



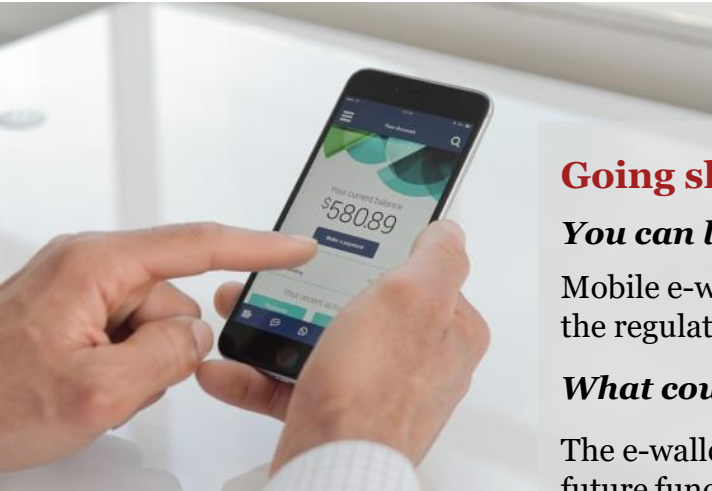
# ***Banking on the e-wallet in Malaysia***

October 2018



[pwc.com/my/deals-strategy](https://pwc.com/my/deals-strategy)

# Banking on the e-wallet in Malaysia



## Going shopping?

**You can leave your wallet at home**

Mobile e-wallets have grown in prominence due in no small part to the regulator's initiatives towards a cashless society.

## What could the e-wallet look like in the future?

The e-wallet market is poised for strong growth and could support future functions such as remittances, e-payments and shared QR codes.

“

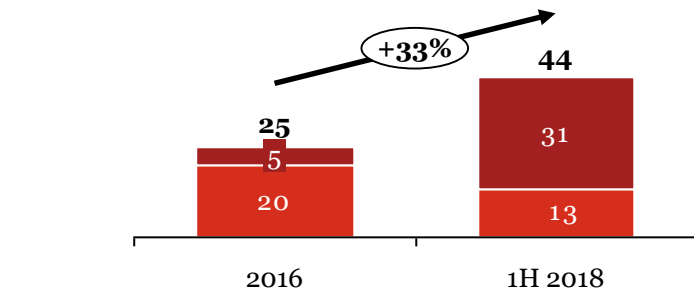
The e-wallet industry is still in its infancy where many players are **spending heavily to acquire customers and merchants**

*industry player*

”

## Malaysia has been a hotbed for e-wallet players in the last few years

Number of approved non-bank e-money issuers in Malaysia



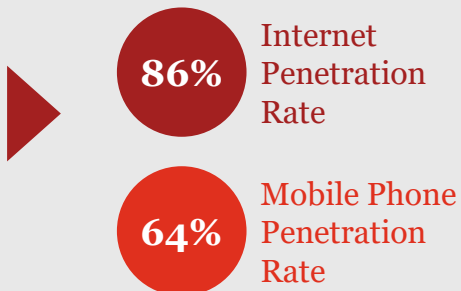
Note: In addition to non-bank e-money issuers, there are 5 bank e-money issuers

**1 High internet and mobile penetration**

**2 Large young and tech-savvy population**

**3 High financial literacy in Malaysia**

**Malaysia is prime for e-wallet adoption**










Source: Bank Negara Malaysia, Department of Statistics Malaysia (2018), GSMA, MasterCard, Newzoo, PwC Research & Analysis

# Banking on the e-wallet in Malaysia



Based on PwC Malaysia's estimates, the e-wallet market is projected to grow to **c. USD20bn by 2024**, underpinned by favourable industry growth dynamics and market potential

## Core e-wallet use cases

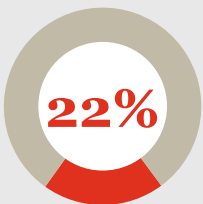
-  Retail
-  Transportation
-  F&B
-  Prepaid top-up
-  e-Commerce
-  Bill payment
-  P2P\* transfers

Note: \*Peer-to-Peer

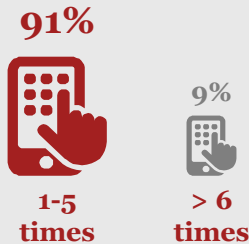
## Despite an initial buzz, adoption still remains low

In Q2 2018, PwC Malaysia initiated a customer survey to gain insights on customer behaviours and adoption of e-wallets in Malaysia

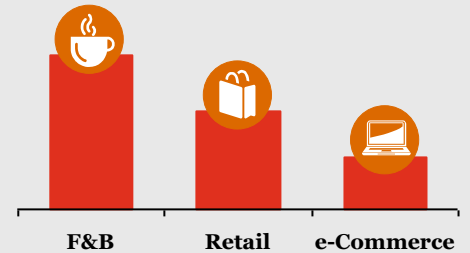
Only **22%** of our respondents are e-wallet users ...



... majority of whom expect to use their e-wallets between **1-5 times** a week



Popular use cases for e-wallets include **F&B, Retail and e-Commerce**



Note: We received close to 200 respondents, primarily working professionals within the Kuala Lumpur area. Approximately 90% of our respondents were 44 or younger.

Top 3 reasons for use

- 1 Promotions (e.g. cashback)
- 2 Convenience
- 3 Digital receipts

“Cashback is very attractive! I hope they continue to offer this”  
*e-wallet user*”

Key concerns raised

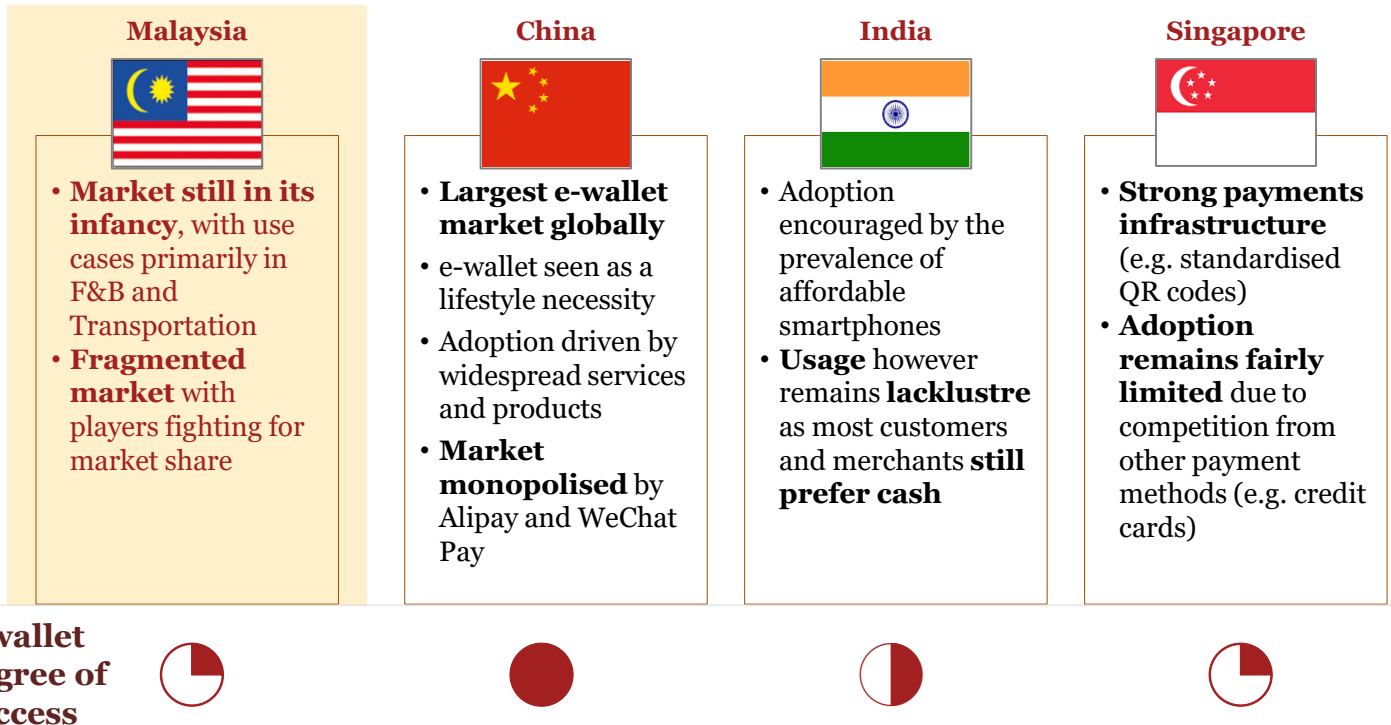
- ⚠ Low merchant adoption
- ⚠ Security risks
- ⚠ Poor user interface

“I can't really use my e-wallet anywhere because many places don't accept it.”  
*e-wallet user*”

Source: PwC Research & Analysis

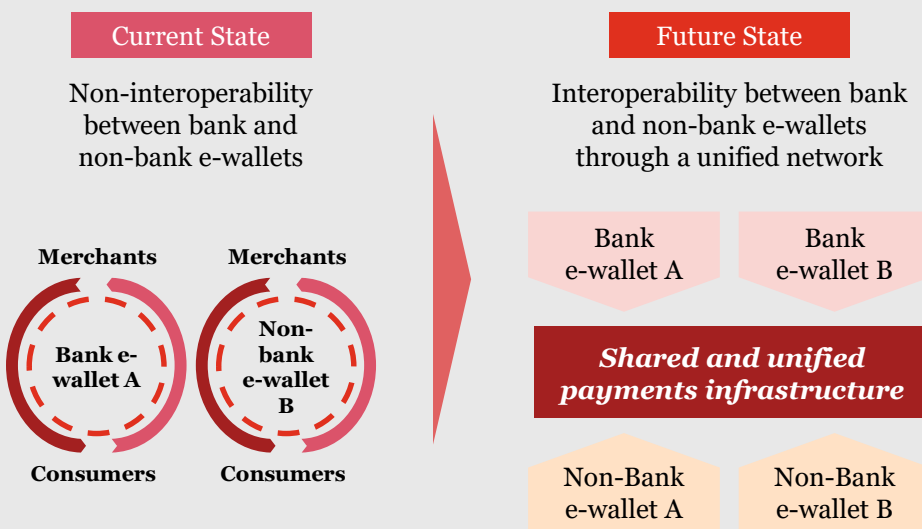
# Banking on the e-wallet in Malaysia

Malaysia currently lags behind regional players given its low adoption



Most Successful ● ● ● ● Least Successful

However, launch of the ICTF\* by Bank Negara Malaysia is expected to improve adoption of e-wallets in Malaysia



## Implications to the e-wallet industry

Introduction of an interoperable QR code expected to significantly boost the overall functionality of the e-wallet

ICTF will also level the playing field and encourage all players to accept and complete e-wallet payments outside of their proprietary ecosystem

Note: \*ICTF refers to Interoperable Credit Transfer Framework  
Source: Bank Negara Malaysia, PwC Research & Analysis

# Banking on the e-wallet in Malaysia

## Our views on e-wallets in Malaysia



### Do we need more than one e-wallet?

Users are spoiled for choice with over 40 e-wallet players in the market today

While **consolidation in the market is inevitable**, the question remains, how many e-wallets are sustainable in the longer term?

### One wallet to rule them all?

**Incentives** such as cash-back promotions and **convenience** will remain key drivers of customer adoption

Market leaders are likely to be those who successfully achieve a sustainable network effect of customers and merchants

### Will e-wallets be mainstream?

Sustainability of e-wallet usage in Malaysia will depend on its ability to:

- 1) Convert avid cash users
- 2) Compete against other forms of cashless payments such as internet banking and debit or credit cards
- 3) Create compelling use cases to drive customer adoption in their daily lives



# *Get in touch for a discussion*



**Yennie Tan**  
**Partner and Deals Strategy Leader**  
**PwC Malaysia**

T: +603 - 2173 0551  
M: +6012 - 305 5162  
[yennie.tan@pwc.com](mailto:yennie.tan@pwc.com)



**Cheong Yen Li**  
**Associate Director, Deals Strategy**  
**PwC Malaysia**

T: +603 - 2173 0299  
M: +6017 - 878 8607  
[yen.li.cheong@pwc.com](mailto:yen.li.cheong@pwc.com)

***[pwc.com/my/deals-strategy](http://pwc.com/my/deals-strategy)***

