

## The Asian Prepaid Cards Market

Description:

Synopsis

- Coverage includes not only the behemoths of China and India, but also Hong Kong, Vietnam and countries in South East Asia
- Drivers for success and the regulatory environment are analysed
- Relevant examples are picked-up and discussed
- Transit schemes are one of the key uses – Hong Kong, Singapore and Malaysia are dealt with

Summary

Cash is the main payment instrument in Asia; yet the use of cards has increased, supported by strong economic growth, the region's expanding middle class, and government support for initiatives aimed at reducing physical currency transactions. This report aims to provide an overview of the current status of the prepaid cards market, as well as product availability and key features in large economies such as China, India, smaller countries like Indonesia, the Philippines and Malaysia, as well as mature economies such as Hong Kong and Singapore, highlighting opportunities and risks.

China comes across as a mature market with a strong focus on gift cards, but changes in legislation aiming to close legal loopholes may threaten further development. India emerges as the country offering the most opportunities, thanks to an expanding middle class and an already well-established prepaid cards market, mainly focused on payroll and travel cards.

Apart from these two countries, prepaid cards throughout Asia developed primarily as transport cards with added features allowing for micropayment in retail outlets. Prepaid cards are also considered an important means of increasing financial inclusion, providing a payment instrument to people without bank accounts. However, this group is likely to be too high-risk and low-profit for banks, and alternative payment solutions can be delivered by mobile telecom providers, which have already established relations with their clients. Mobile phone penetration is very high in Asia, and the Philippines has one of the most successful of these schemes, set up by Smart Communications. Regulations issued by the central bank having been crucial in supporting its growth. A more regulated e-money market is slowing down development of this instrument in Indonesia, where prepaid cards have developed around the micropayments concept.

A high percentage of the populations of Malaysia, Hong Kong and Singapore have bank accounts. Malaysia is the lowest, at 80%, and demand for multipurpose prepaid cards has remained low and operators have failed to establish a profitable business model. However, transit cards which permit retail payments, such as the Octopus scheme, Touch 'n Go in Malaysia and EZ-Link, as well as the NETs Cashcard in Singapore, have been successful.

Scope

- This VRL report examines the prepaid market in China, India, Indonesia, the Philippines, Malaysia, Singapore and Hong Kong
- Discover the leading players, product portfolios and business and operating models in the Asian prepaid market
- Learn of the challenges affecting the prepaid market
- Gain insight into the market drivers, such as the Indian middle-class, who are driving strong demand for payroll and travel cards

Reasons To Buy

- Find out why mobile providers may be the best way forward
- See a breakdown of the national regulatory environments
- Read analysis of specific scheme programmes and discover why some succeed where others fail
- Discover the potential for prepaid in each country
- Consider the importance of government support

Key Highlights

- The Asian prepaid market continues to grow, but there is little uniformity of product – the markets are just too different
- Regulations are another catalyst; it can lead to rapid and profound changes in the operating environment
- Banks and non-banks (telcos) form the backbone of a multi-stakeholder payment ecosystem

- Strongest growth will be from transit schemes and government benefit programmes

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