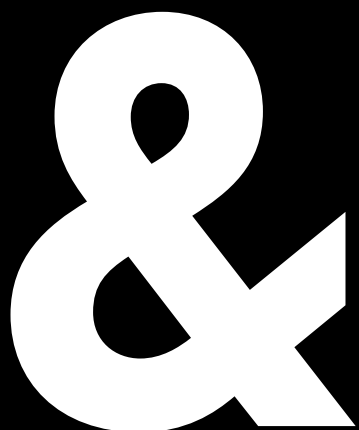


July 2024

Analysis of the payment market in the Republic of Kazakhstan 2023



Introductory remarks

*We remain committed to providing our readers with reliable information to help them make informed decisions based on verified data. For this edition, we chose the following quote as an inspiration for launching this analytical report: **"The prosperity of a state is ensured not by the money it allocates to officials each year, but by the money it leaves in the pockets of its citizens"***

József Eötvös, Hungarian writer.



Natalya Lim

Strategy & Partner and Advisory
Practice Leader in the Eurasia Region

The payment industry in Kazakhstan has made significant strides over the past five years. From 2019 to 2023, the market expanded by 2.8 times, reaching 54.8 trillion tenge in 2023. Today, the demand for contactless payment methods is unprecedented, with equally high demand for rapid transaction processing. Consumers and businesses have transitioned from cash payment methods to a growing array of electronic payments. Payments have become more accessible due to innovations such as digital wallets, QR codes, and mobile money.

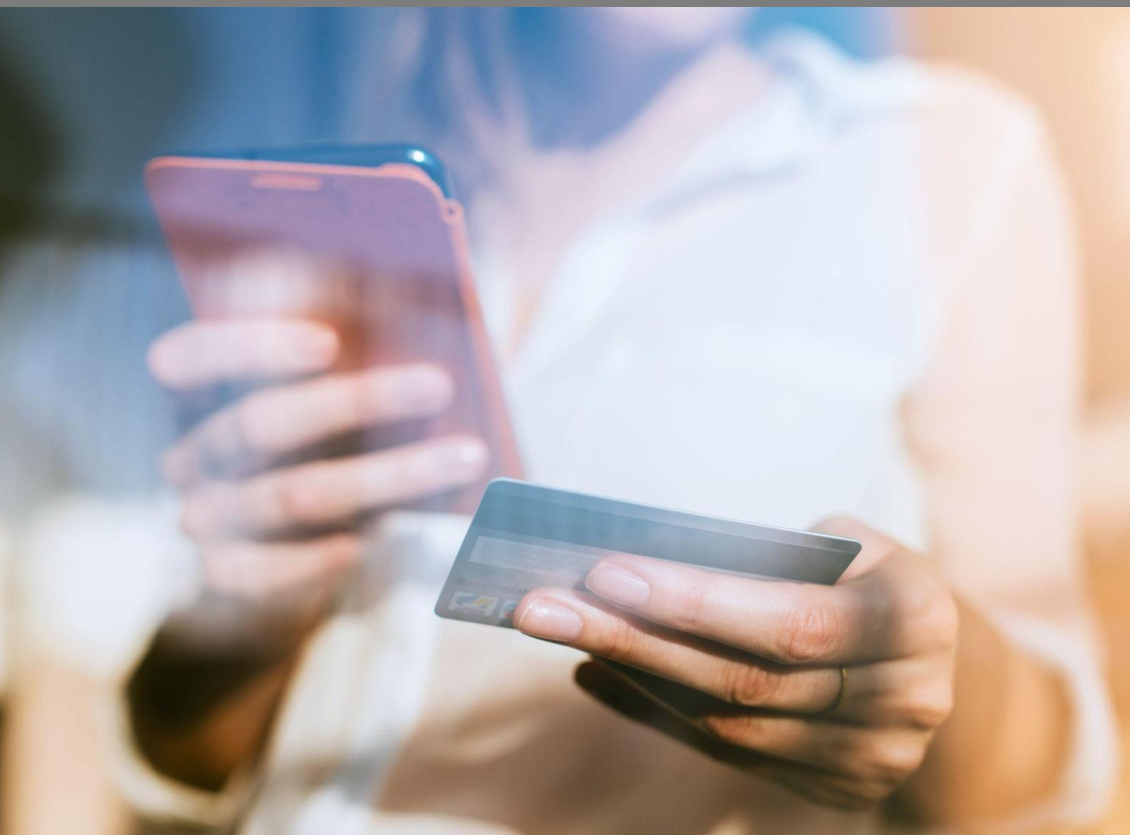
As technology continues to evolve, so does the market. Some industry leaders have already begun experimenting with generative artificial intelligence (GenAI). Visa and Mastercard are leveraging it to enhance their fraud detection capabilities. Bank of America uses an AI-based virtual assistant for balance checks, payment processing, and financial consultations. Stripe is integrating AI to optimize payment processing and increase transaction speed. These examples illustrate how GenAI is revolutionizing the payment industry, potentially driving even greater market growth in future periods.

Through our work, we aim to provide all readers with an independent, professional, and objective perspective on the payment market in Kazakhstan. Accordingly, starting in 2023, data collection on cash replenishment through ATMs and cash desks was introduced to provide a more comprehensive assessment of cash payment turnover (see ["Approach to the analysis of the survey results"](#)).

Therefore, we continue to conduct analyses of the payment market in Kazakhstan to track trends. We present to you the third edition of the payment market analysis of the Republic of Kazakhstan. We hope this study will be valuable to a wide range of readers and all interested stakeholders.

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Review and objectives of the research

The Payment Market Analysis is a publication by Strategy&, part of the PwC network in Kazakhstan, which measures the volumes and number of payments (excluding P2P transfers) made through various channels used by individuals across Kazakhstan. The research, conducted by Strategy&, part of the PwC network in Kazakhstan, utilizes an exclusive dataset from market players to assess changing trends in payment methods. It also provides a unique perspective on the volumes of different payment channels, reveals user preferences for payment methods, and offers valuable comparative analysis for users of payment instruments.

The data for the current edition was collected in June 2024 and covers the period from January 2019 to December 2023. The survey was conducted among players accounting for about 80% of active users of online banking services in Kazakhstan.

The survey gathered data related to the volume of payments made, the number of transactions associated with the use of cash and non-cash payment methods (online and offline), withdrawals and deposits, as well as other payment methods aggregated in Smart Pay (QR, Apple Pay, Samsung Pay, Google Pay, Android Pay, Garmin Pay).

We hope that this analysis of the payment market in the Republic of Kazakhstan will be valuable to a broad audience and all interested stakeholders.



Data

Collection of data of the players of the payments market for the aggregated analysis



Analysis

Analysis of the payment methods in the payments market



Identifying trends

Identifying trends and potentialities of the payments market



Approach to the analysis of the survey results

Our goal is to provide readers with an independent, professional, and objective perspective on Kazakhstan's payment market. Accordingly, starting in 2023, **data collection on cash replenishment through ATMs and cash desks** was introduced to provide a more comprehensive assessment of cash payment turnover. This innovation has revealed an alternative market size. Due to the absence of necessary data for previous periods, we cannot recalculate the net cash position (withdrawals from ATMs minus deposits through ATMs) for past years.

The main section of the report presents calculations based on the previous methodology. However, to enable comparison, we have included **an appendix** in this report ([see the research appendix](#)), where the volumes and shares calculated using both methodologies for 2023 are presented.

The market volume is calculated based on data provided by market players using payment systems, as well as data from the National Bank of the Republic of Kazakhstan (NBRK) on the use of payment cards issued by both Kazakhstani and foreign issuers.

The definition of the payment system in Kazakhstan includes cash withdrawn from ATMs, non-cash payments via online and offline POS terminals, as well as other payment methods aggregated in Smart Pay (QR, Apple Pay, Samsung Pay, Google Pay, Android Pay, Garmin Pay). The study does not include person-to-person (P2P) transfers due to the difficulty in determining the purpose of these transfers.

Several market players provided actual data on the volume and number of transactions conducted using various payment methods. The figures were verified through cross-checking with aggregated NBRK data and other statistical data from open sources to determine the full market volume. Subsequently, the shares of the real data from market players relative to the NBRK data were determined. The average of these shares was then used for data extrapolation. After this, in cases where discrepancies between the players' data and NBRK data were found, the shares were adjusted using expert opinion. As a result, the full volume of the payment market in the Republic of Kazakhstan was derived.

Stage 1

Determination of estimated volumes and transactions of market players based on NBRK's data and/or statistical data

Stage 2

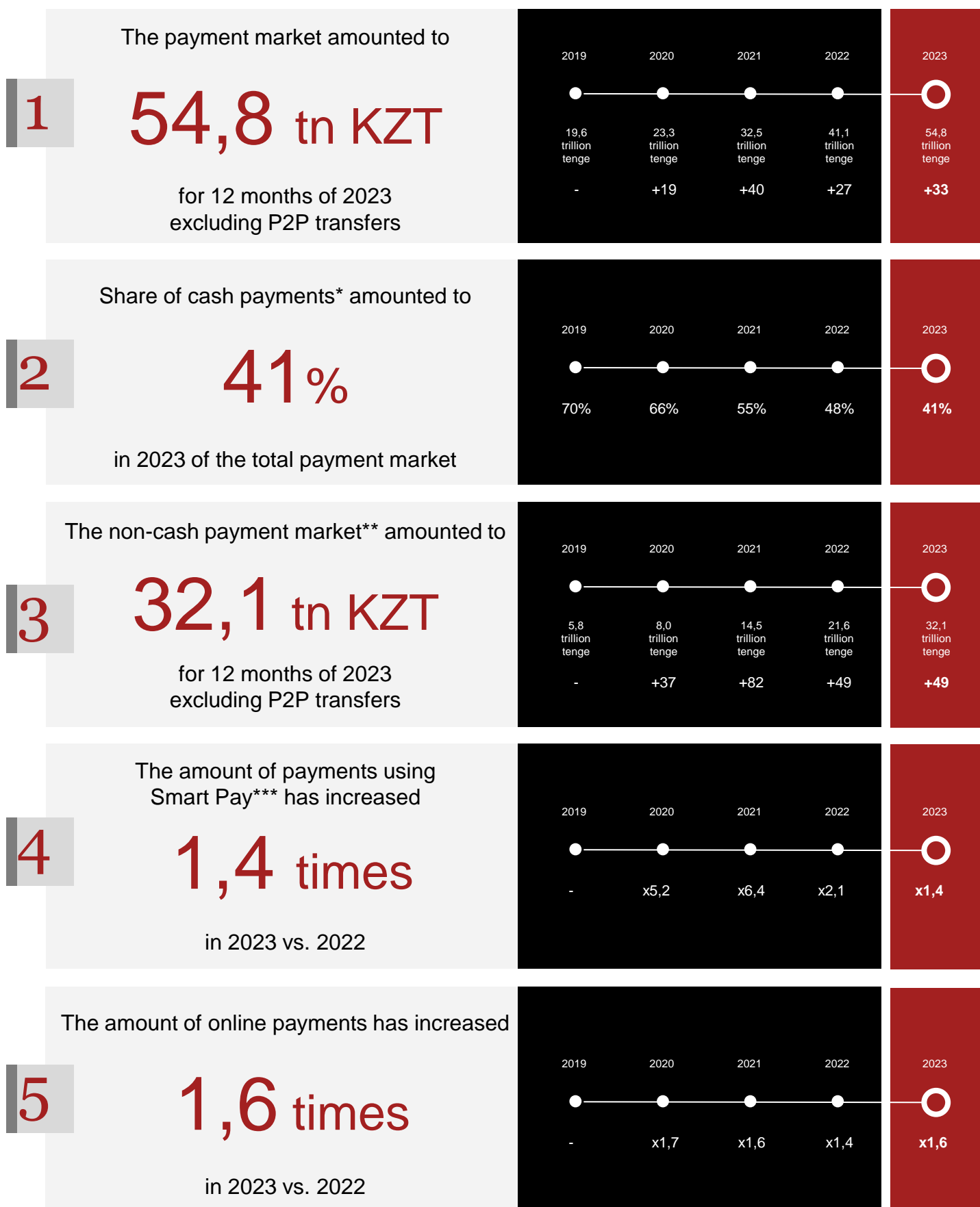
- Cross-check with data received from players
- Calculation of the average value of the proportion of real data to the NBRK's data and/or statistical data
- Extrapolation for the remaining market players

Stage 3

Market sizing and conducting the analysis



Key findings

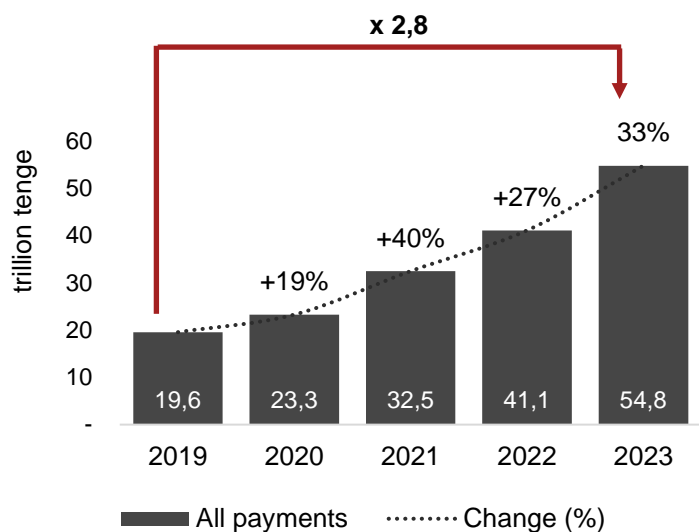


* The concept of cash payments includes cash withdrawn from ATMs

** The concept of non-cash payments does not include P2P transfers

*** Smart Pay: QR, Apple Pay, Samsung Pay, Google Pay, Android Pay, Garmin Pay

Payment market overview

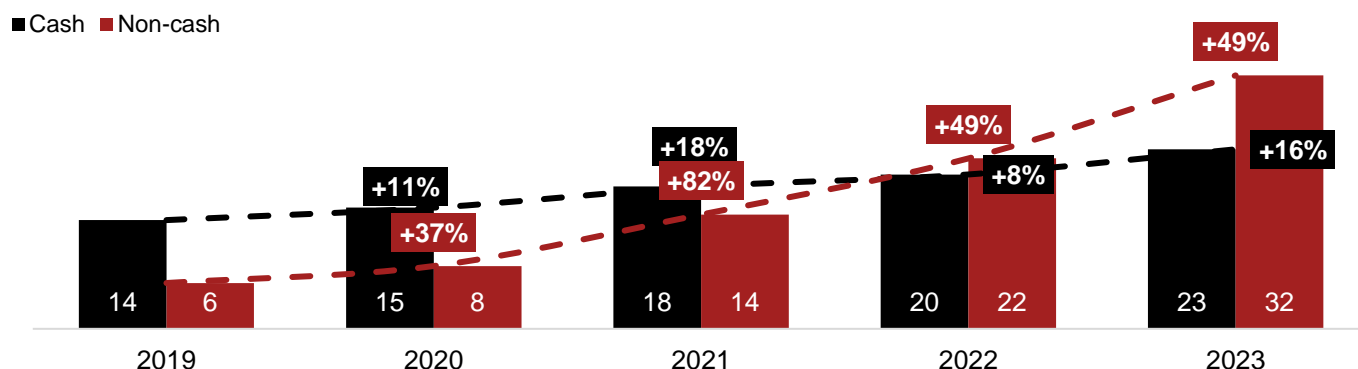


Over the past five years, from 2019 to 2023, despite various local and global events impacting the country's economy, Kazakhstan's payment market has grown by 2,8 times. In 2023, the market sustained its expansion, reaching a value of KZT 54,8 trillion. The growth rate accelerated compared to 2022, with the market increasing by 33%, or KZT 13,7 trillion.

An upward trend in transaction volumes was observed in both cash and non-cash payments. While both types of payments experienced growth, the growth rate of non-cash payments remains significantly higher. This trend reflects the market's steady shift toward cashless and digital payment methods.

The shift toward cashless and digital payment methods, initiated during the pandemic, is expected to continue, driven by rising levels of digitalization in Kazakhstan, the development of e-commerce platforms, and evolving consumer behavior. This trend indicates progress toward a more digital and efficient payment ecosystem, in alignment with global trends in the financial sector.

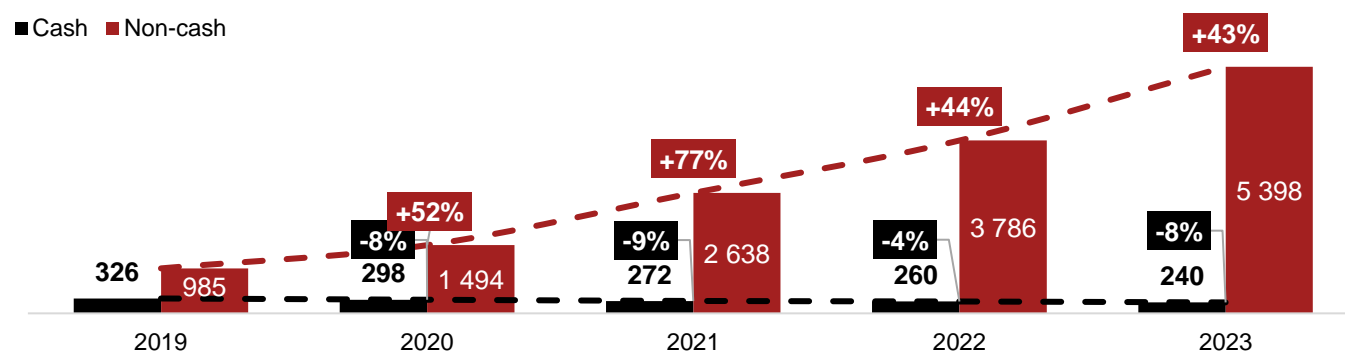
Total volume of cash and non-cash payments (trillion tenge) and annual changes (%)



The analysis of trends in payment volumes and transaction counts indicates a continued decline in the number of ATM cash withdrawals, which dropped to 240 million in 2023 — 8% lower than the previous year. This decline resulted in a 26% increase in the average cash withdrawal amount, rising from 75,2 thousand tenge to 94,7 thousand tenge (compared to a 13% increase in 2022).

The dynamics of changes in the amounts and number of cashless payments show a similar growth in 2023: the number of cashless transactions increased by 43%, and the total amount of cashless payments rose by 49% compared to 2022. Consequently, the average cashless payment amount saw a modest rise of 4%, from 5,7 thousand tenge in 2022 to 5,9 thousand tenge in 2023.

Total number of cash and non-cash transactions (units) and annual changes (%)



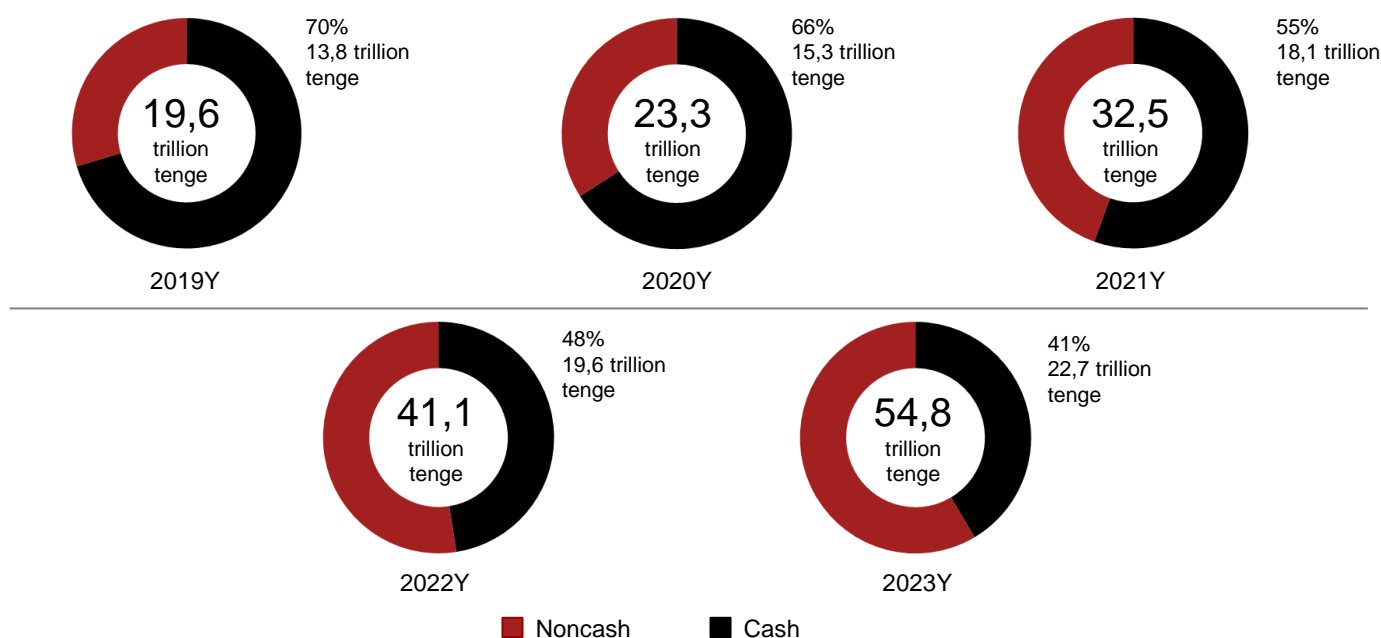
Cash payment market

The main section of the report presents calculations based on the old methodology. For a comparative analysis of data for 2023 calculated using both methodologies (the old one and with the inclusion of cash replenishments through ATMs and cash desks), see the Appendix.

The trend of declining cash payments continued. Between 2019 and 2023, the share of cash payments decreased by 29 percentage points, reaching 41% or 22,7 trillion tenge. Despite this decline, cash payments remain a significant part of the economy for several reasons: uneven development of cashless technologies across economic sectors, tax evasion, population preferences, the need for cash in emergencies, and more.

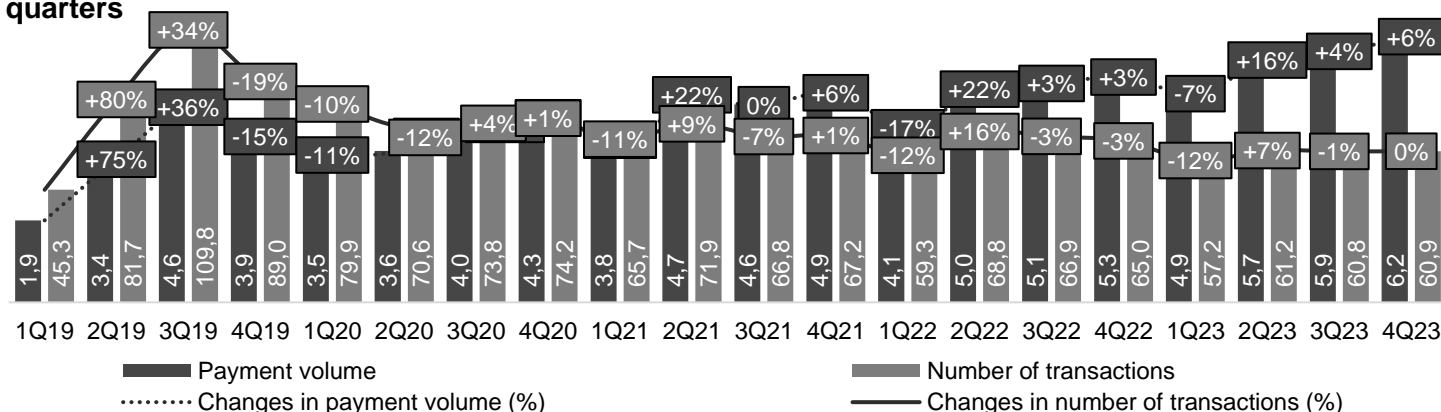
In July 2023, the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (SRC MF RK)* introduced restrictions on mobile transfers, resulting in a significant 16% increase in cash payments in the second quarter. This indicates that individuals and businesses previously using mobile transfers for transactions shifted to cash payments in response to the imposed restrictions. Following the initial spike, the growth in cash payments slowed to 4% in the third quarter and 6% in the fourth quarter.

Change in the share of cash payments in the total market volume, trillion tenge



In 2023, the volume of payments in Kazakhstan showed steady growth each quarter, starting at 4,9 trillion tenge in the first quarter and reaching 6,2 trillion tenge in the fourth quarter, representing an overall increase of more than 27%. The number of transactions ranged between 57,2 and 60,9 million, with the highest activity observed in the second and fourth quarters, indicating heightened economic activity during these periods. Despite the overall growth in payment volume, the number of transactions remained relatively stable, which could suggest a shift toward larger transactions. Compared to the same periods in 2022, the average payment amount increased in all quarters of 2023, with the highest growth recorded in the second quarter, amounting to 28%.

Dynamics of changes in the amount (trillion tenge) and number (million units) of cash payments by quarters



* State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan: Regarding restrictions on mobile transfers

Non-cash payment market

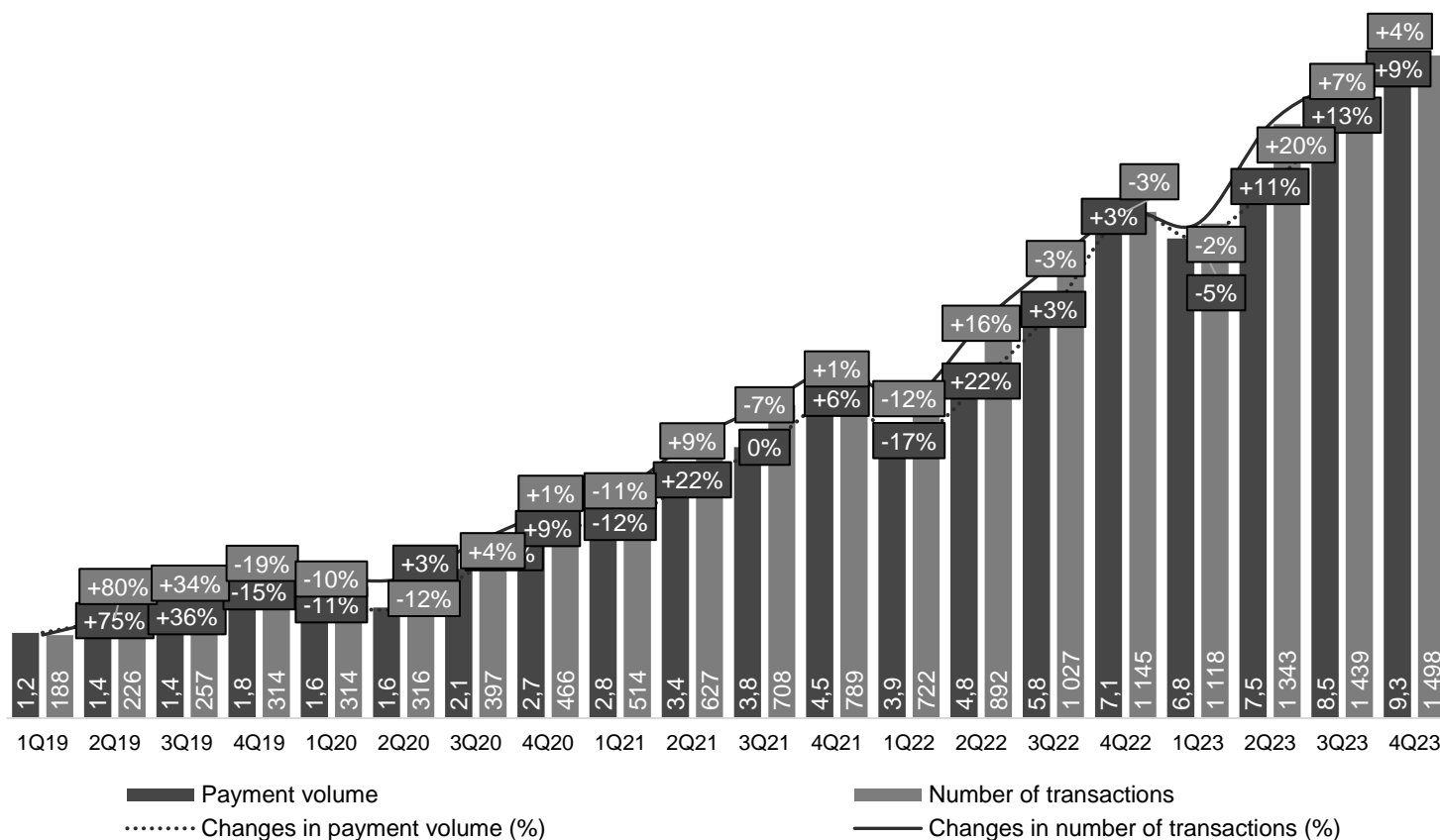
The data demonstrate consistent and significant growth in both the volume and number of cashless payments throughout the analyzed years. From 2019 to 2023, the volume and number of transactions increased 5,5 times. The most substantial growth was recorded in 2023, highlighting the ongoing trend toward greater adoption of cashless payment methods in the economy.

In 2023, the total value of cashless payments reached 32.3 trillion tenge, 49% higher than in 2022. The volume increased from 6,8 trillion tenge in the first quarter to 9,3 trillion tenge in the fourth quarter. The frequency of cashless transactions rose to 5,4 billion, a 43% increase compared to 2022.

The continued growth of cashless payments was facilitated by increased accessibility, the development of convenience, and the diversity of cashless payment methods. According to the NBRK*, as of May 1, 2024, there were 76,6 million payment cards in circulation, 11% more than in the same period of 2023. The POS-terminal network also expanded, reaching 1,1 million units as of April 1, 2024, which is 31% more than in the same period of 2023.

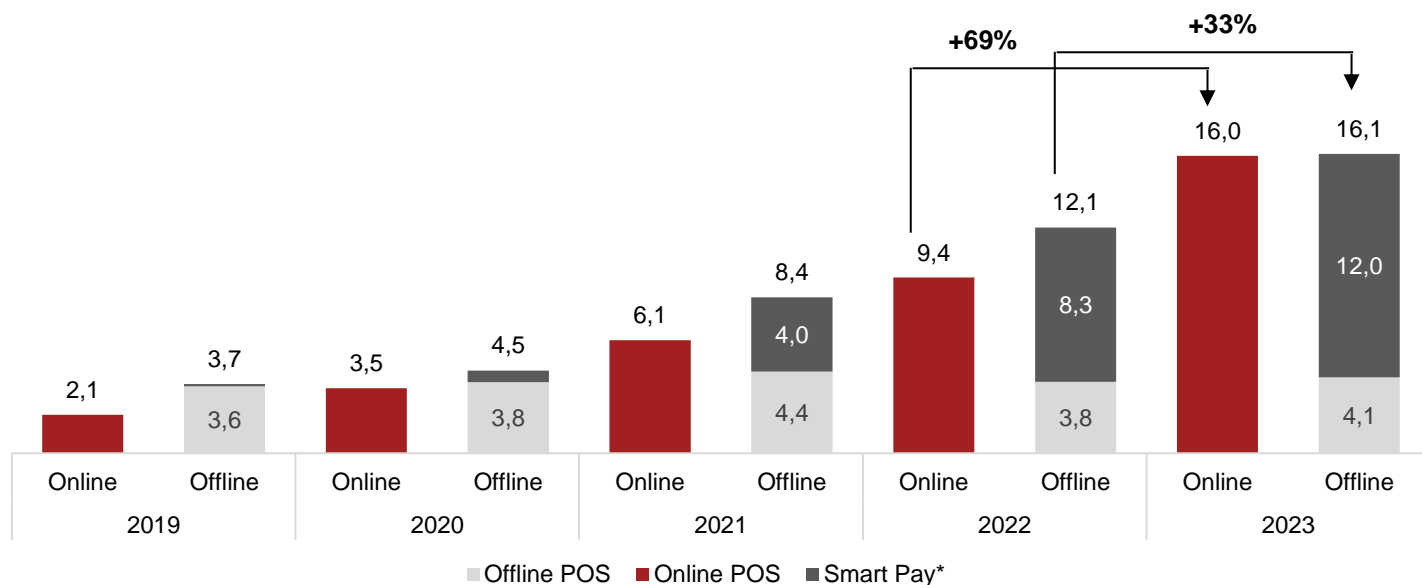
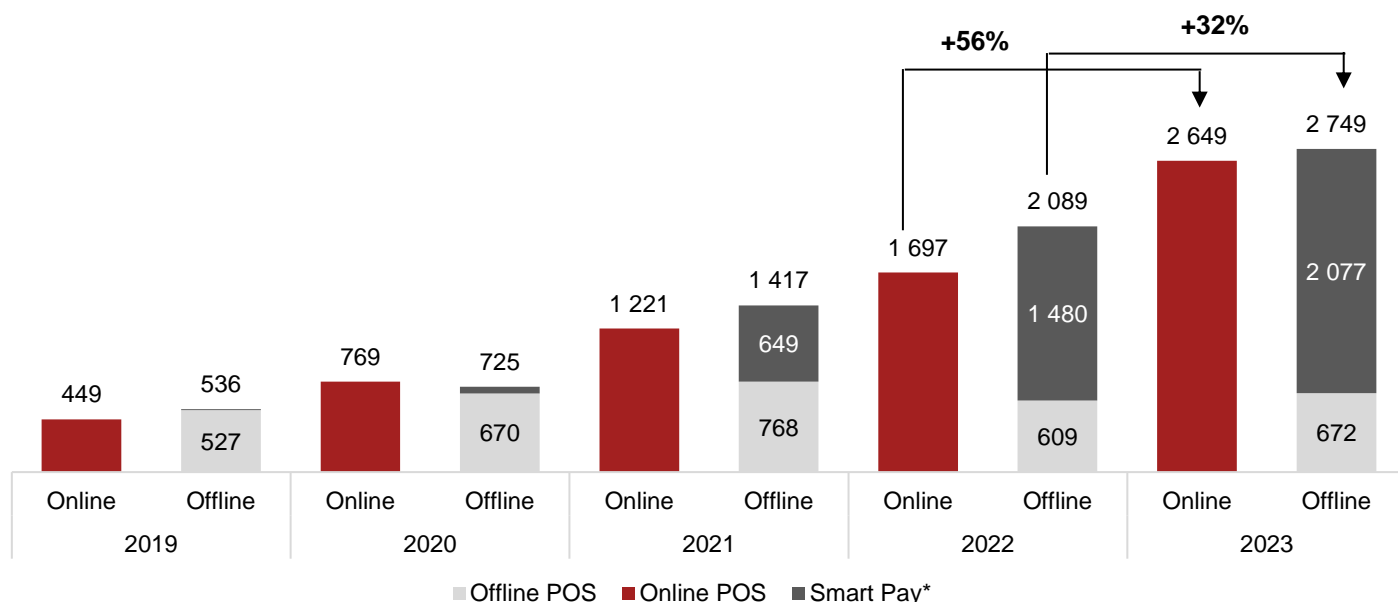
In the first quarter of 2023, there was a decline in the total value of cashless payments and the number of transactions by 5% and 2%, respectively, which can be attributed to seasonal fluctuations and traditionally low activity at the beginning of the year. However, recovery was observed in the second quarter: the quarterly growth in cashless payment volumes reached 11%, totaling 7,5 trillion tenge. The growth trend continued into the third quarter, with cashless payment volumes increasing by 13% compared to the previous quarter. In the fourth quarter, growth persisted, though at a slower pace, with the total value rising by 9%. Growth rates compared to the same period in 2022 were higher; this trend may have been influenced by increased purchasing power amid a decline in annual inflation (9,8% in 2023 compared to 20,3% in 2022**).

Changes in the amount (trillion tenge) and the number of transactions (million units) of non-cash payments by quarter



* According to the figures from the National Bank of the Republic of Kazakhstan

** According to the National Bureau of Statistics of the Agency for Strategic Budgeting and Reforms of the Republic of Kazakhstan

Changes in the total volume of online and offline non-cash payments by year, trillion tenge**Changes in the number of online and offline non-cash payment transactions by year, million units**

Since 2019, the total volume of online payments has increased by 7,7 times, and the number of transactions by 5,9 times, primarily driven by shifts in consumer behavior. The COVID-19 pandemic accelerated the transition to cashless and remote payment methods. Additional factors contributing to this growth include the expansion of mobile commerce and banking ecosystems, as well as the development of loyalty and cashback programs.

In 2023, the total volume of online payments rose by 14 percentage points, and the number of transactions increased by 6 percentage points, with overall growth reaching 69% and 33%, respectively. This trend can be attributed to advancements in digitalization. That year, Kazakhstan improved its standing in the Global Innovation Index (GII), moving up from 83rd place in 2022 to 81st place. Furthermore, the expansion of the e-commerce market, where volumes grew to 2,4 trillion tenge (a 79% increase from 2022), also played a significant role in boosting payment volumes.

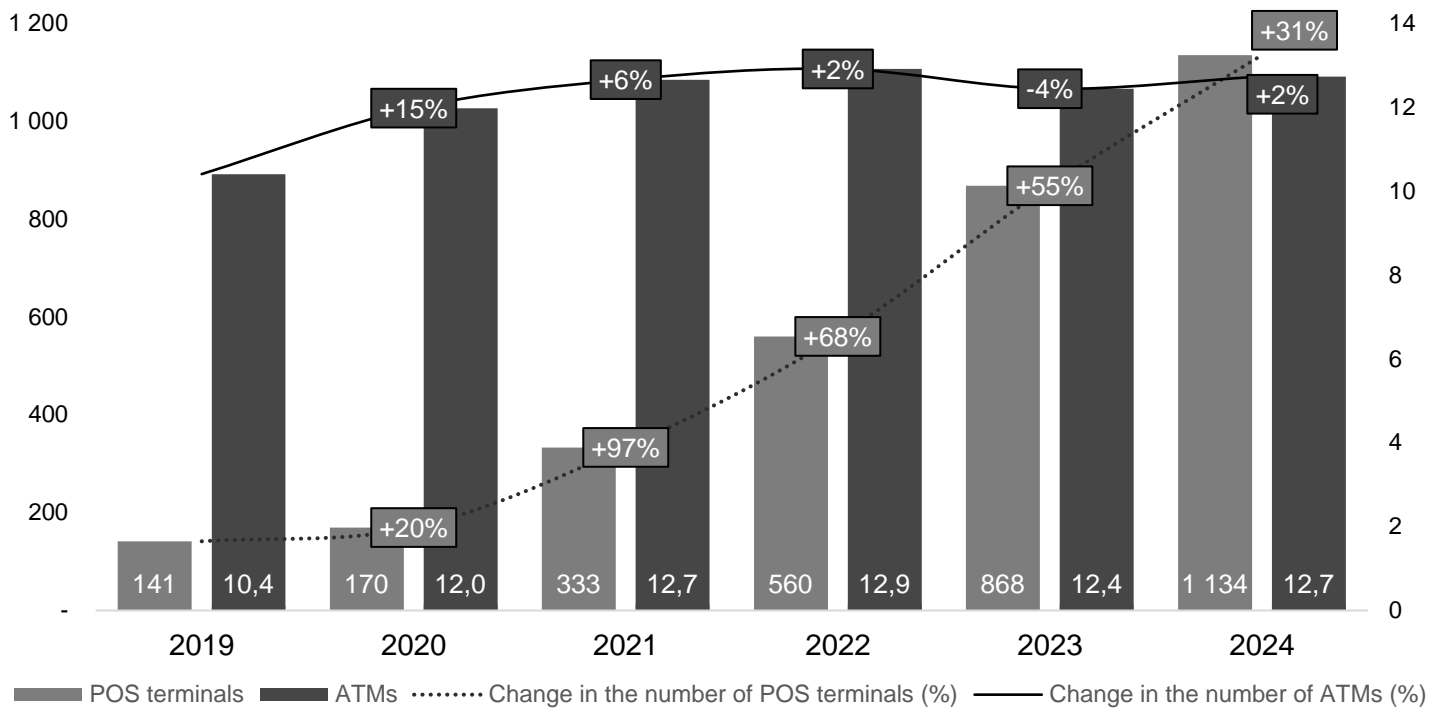
Offline payment volumes also experienced growth, albeit at a slower pace. In 2023, the market expanded by 44%, reaching 16,0 trillion tenge (compared to a 45% increase in 2022), and the number of transactions grew by 32% (compared to 47% in 2022), totaling 2,7 billion transactions. Notably, the most significant increase in offline payment volumes was driven by Smart Pay, which saw a 1,4 times annual growth compared to 2022. This surge can be attributed to growing consumer confidence in using Smart Pay as a payment method.

* Smart Pay: QR, Apple Pay, Samsung Pay, Google Pay, Android Pay, Garmin Pay*

* Global Innovation Index (GII)

Retail e-commerce Market in the Republic of Kazakhstan

Change in the number of POS terminals and ATMs*, thousand units

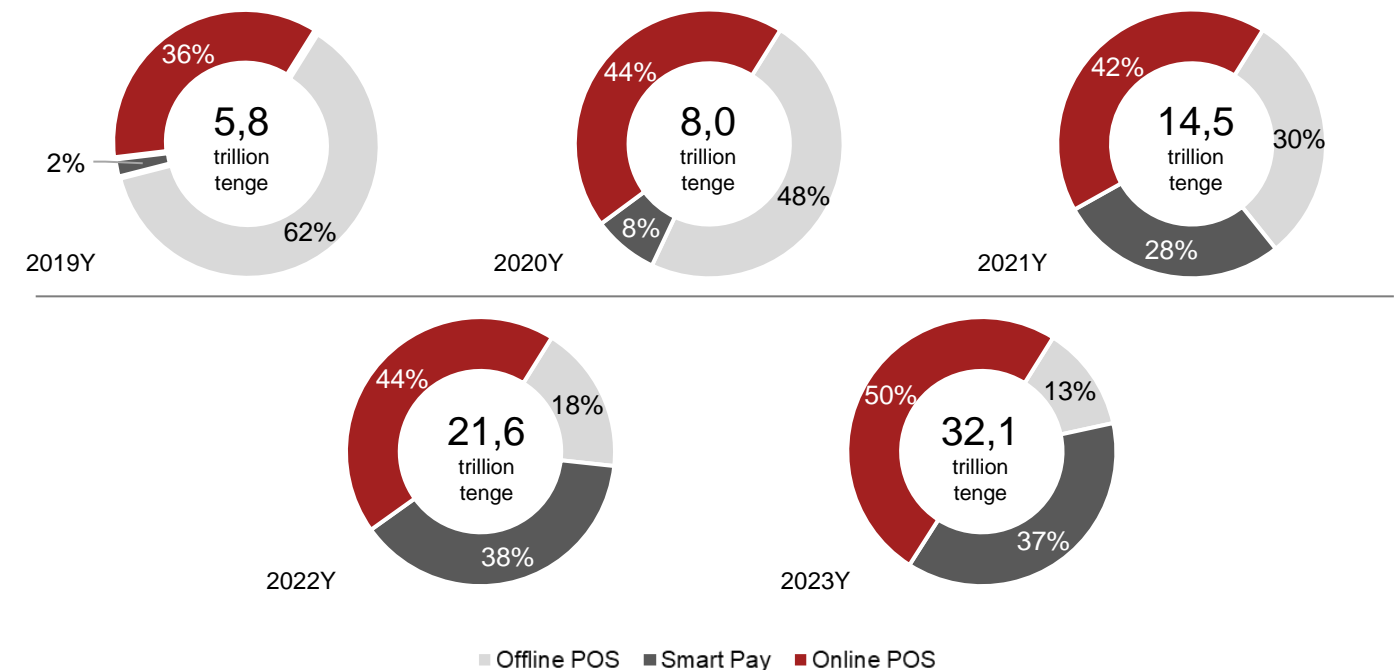


* Data from the National Bank of the Republic of Kazakhstan as of April 1 of each reporting period

Since 2019, the number of POS terminals has increased eightfold, while the number of ATMs has grown by 1,2 times. The integration of advanced payment technologies and the enhanced convenience provided by digital transactions for consumers are key drivers behind the rapid increase in the number of POS terminals. In contrast, the number of ATMs has remained relatively stable, indicating that cash continues to play an important role in the economy.

In 2023, online POS transactions accounted for 50% of the total volume of non-cash payments. This ongoing growth trend is occurring alongside a reduction in the share of offline POS transactions to 13%. This development is attributed to the digitalization of the financial sector, the increasing number of internet users, and the rise in consumers familiar with purchasing goods and services online, mainly through local and international marketplaces.

Shares of payment methods in non-cash payments



Appendix

The definition of the payment system in the Republic of Kazakhstan encompasses cash transactions and non-cash payments made via online and offline POS terminals, as well as other payment methods aggregated under Smart Pay (including QR, Apple Pay, Samsung Pay, Google Pay, Android Pay, Garmin Pay). The study excludes person-to-person (P2P) transfers due to the challenges associated with identifying the specific purpose of these transactions.

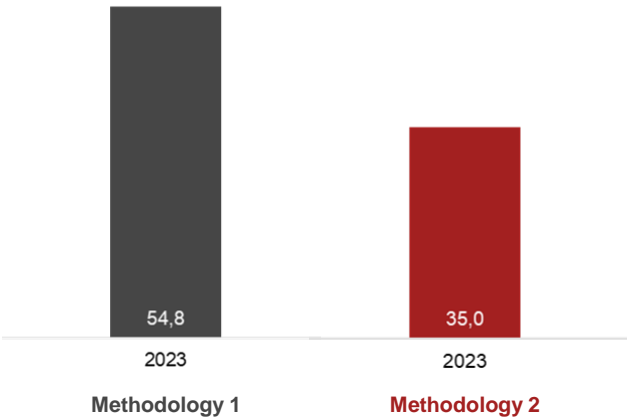
In this appendix, we present an illustrative analysis for 2023 on the share of non-cash and cash payments, based on two calculations, to provide an alternative view on the potential share of cash payments:

Methodology 1: The concept of "cash payments" includes cash withdrawn from ATMs and cash desks, according to data from the National Bank of the Republic of Kazakhstan.

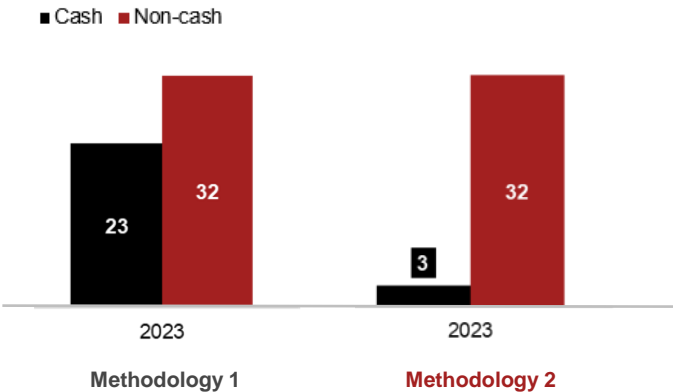
Methodology 2: The concept of "cash payments" includes the net position of cash (cash withdrawals minus cash deposits through the same instruments — ATMs and cash desks). An expert assessment of the entire cash replenishment market was conducted based on data extrapolation from market participants who account for more than 70% of active users of online banking services and ATMs in Kazakhstan.

The introduction of data collection on cash deposits into ATMs and cash desks has influenced the concept of "cash payments". According to the results of Methodology 2, the payment market volume amounted to 35,0 trillion tenge. This change occurred due to the adjustment of cash withdrawals by the amount of cash deposits through ATMs and cash desks. The non-cash payment market remained unchanged at 32,1 trillion tenge.

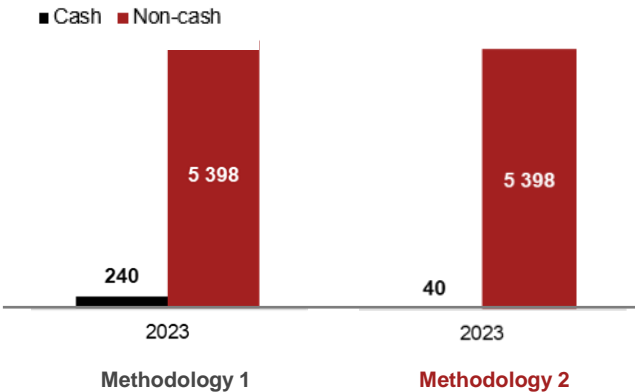
Payment market volume (trillion tenge)



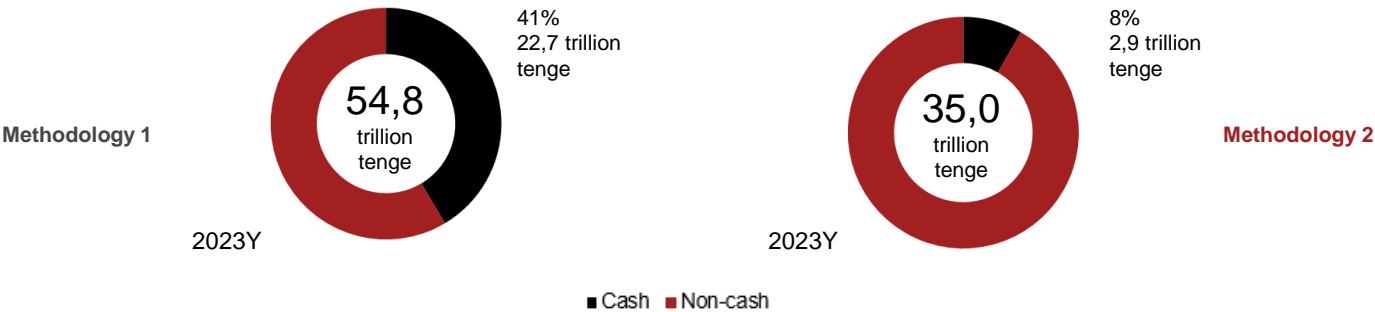
Total amount of cash and non-cash payments (trillion tenge)



Total number of cash and non-cash transactions (units)



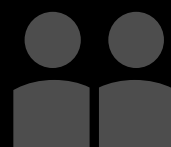
Change in the share of cash payments in the total market volume, trillion tenge



Thank you!

We express our gratitude to each participant of our research for their time, insights, and invaluable assistance in shaping the results.

We hope that the outcome of our collective efforts will foster a deeper understanding of current processes in the development of the payments market and the evolving user behaviors in Kazakhstan.



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This image shows a blank sheet of white paper designed for handwriting practice. It features a series of horizontal lines spaced evenly down the page. Each set of lines consists of a solid grey top line, a dashed grey middle line, and a solid grey bottom line. The first set of these three-line groups starts near the top left corner, while the remaining sets are distributed across the rest of the page, leaving some space at the very top and bottom.

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