

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

MOBILE PAYMENT AND DIGITAL WALLET FINANCIAL SERVICES

Commonwealth Bank of Australia

CHAIR: A moment ago you said that you thought that Apple had a market share of 80 per cent. Are you talking about that being in the digital wallet space?

Mr Comyn: In digital wallet payments, yes, it's 80 per cent.

CHAIR: That's at odds with the advice or the submissions that we've received to date, which put the market share of Apple at around about 54 per cent.

Mr Comyn: The 54 per cent is of the handset devices. It is 80 per cent in terms of the digital wallets. When we see tap and pay at a point-of-sale terminal, 80 per cent is going through Apple Pay with multiple issuers but a single Apple Pay digital wallet, versus 20 per cent for, let's say, Android and all of the competing wallets. So Apple have a very significant market position.

CHAIR: If you have any data that you'd like to share with the committee that supports your contention of 80 per cent market share, I'm sure the committee would be very happy to receive that. If you could, take that on notice.

Mr Comyn: Yes. I'm happy to do so. We can show you, as you'd expect, that there's been enormous growth, particularly over the past 12 months. We've seen in the order of 90 per cent volume growth and more than 100 per cent value growth over the last 12 months. We'd be happy to share that data with the committee.

CHAIR: Thanks, Mr Comyn. I'll just wrap up a couple of other things. In your evidence earlier you said that Apple enjoys 80 per cent market share of digital wallet payments in Australia. Can the CBA give information on market share in other countries? Could you take that on notice please?

Mr Comyn: Yes.

Answer: Making payments using digital wallets by tapping mobile devices in-person is rapidly accelerating in Australia, both in terms of number and value.

The Commonwealth Bank of Australia (CBA) predicts digital wallets will become the most popular contactless way to pay in the near future and are an important dimension for future payment innovation for consumers.

As of August, we estimate around 90 per cent of CBA credit and debit card payments made in-person were made contactless, rather than inserting, and approximately half of those contactless payments were made by digital device, rather than tapping a card. This means digital wallets are close to becoming the most popular way to pay in-person.

Of the CBA digital wallet payments made by tapping a phone or related device, 80 per cent are made using Apple devices (e.g. Apple iPhone, Apple Watch). CBA considers it likely that this proportion would be indicative of Apple's share of payments made by digital wallets in Australia.

This proportion is based on CBA's analysis of its payments through its primary scheme partner Mastercard, to determine the percentage of digital wallet transactions (i.e. tap/contactless) that are conducted via Apple Pay.

In relation to overseas jurisdictions, we are aware of reports that, in the United States, Apple Pay accounted for 92 per cent of debit card transactions completed using a mobile wallet in 2020.¹

¹ Pulse, *2021 Debit Issuer Study: Debit's Transformation Accelerates*. Available online: <https://content.pulsenetwork.com/debit-issuer-study/debit-issuer-study-5-key-takeaways>; <https://www.nfcw.com/whats-new-in-payments/apple-pay-used-for-more-than-90-of-us-mobile-wallet-debit-transactions-in-2020/>