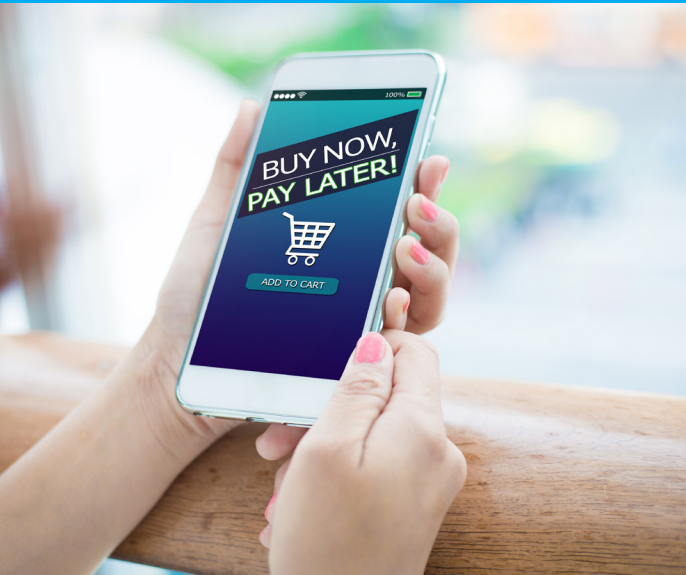


The Future of Payments in Asia/Pacific

How modern payments technology can drive online growth



IDC Doc. #AP241334IB



Sponsored by **stripe**

Executive summary

This InfoBrief seeks to show how businesses in Asia/Pacific can grow their revenue by modernising the payments experience for customers. With the right payments technology, businesses can overcome compliance burdens and be ever ready to navigate today's increasingly complex and fragmented payments landscape.

Asia/Pacific, the world's largest digital economy, topped US\$3.3 trillion in 2021, outpacing North America (US\$1.5 trillion) and Europe (US\$1.1 trillion). eCommerce and the sharing economy continue to grow at a rapid pace, accompanied by significant shifts in the way consumers transact online.

IDC forecasts that by 2030, 80% of consumer payments will be handled by non-banks through mobile and connected devices.

Against the backdrop of the disruptive influence of fintech, digital currencies, and non-fungible tokens (NFTs), businesses will need a strategy to provide frictionless payments for a better customer experience. Selecting appropriate modern payments technology will enable them to do more than business as usual. They can expect higher revenues, a cutting down of inefficiencies, and most importantly, a path into a digital future in which consumer behaviours continue to shift and evolve.

IDC research shows that in Asia/Pacific:

Businesses which deployed a modern payments solution saw

6.7%

revenue growth after deployment¹

Businesses reduced operational cost of online payments by

24%

with the help of modern payments technology²

Businesses which incorporated payments into their overall strategy reported on average a

12%

year-on-year revenue growth³

Businesses which engaged in cross-border commerce and utilised a single vendor strategy, reported a monthly average of

212

hours saved on payments reconciliation efforts⁴

Businesses which added a new payment method saw a

10%

increase in revenue⁵



IDC forecasts that by 2030, 80% of consumer payments will be handled by non-banks through mobile and connected devices⁶

Source:

¹ IDC White Paper, sponsored by Stripe, The Business Value of the Stripe Payments Platform #US43596118

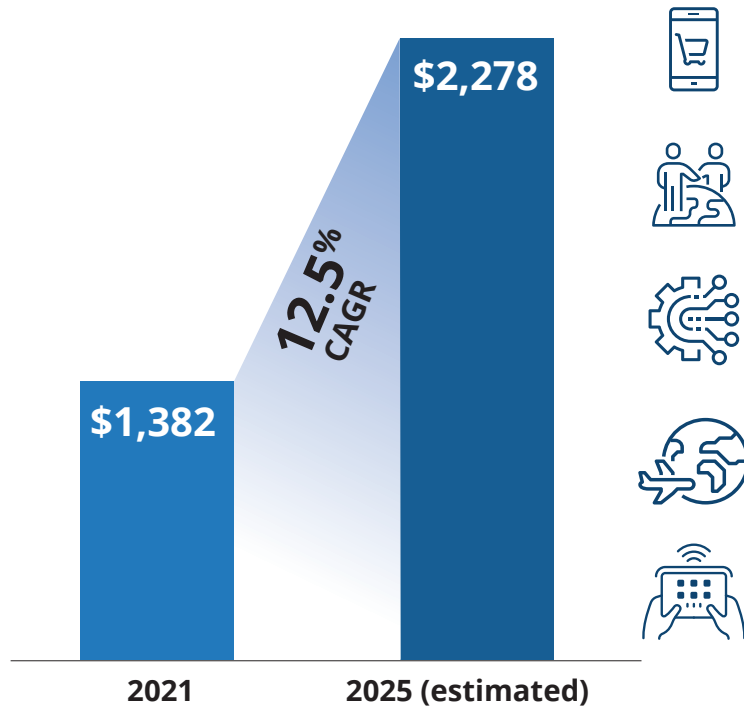
^{2,5} IDC Asia/Pacific Payments Survey 2020

⁶ IDC Financial Insights, 2022

Asia/Pacific's digital economy to continue double-digit growth to 2025

Spurred by new spending habits and a proliferation of online marketplaces, the per capita spend on digital products and services is forecasted to exceed US\$2,000 by 2025, according to Asia/Pacific estimates by IDC and World Bank.¹

Asia/Pacific
Total digital economy spend per capita (USD)



Segment breakdown	2021E spend per capita	2025E spend per capita	Percentage increase
Online retail	\$2,311	\$3,844	66%
Sharing economy	\$743	\$1,136	53%
Digital media	\$77	\$122	58%
Travel	\$69	\$198	187%
Gaming	\$64	\$81	26%

¹ Asia/Pacific consists of Australia, Greater China, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Thailand, Vietnam

Digital economy defined as total gross merchandise value (GMV) of ride hailing, sharing economy services, online retail, travel, digital media, and gaming



From online retail to ride-sharing services to travel, the post-pandemic digital boom is reshaping almost every aspect of business and social life in this region.

Online retail continues to drive new spend while travel bookings pick up

Online shopping will remain a favourite pastime, even as social distancing rules are relaxed. Online retail and sharing economy services will continue to make up the two most important segments in three of Asia/Pacific's biggest digital consumer markets.



Australia



	Segment breakdown	2021 estimated spend per capita (USD)	2025 estimated spend per capita (USD)	Percentage increase
	Online retail	\$2,434	\$3,811	57%
	Sharing economy	\$1,305	\$2,089	60%
	Digital media	\$112	\$137	23%
	Gaming	\$75	\$117	56%
	Travel	\$17	\$83	388%
	Total	\$3,942	\$6,238	58%

Australia: Online retail spend per capita is forecasted to grow by more than 50% by 2025 as Australians head to online channels

Homegrown brands are expanding their online marketplaces and enhancing their retail and supply chains as ecommerce sales flourish.



Japan



	Segment breakdown	2021 estimated spend per capita (USD)	2025 estimated spend per capita (USD)	Percentage increase
	Online retail	\$1,825	\$2,426	33%
	Sharing economy	\$1,010	\$1,546	53%
	Travel	\$166	\$408	146%
	Digital media	\$27	\$35	29%
	Gaming	\$21	\$43	104%
	Total	\$3,061	\$4,459	46%

Japan: Shift in consumer behaviour signals time for businesses to adapt and make the digital shift

A market that has historically preferred the personal experience of physical stores, Japan is seeing strong and continued growth in online sales. Businesses that ignore the shifts in consumer behaviour risk losing out on the growing online commerce opportunities.



Singapore



	Segment breakdown	2021 estimated spend per capita (USD)	2025 estimated spend per capita (USD)	Percentage increase
	Online retail	\$1,212	\$1,672	38%
	Travel	\$396	\$1,488	276%
	Sharing economy	\$580	\$1,058	82%
	Digital media	\$324	\$427	32%
	Gaming	\$44	\$50	13%
	Total	\$2,556	\$4,695	84%

Singapore: Strong growth across all digital economy segments

Singapore is expecting healthy growth across all sectors and a surge in online travel as borders open. Businesses that offer familiar and flexible payments options as a strategy to provide a superior customer experience are primed for success.

Source: IDC and World Bank

12 major payment types by 2023: Are businesses ready to keep pace?

Continued innovation has transformed the global payments landscape, giving rise to new modes of payment for consumer purchases, such as buy now, pay later. Emerging payment tools such as cryptocurrencies are gaining acceptance among consumers and becoming widely accepted as a legitimate source of payment.

Adding to the complexity are advancements in the **internet of payments**, which are creating the potential for sales to be transacted on emerging connected ecosystems of smart devices.

IDC forecasts that by 2030,

60%

of global consumers will have made a transaction using an asset class other than fiat currency

Source: IDC Financial Insights, 2022

How consumer payments have evolved 1970s to 2023 and beyond

1970s to 2000s

5 Major payment methods

- 1 Credit cards
- 2 Debit cards
- 3 Bank transfers
- 4 Bank debits
- 5 Bank redirects

2 Payment currencies

- 1 Fiat
- 2 Loyalty points

1 Payment channel

- 1 POS

2000s to 2012

6 Major payment methods

- 1 Credit cards
- 2 Debit cards
- 3 Bank transfers
- 4 Bank debits
- 5 Bank redirects
- 6 Buy now pay later
- 7 Vouchers
- 8 Card wallets
- 9 Stored value wallets
- 10 Stored value cards

2 Payment currencies

- 1 Fiat
- 2 Loyalty points

2 Payment channels

- 1 POS
- 2 Desktop

2013 to 2023

10 Major payment methods

- 1 Credit cards
- 2 Debit cards
- 3 Bank transfers
- 4 Bank debits
- 5 Bank redirects
- 6 Buy now pay later
- 7 Vouchers
- 8 Card wallets
- 9 Stored value wallets
- 10 Stored value cards

3 Payment currencies

- 1 Fiat
- 2 Loyalty points
- 3 Cryptocurrencies

4 Payment channels

- 1 POS
- 2 Desktop
- 3 Mobile
- 4 Wearables

2023 and beyond

IDC estimates at least 12 major payment methods will be in common usage by 2023

12 Major payment methods

- 1 Credit cards
- 2 Debit cards
- 3 Bank transfers
- 4 Cross-border bank transfers
- 5 Bank debits
- 6 Bank redirects
- 7 Cross-border bank redirects
- 8 Buy now pay later
- 9 Vouchers
- 10 Card wallets
- 11 Stored value wallets
- 12 Stored value cards

5 Payment currencies

- 1 Fiat
- 2 Loyalty points
- 3 Cryptocurrencies
- 4 Central bank digital currencies
- 5 NFTs

5 Payment channels

- 1 POS
- 2 Desktop
- 3 Mobile
- 4 Wearables
- 5 Connected devices



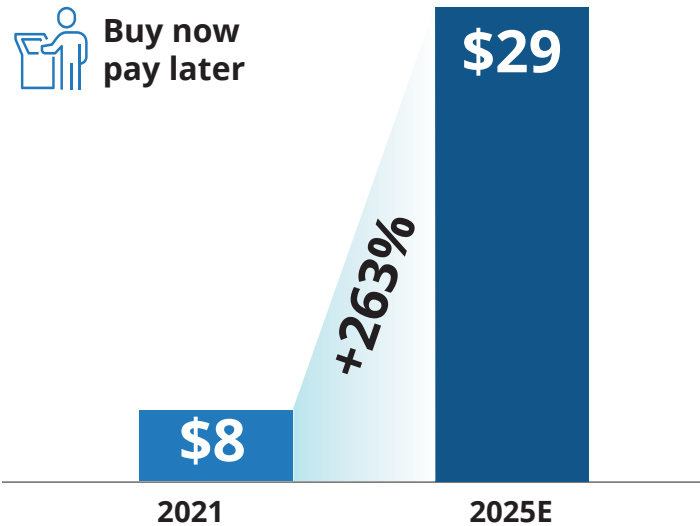
How can businesses address this increasing diversity in payment methods and decide which ones to offer based on their business model and customer preferences?

Digital modes continue to change the face of online payments

Buy-now-pay-later schemes, mobile wallets, and cryptocurrencies are fast becoming not just options but must-haves in online retail payments, which is forecasted to reach US\$3.8 trillion in Asia/Pacific by 2025.

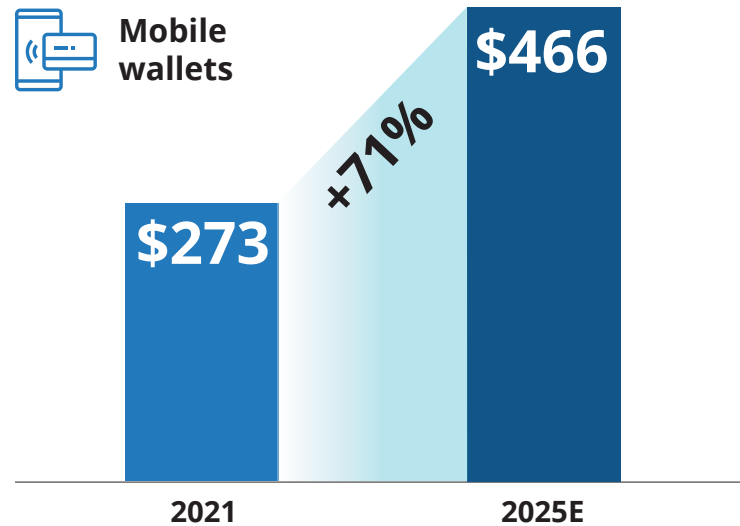
Payments to watch from 2021 to 2025
Asia/Pacific spend per capita (USD)

*Digital currencies denote cryptocurrencies, NFTs, and other new digital payments



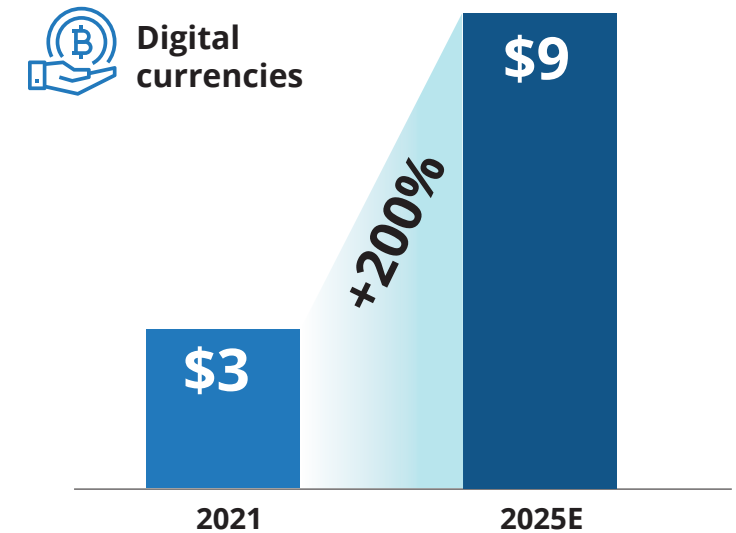
Buy-now-pay-later schemes will more than double by 2025 as instalment payments find favour for online purchases in markets such as Australia. By 2025, such payment schemes are expected to account for 8% of online purchases in Australia.

Businesses not offering buy-now-pay-later options could potentially lose out on “incremental sales” opportunities



Spend on mobile wallets will almost double, driven by new schemes and incentives. The rising use of mobile wallets in fast-growing markets such as Japan is expected to show growth of 200% by 2025.

Businesses looking to capitalise on this trend will have to seek ways to accept and process the multiple wallets that are in use



Usage of digital currencies is expected to surge in places such as Singapore with an expected growth rate of 500% by 2025. Digital currencies are exploding in popularity with millennials, and acceptance could be a critical factor in tapping new market segments.

Businesses will have to navigate the best options to leverage digital currencies, safely and securely

Source: IDC, 2022







Modern payments technologies using fintech to transform businesses

Modern payments technologies offer businesses more than just the ability to process payments.

Using payments processing as the core engine, they are now full digital commerce platforms which offer a broad range of adjacent and interrelated fintech tools and services on a single platform to automate processes throughout the business. This helps streamline the process of creating a superlative online experience.

With a single service provider, businesses can now access a range of financial and business tools to reduce the effort and time spent on manual processes. This cuts expenses and frees staff to spend more time on generating revenue.

With the right payments technology integrated with fintech innovations, businesses can transform their operations and unlock new value

	Legacy payments technology	VS	Modern payments technology and its benefits
 <p>Core mission statement</p>	Provide processing capability for card payments		Provide a digital commerce engine for digital payments which can drive new growth
 <p>Implementation and future proofing</p>	Resource-heavy and limited flexibility		Rapid code-light implementation meets current and future needs with its simplified cost structure
 <p>Analytic capabilities</p>	Limited to ledger record only, no scope for analytical queries		Integrated directly into the platform, makes it easy to derive new revenue-generating insights
 <p>Banking capabilities</p>	No banking or working capital features, merchant account needed for banking functions		Direct integrated access to banking and working capital provides seamless access to funds and growth capital
 <p>Financial operations capabilities</p>	No access to treasury or expenses management control		Treasury and expenses management tools built directly into platform provide quick insights into cash flow and other financial metrics
 <p>Tax and accounting reporting</p>	None; accounting and tax reporting have to be performed using manual techniques		Direct integration with payments records allows for automation, reducing manpower requirements and increasing accuracy of reporting

Source: IDC, 2022

Using payments data as a competitive differentiator

Payments data from online transactions help businesses achieve internal process improvements, increase customer loyalty, and gain new competitive advantages. A majority of businesses have not been able to reap the benefits without the right payments technology, according to IDC research.

64%
of companies surveyed felt that their data and analytics programs failed to meet their goals

Data is useless without the right strategy and skills to analyse it. But getting insights from customer payment transactions need not be a daunting task. Modern payments technology provides integrated data tools that allow for quick and effective analysis of payment metadata across the business.

Top 3 reasons why data and analytics did not fully succeed in their goals

- 1 Lack of internal talent to analyse data
- 2 Organisationwide access to data not available
- 3 Too much data to process, lacking effective strategy

Top 3 benefits reported by companies that had successful data and analytics programs

- 1 Greater ability to cross-sell, up-sell products
- 2 Greater ability to create single customer view across channels
- 3 Greater ability to identify successful or unsuccessful products

Payments data provides actionable insights

A unified payments solution across channels and territories gives businesses a single complete data set. This enables businesses to query for insights such as:



Customer churn rates



Unpaid invoices



Number of active customers



Most popular/least popular products



Demographic distribution: who uses which type of payment

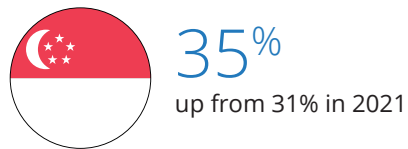
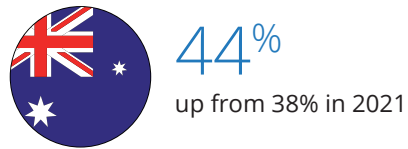
Data tools that anyone can use

- Payments metadata has much of the key information needed for businesses to start deriving valuable insights and creating strategies
- Embedding such tools in payment solutions means that any business of any scale can use data effectively with minimal resources and no upfront investments

Maximizing cross-border revenue

Australia and New Zealand, Japan, and Singapore are all predicted to see increases in cross-border commerce as businesses globally become more experienced and competent in servicing cross-border customers and as consumer tastes grow. But tapping into the lucrative cross-border payments opportunity requires navigating an international maze.

Cross-border transaction value for online retail in 2025



Expanding the business to accept cross-border transactions requires compliance with local regulations and dealing with a myriad of operational considerations for a seamless customer journey. This includes presenting prices in customers' local currency, avoiding conversion costs for customers, and removing the complexities of cross-border tax.

66%

of businesses surveyed did not use the same domestic payments solution for cross-border payments

Top 3 reasons

businesses found cross-border commerce challenging

- 1 Higher security risks with payments
- 2 Cross-border fees and multiple currency issues
- 3 Having to understand and adapt to local payment needs

Modern payments technology can help improve payment reconciliation

These include:



Streamlining cross-border commerce by offering localised payments experience by translating page, displaying local currency and payment methods



Simplifying compliance with regulatory requirements



Allowing for easier consolidation of cross-border taxes



Mitigating cross-border security risks



Optimising local switching agreements

Tackling fraud effectively to protect and increase revenue

Fraud has become more complex, expensive, and challenging to prevent and manage. Traditional rules-based security measures can often flag genuine customer transactions as fraudulent, resulting in lost revenue. Modern payment technologies use more sophisticated authentication and detection technologies, such as artificial intelligence (AI), machine learning (ML), and biometric identification to fight fraud.

The pandemic has changed threat vectors for payments fraud



Mobile payment app fraud was the **number 1** personal cyber threat in 2021, according to the Information-technology Promotion Agency (IPA) of Japan



2021 saw a **9.2% increase in fraud** on Australian payment card transactions at the end of June, as reported by the Australian Payments Network



In December 2021, **losses totalling US\$10.2 million**

in phishing payment scams over several days at a major Singaporean bank grabbed headlines, prompting the Monetary Authority of Singapore to urge banks to invest in new security measures such as AI detection

64%

of businesses either agreed that reducing friction in payments would create more transactional risk or they could not say for sure there wouldn't be any impact

53%

of businesses felt that their payments provider could do a better job of identifying fraudulent activity

7%

is the estimated average percentage of transactions flagged as potential fraudulent activity

Modern payments technology can help in offering secure and friction-free payments

Fully integrated fraud detection systems enable businesses to:



Better understand how to reduce fraud



Prevent fraud disputes



Improve payment experiences for customers

N=95 companies involved in online businesses
Source: IDC Asia/Pacific Payments 2020 Survey

How the right payments technology can transform the business

How payments technology can help



Leveraging innovation to tap new markets

Supports the business in transforming payments from a cost centre into a strategic imperative



New payment modes continue to change the face of online payments

Keeps the business abreast of online commerce trends and helps unlock new revenue streams



Modern payment technologies using fintech to transform businesses

Lowers the cost of operations when implementing online payments technology



Using data as a competitive differentiator

Provides easy to use and accessible tools to gain businesswide insights



Maximising cross-border revenue

Helps businesses cut through operational complexities and simplifies tax and legal compliance in cross-border commerce



Tackling fraud to protect and increase revenue

Provides a secure payment processing platform with cutting-edge tools designed to help reduce fraudulent transactions

IDC's research on the visible results

Businesses which incorporated payments into their overall strategy reported on average a

12%

year-on-year revenue growth

Businesses which added a new payment method saw up to a

10%

increase in revenue

Businesses reduced operational cost of online payments by

24%

with the help of modern payments technology

Businesses with a successful data and analytics programme in place reported generating additional cross-sell revenue of up to

20%

Businesses engaged in cross-border commerce which utilised a single vendor strategy, reported a monthly average of

212

hours saved on payment reconciliation efforts

Businesses which use AI and ML for fraud detection reported an average

40%

decrease in false positives on transactions

Businesses which deployed a modern payments technology solution to transform their business saw **6.7% higher revenue after deployment**

Sources:

IDC White Paper, sponsored by Stripe, The Business Value of the Stripe Payments Platform #US43596118

IDC Asia/Pacific Payments Survey 2020

Essential guidance

Unlocking the potential of payments to create new value for businesses

Consumers hold much of the power in deciding how, where, and when they want to transact. For businesses, there are several key areas of consideration that they must move forward with in order to transform their digital commerce operations and create new competitiveness at scale.



Strategy

Begin with a mindset change and create a road map. View payments technology as a digital commerce enabler and plan where the business should be in the future by understanding the road map of payments platforms and how they meet your vision

Adopt a borderless mindset and incorporate payments technology into the overall business strategy to tap on cross-border market opportunities



Innovation

Brainstorm with the team to identify opportunities on how new payments can increase business revenue and identify how pilots to test new technology can be used to drive new revenue across new markets or segments

Get educated on the sweeping changes in the internet of payments and Web 3.0 developments and how these may potentially bring in new opportunities for the business



Technology

Find ways to leverage data from payments records to uncover new customer trends and create new revenue opportunities

Explore fintech innovations in the payment space and identify opportunities to automate business processes where possible, or if the payments stack can be streamlined for greater efficiency



Protection

Understand the increasing fraud vectors and what defences are available to combat emerging security threats and how technologies such as tokenisation can help with compliance burdens

Seek ways to protect revenue without adding friction to the overall customer experience by leveraging payments technology that offers intelligent detection of potential bad actors



Modernise your payments technology

The next generation of market leaders will be companies that view payments technology as a strategic enabler to business growth.

We at Stripe are committed to building the right payments infrastructure to address the unique challenges you face when scaling in today's world, and prepare you for the future as payments and customers evolve. Millions of companies — from the world's largest enterprises to the most ambitious start-ups — use Stripe to accept payments, grow their revenue, and accelerate new business opportunities. With offices across the world, Stripe serves some of the most ambitious businesses including Amazon, Shopify, Atlassian, Slack, Twilio, and Xero.





IDC Asia/Pacific

83 Clemenceau Avenue
#17-01 UE Square, West Wing
Singapore 239920
T 65.6226.0330

[idc.com](https://www.idc.com)

[@idc](https://twitter.com/idc)

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

IDC Custom Solutions

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.

Copyright 2022 IDC. Reproduction is forbidden unless authorized. All rights reserved.

Permissions: External Publication of IDC Information and Data

Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason. Email: ap_permissions@idc.com

IDC Doc. #AP241334IB