

M-commerce transactions to generate service revenues of US\$37 billion in 2016

LONDON, UK: Service revenues or fees from m-commerce transactions are expected to reach US\$37 billion by 2016, according to the latest research published by Informa Telecoms & Media. The biggest opportunity to earn service revenues will be from the mobile remote payments for physical goods and services and international mobile money transfers, which together will be worth over US\$25 billion in 2016, accounting for two-thirds of the total m-commerce market.



"Currently the majority of m-commerce transactions - including mobile banking, remote and local payments, and money transfers - are conducted using SMS, especially in developing markets. In the next five years, traffic will shift steadily onto more secure and lower-cost bearers, such as USSD (Unstructured Supplementary Service Data) and packet data, mobile applications, and NFC in the case of local payments, with a corresponding fall in service revenue per transaction," comments Shailendra Pandey, senior analyst at Informa Telecoms & Media.

EBay has reported that sales from mobile payments now account for over 10% of its total purchases in the UK. For eBay users, being able to access the service on their mobile phones means they can follow, update and place new bids on items even when they are away from their PC/laptop and this gives them an edge over bidders not accessing eBay on mobile phones.

Becoming more open

The m-commerce market is increasingly moving in the direction of openness and interoperability with other telecoms, Internet and financial services networks. This is likely to lead ultimately to the merging of the credit-card and mobile-payments business models, and quite possibly may also drive mobile operators, banks and credit card companies into competition with each other.

Mobile operators in developed markets are creating cross-network alliances and joint ventures to compete with the global reach of the OTT (over-the-top) players. At the same time, operators are also pursuing their own individual service rollout plans focused on own-brand mobile-wallet and prepaid-cash products. "There will be 'first-mover' benefits for those operators and service providers that are early to market with mobile wallet and m-commerce services as they will create greater subscriber 'stickiness' for their network and more churn from their competitors", adds Pandey.

These findings are from Informa Telecoms & Media's latest research report "M-Commerce: Outlook for mobile payments,

banking and NFC services" www.informatandm.com/mobilepayment. The report analyses the prospects for the growth of m-commerce services, examining the economic, technological and strategic drivers, as well as the constraints to this market's development.

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