallets are not created equal, for instance – there are marked differences in how they are distributed, funded, and consumed by providers and customers, which I've classified into four categories.

The most widely used are OEM-led wallets – those created by smartphone handset manufacturers and operating system (OS) developers – nominally Apple Pay, Google Pay, and Samsung Pay, but also Mi Pay, Fitbit Pay, Garmin Pay, Huawei Pay, and Oppo Pay. These e-wallets allow users to add multiple credit/debit cards from different banks and, in some cases, link directly to the user's bank account. OEM-wallet transaction values are expected to triple from around USD 333 billion in 2020 to exceed USD 1 trillion by 2024.

Fintech and payment companies offering e-wallets include PayPal and its Venmo social payments subsidiary and One97 Communications' Paytm in India. Like Square, these digital payment platforms are also challenging traditional banks by offering digital banking and payment services within a convenient smartphone app.

Their versatility is trumped by the Super Apps, which first began offering services like ride-hailing, food orders, and messaging before expanding into mobile payments. →

The leading examples are WeChat Pay and AliPay, which started in China and have since grown to other parts of the world favoured by the Chinese diaspora.

AliPay is estimated to have had 1.3 billion active users as of June 2020, at which point it was processing over USD 17 trillion of transactions a year in China alone. WeChat Pay is almost as popular, supporting 1.2 billion monthly active users processing over a billion transactions a day. Facebook-owned WhatsApp Pay has the potential for massive growth in India and Brazil after recently receiving regulatory approval.

### Telco led e-wallets to converge with DCB

The Telco or mobile network operator (MNO)-led e-wallet links the smartphone app to the customer's telephone number and SIM card and can charge customer purchases directly to their mobile phone accounts via direct carrier billing (DCB) than a bank account. The most successful example in terms of user numbers and transaction values is Safaricom's M-Pesa.

Having first emerged in Kenya in 2007, M-Pesa has expanded into several countries across Africa and South-Eastern Europe and India. In 2019, 42 million active customers carried out over 12 billion transactions on the platform. Other examples come from A1 in Bulgaria, Telkom Pay in South Africa, and STC Pay in Saudi Arabia. Turkcell's Paycell service also offers the Turkish Telco's customers the ability to link their bank cards, pay utility bills, and purchase in-store QR codes.

DCB is an excellent way to reach younger consumers and those in emerging economies without bank accounts, credit or debit cards and is now poised for growth. Research company **Omdia forecasts** that the total transaction revenue enabled by carrier billing will expand at a compound annual growth rate (CAGR) of 6.8% to be worth over USD 77 billion by 2025, up from USD 47 billion in 2020. We expect the increased availability of low-cost smartphones and improvements

in mobile network coverage and capacity too will accelerate telco-led e-wallet adoption over the next five years. The rollout of 5G services will accentuate the need for telcos to partner with OTT services like video streaming and gaming brands, and DCB as the preferred payment layer to enable such partnerships at scale.


Payments, both traditional and alternative, aim to converge around consumer choice and flexibility. The concept of 'alternative' itself is flipped on its head as we see in emerging markets where the wallets are mainstream and cards playing a distant third or fourth. Our parent NTT DOCOMO, a pioneer in DCB, for instance, has built a robust payment ecosystem in Japan that encompasses DCB, wallets and loyalty to provide an experience akin to the 'super-apps' from China. With the growing ubiquity of QR codes and NFC in retail and the use of digital wallets in mobile commerce, we expect the shift away from cash will only accelerate from here.

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**DOCOMO** Digital is the international payments business of NTT DOCOMO. We partner with carriers, merchants, OTT services, app stores and payment providers in both developed and emerging markets worldwide. Our robust managed services platform and coverage across carriers and the most locally relevant payment methods enable faster time-to-market, especially for streaming, gaming, ecommerce, and productivity application providers.

Company	DOCOMO Digital
	<p>DOCOMO Digital is the international payments business of NTT DOCOMO. We partner with carriers, merchants, OTT services, app stores, and payment providers in both developed and emerging markets around the world. We solve the challenges of customer acquisition and retention, regulation, and complexity for our partners with alternative payment methods such as direct carrier billing and digital wallets.</p>
<p>Website</p> <p>Head office</p> <p>How the payment method works</p> <p>Target market</p> <p>Contact details</p> <p>Operational area</p> <p>Year founded</p> <p>Investors</p> <p>License type</p> <p>Reach</p> <p>Acceptance</p> <p>Market share</p> <p>Implementation requirements (non technical)</p> <p>Company motto</p>	<p><a href="https://www.docomodigital.com/">https://www.docomodigital.com/</a></p> <p>London, UK</p> <p>Direct carrier billing allows consumers to buy digital content and services with a few clicks and pay for those services as part of their mobile phone bills or with their pre-paid balances. In addition to direct carrier billing, we aggregate the most locally-relevant payment methods for our merchant partners.</p> <p>Merchants (gaming, entertainment, lifestyle, productivity, telecommunications, apps) Marketplaces PSP Fintech Banks Brokers, crypto, FX</p> <p><a href="mailto:payments.marketing@docomodigital.com">payments.marketing@docomodigital.com</a> +44 20 7613 6000</p> <p>Global</p> <p>2009</p> <p>NTT DOCOMO</p> <p>E-money license European Union</p> <p>3 billion+ consumers</p> <p>More information available upon request</p> <p>Market leaders in direct carrier billing. Recently adjudged the Best Direct Carrier Billing Provider for 2021 by Juniper Research.</p> <p>No embargo, no sanctions, KYC compliance</p> <p>Fostering trust, simplicity, and scale in mobile payments</p>
Payment type	
<p>Credit card</p> <p>Debit card</p> <p>Prepaid</p> <p>E-wallet</p>	<p>Visa, Mastercard, Amex, JCB, Discover, Diners, UnionPay International</p> <p>Visa, Mastercard, Amex, JCB, Discover, Diners, UnionPay International</p> <p>Cash, debit or credit card, online banking e-payment/Account-to-Account</p> <p>We support more than 300 alternative payment methods, such as e-wallets (Alipay, BancomatPay, Doku, Grab Pay, ipara, MobiKwik, PayPal, Paysera, Paytm, Qiwi, Skrill, TenPay, VTC Pay, WeChat Pay, YandexMoney, Zimpler etc.)</p>
<div data-bbox="1066 2040 1524 2085">View company profile in online database</div>	

Online banking e-payments/ Account-to-Account payments	e.g. Affin Bank, Aktia, Ålandsbanken, Ambank (Am Online), Banamex, Banco AV Villas, Banco Caja Social, Banco Consorcio, Banco Corpbanca, Banco de Bogotá, Banco de Chile/Edwards Citi, Banco de Occidente, Banco do Brasil, Banco Falabella, Banco GNB Sudameris, Banco International, Banco Pichincha, Banco Popular, Banco Procredit, Banco Ripley, Banco Santander, Banco Santander, Banefe, Banco Security, BancoBice, BancoEstado, Bancolombia, Bancoomeva, Bangkok Bank, Bank Islam, BBVA (Chile), BBVA (Columbia), BBVA Bancomer, Banorte Empresas, BCI-TBANC, Bradesco, CIMB Clicks, Citibank, Colpatría, Corpbanca, Danske Bank (Finland), Dragonpay, eNETS, Entercash, EPS Estonian Banks, giropay, Handelsbanken (Finland), Helm Bank, Hong Leong Bank, iDEAL, Instant Transfer, Itau (Brazil), Itaú (Chile), Krung Thai Bank, Krungsri Bank, Latvian Banks, Lithuanian Banks, Maybank2u, Multibanco, MyBank, MyClear FPX, Nordea (Finland), OP Pankki (Finland), Osuuspankki (Finland), PayU, Poli, Postfinance (YellowPay), Przelewy24 (P24), PSE, RHB Bank, S-Pankki (Finland), Säästöpankki (Finland), Safetypay, Santander Online Payment, SCB Scotiabank, Scotiabank Mexico, SOFORTbanking, SPEI, Trustly, Trustpay, Webpay, BLIK, Klarna
Direct debit	All
Buy Now, Pay Later/Instalments/ Pay by invoice	Not at this stage
Cash	7-Eleven, Boleto Bancario, Indomaret, Pago efectivo, RapiPago, Pago Fácil etc.
Direct carrier billing	3, A1, A2 Telekom, Airtel, Asiacell, Bouygues, Claro, Movistar, Metro by T-Mobile, NTT Docomo, O2, Optus, Singtel, True Move, Turk Telekom, U mobile, Vodafone etc.
Crypto	Not at this stage
<b>Channels</b>	
Online	Yes
POS/In-store	Only in Japan and South Korea
Omnichannel	For certain services
<b>Services</b>	
Settlement currencies	All
Processing currencies	All
Currency available for customers	Local currencies in over 50 countries
Implementation requirements	None
Chargeback/Buyer protection	Yes
Automated and instant refund	Yes
Reconciliation	Multiple settlement options available
Fraud prevention (measures)/ Risk management	Yes
Pricing/Fees structure	For current pricing, contact <a href="mailto:payments.marketing@docomodigital.com">payments.marketing@docomodigital.com</a>
Future developments	FX, lifecycle data analytics, single global settlement
<b>Technology</b>	
Integration technology	API
Integration support	API interface with core billing infrastructure
<b>Transactions volume</b>	
Number of transactions (per year)	50 million billing transactions processed every month in 2020
Transactions value	USD 4.5 billion+ in transactions processed in 2020



payments

by **docomo** digital

NTT DOCOMO's lineage of payments innovation coupled with an unmatched global network of mobile carriers to make growth through direct carrier billing and carrier partnerships possible for digital merchants and app stores

We solve the challenges of customer acquisition and retention, regulation, and complexity in mobile commerce



A single  
integration



Local payment  
methods



Faster  
time-to-market



Global  
settlements

**An NTT DOCOMO Enterprise**

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