

Monday, 24 September 2018

## Fintechs outpacing banks in digital payments

**The digital payments market is experiencing rapid disruption, with non-bank contactless/cardless mobile payment systems now being used by more Australians (6.5%) than bank-owned solutions (6.4%) according to the newly released *Roy Morgan Digital Payment Solutions Currency Report*.**

Fintech market entrants such as Apple Pay, Android Pay and Google Wallet, are taking market share from incumbents, in a market where 93.6% of Australians aged over 14 are aware of at least one digital payment solution, and 72.4% have used at least one digital payment solution in the past 12 months.

Roy Morgan's report, based on more than 50,000 face-to-face consumer interviews, provides a 12 month perspective of how consumers are changing the way they pay for goods and services.

Key findings include:

- Awareness of newer forms of digital payments is growing rapidly, with 57.3% of Australians aware of 'tap and go' payment systems, 39.6% aware of bank-owned mobile payment systems, 46.4% of non-bank tap-and-go systems, and 35.2% aware of the emerging 'buy-now-pay-later' payment systems.
- Usage is lagging awareness considerably, with only 11.5% of Australians having used a tap-and-go payment system in the last 12 months, and only 6.7% of Australians having used a buy-now-pay-later digital solution over the same period.

### Digital payments usage in last 12 months

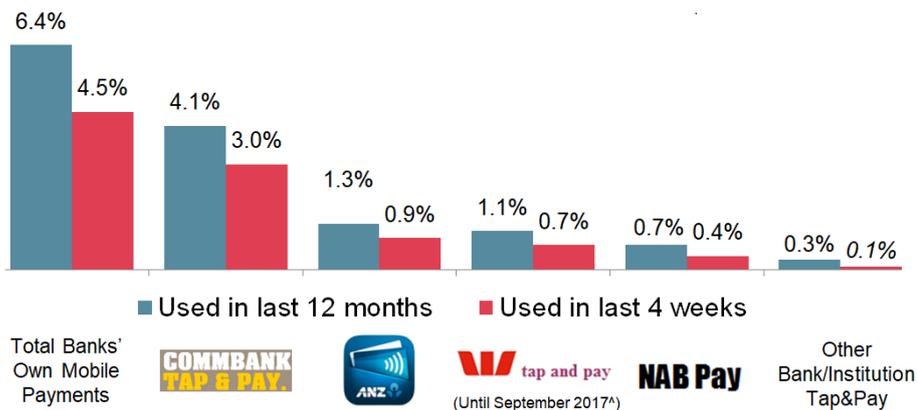
		Population ('000)	% of total population
Bill Payment Services	 	11,999	59.1%
Online Payment Platforms	   	9,014	44.4%
<b>Total Contactless/Cardless Mobile Payments</b>		<b>2,328</b>	<b>11.5%</b>
Banks' Own Mobile Payments	    Other Bank/FI Tap and Pay	1,293	6.4%
Other Contactless/Cardless Mobile Payments	   	1,318	6.5%
Buy-Now-Pay-Later Payments*	  	1,354	6.7%

Source: Roy Morgan Single Source (Australia); 12 months to June 2018. Base: Australians aged 14+; n=50,035

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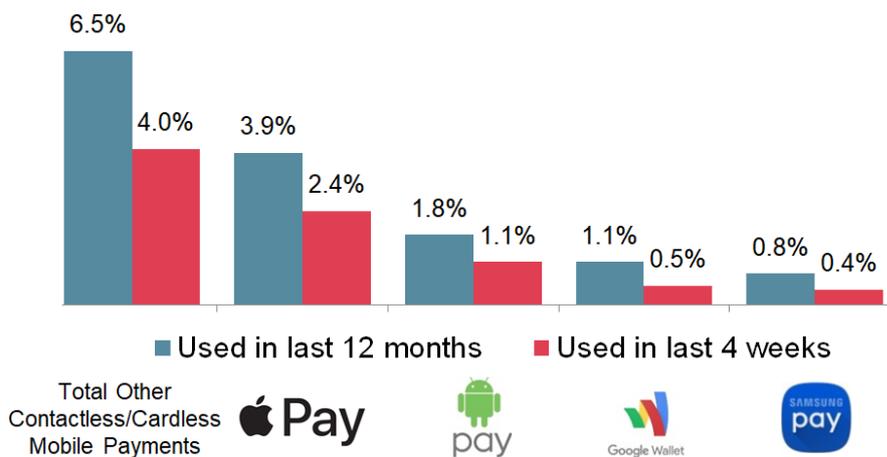
- Two long-established systems still dominate digital payments, with the phone/online BPay service being used by 52.9% of Australians in the past year and the online Paypal service being used by 42% over the same period.
- In the emerging buy-now-pay-later space, 6% of Australians have used the Afterpay service in the past year, with competitors Zip Pay and Zip Money used by 1.4% and 0.6% respectively.
- The most-used bank-owned tap-and-go payments system, from CBA (used by 4.1% of Australians in past 12 months), is still marginally ahead of the most-used non-bank tap-and-go solution, Apple Pay (used by 3.9% of Australians) – see charts below.

### Banks' Own Mobile Payments



Source: Roy Morgan Single Source. Base: Australians 14+, July 2017 to June 2018; n=50,035

### Other Contactless/Cardless Mobile Payments



Source: Roy Morgan Single Source. Base: Australians 14+, July 2017 to June 2018; n=50,035

**Michele Levine, CEO, Roy Morgan, commented:**

*“One thing is clear – Australians love digital payments and the way we make payments is evolving quickly. The solutions being developed by the new market entrants and the incumbents not only help the consumer with a quicker and more convenient way to pay, but provide businesses with rich data on what the consumers are purchasing, how they are purchasing it, and where.*

*The payment landscape will continue to evolve in the future. We are already seeing innovative new companies, such as Afterpay, changing the way in which people purchase goods that they cannot immediately afford. These ‘buy-now-pay-later’ companies may pose a threat to traditional payment types such as credit cards as well as traditional financial institutions as consumers can, in effect, access a small amount of credit instantly with no documentation.*

*It is already feasible for someone to go about their daily activities without the need for a physical wallet or card. This is being aided by the growing proliferation of smart phones and wearables with integrated payment technology such as Apple Pay and Google Pay, and an increasing number of financial institutions enabling their customers to make payments with these devices.*

*People will come to expect the minimum amount of effort when making a payment and the industry will need to adapt to these changing expectations by providing more innovative and seamless solutions. Traditional financial institutions may need to collaborate with Fintechs and other third parties to keep up with the rapidly changing digital payment landscape.”*

To learn more about Roy Morgan’s *Digital Payment Currency Report* and digital payment data, call (+61) (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).

The suite of products available via the [Roy Morgan Single Source](#) and the psychographic segmentation tools provided by [Roy Morgan Helix Personas](#) allow businesses and government to drill down into the data to get the best picture of what is going on.

Please click on this link to the [Roy Morgan Online Store](#).

**About Roy Morgan**

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years’ experience in collecting objective, independent information on consumers.

**Margin of Error**

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

