

The rise of E-wallet in Vietnam

OCTOBER 2021

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(January 2022)

Our solutions

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Introduction



VEQORATION

Study Objective

To understand the usage and behavior of E-payments users in Vietnam, with a focus on E-wallets

Disclaimer: This report has been prepared solely for information purposes over a limited time period to provide a perspective on the market. Information, analyses and conclusions contained herein should not be construed as definitive forecasts or guarantees of future performance or results. Decision Lab shall not be liable for any loss arising from the use of this report.

Achieved sample

SAMPLE for PENETRATION RATES

n=1001



Data was collected free-fall to get an overview of the payment market

E-wallet SAMPLE

n = 589



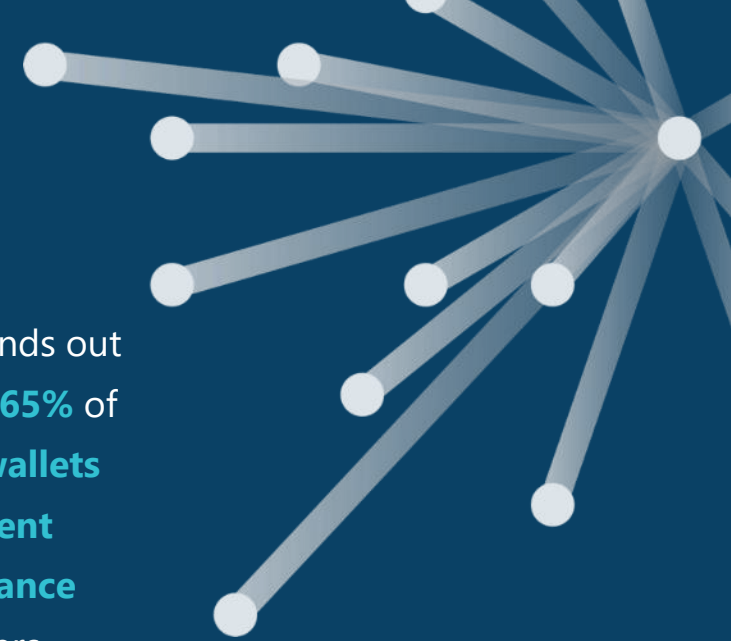
Data of E-wallet users with location quota for specific questions on E-wallet

A hand holding a smartphone with a colorful bokeh background. The phone screen displays a blurred image of a person's face. The background is dark with colorful bokeh lights in shades of blue, green, orange, and yellow.

E-wallet usage overview

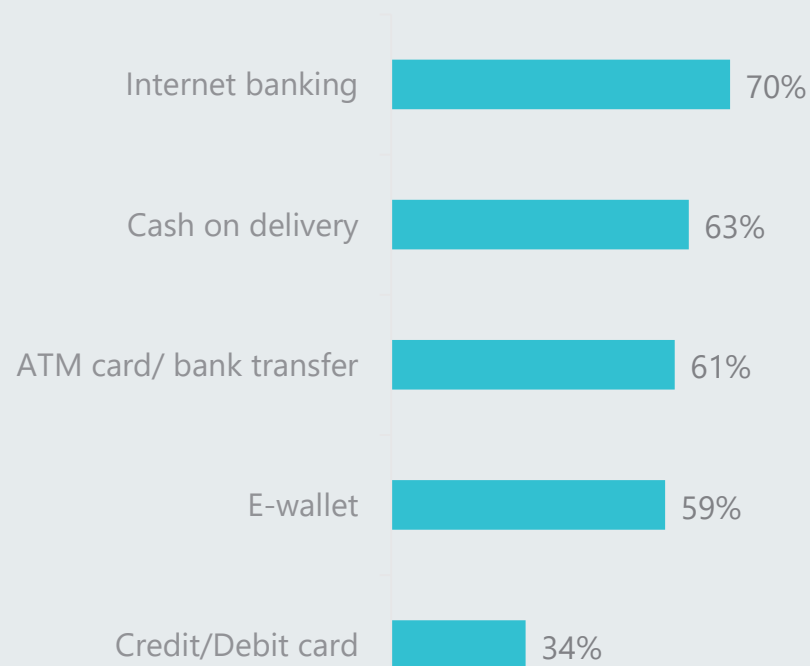
KEY FINDINGS

- E-wallet sees a **high usage rate** of **59%** in the past 3 months. **Seventy-seven percent** of its users log into the app **at least once per week**.
- **Fifty-seven percent** of users **intend to use E-wallet more** in the **next 6 months**, which shows the potentials of the digital wallet market.
- **Momo, ShopeePay, and ZaloPay** are the most popular E-wallets, which account for **87% of E-wallet users**.
- Among these top providers, **Momo & ZaloPay** win over their users' heart for **fast money transaction**, while promotions drive **ShopeePay's popularity**.
- However, the lack of customer loyalty stands out as a risk for most E-wallet providers with **65%** of users being **unsure about switching E-wallets or likely to switch their E-wallet**. **Frequent promotions** and development of **acceptance network** work best to retain disloyal users.
- Seemingly, **partnerships with super-apps** and **higher security** would help to attract new users.



Over the past 3 months, digital payment has seen an increase in popularity, where 70% of the online population have used internet banking in place of COD. E-wallet is also becoming more popular with usage rate of 59% and is the most preferred payment method for online purchases.

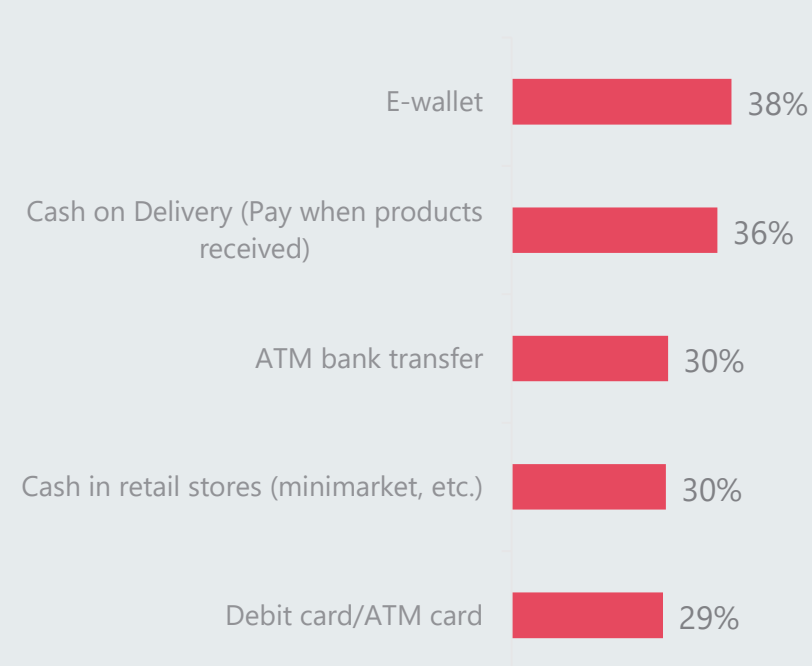
Online transaction methods P3M



Q. Please select the online transaction methods you have used in the past 3 months

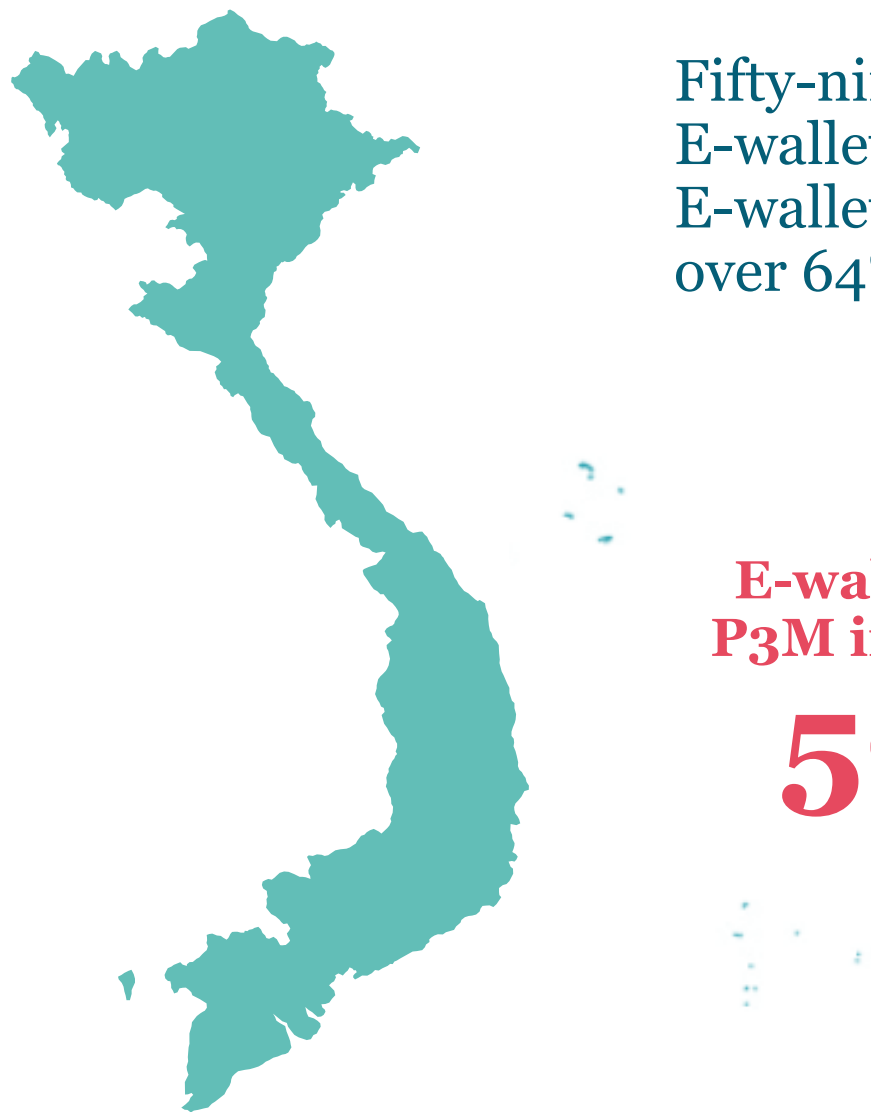
n=1001

Preferred payment method for online purchases



Q. Which, if any, from the following are your preferred method(s) of payment for online purchases? Please select all that apply. Source: YouGov Profile, Sep 2021

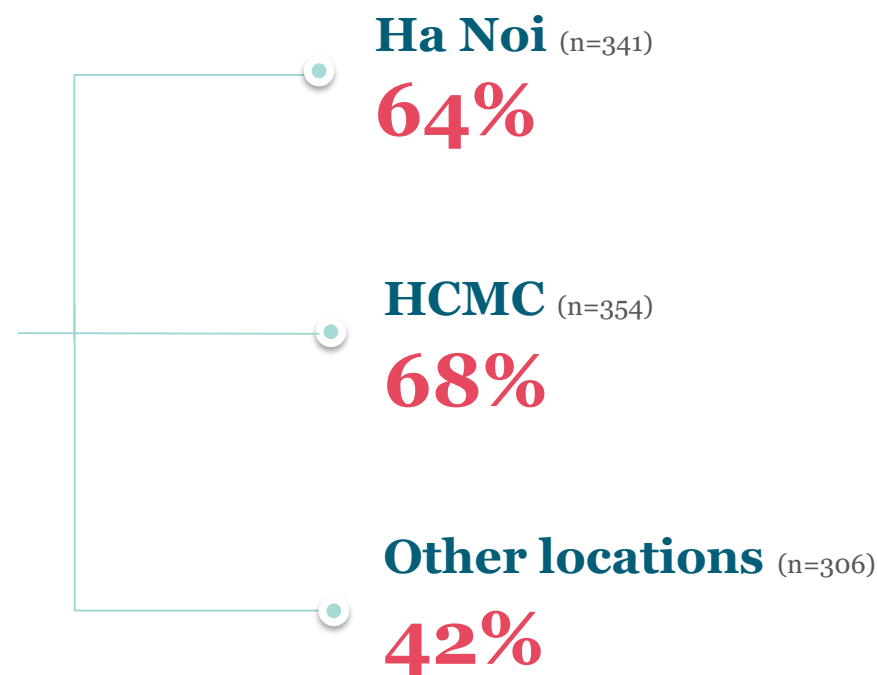
n=384



Fifty-nine percent of online consumers have used E-wallet in the past 3 months. The usage rate for E-wallets is higher among metropolitan users at over 64%.

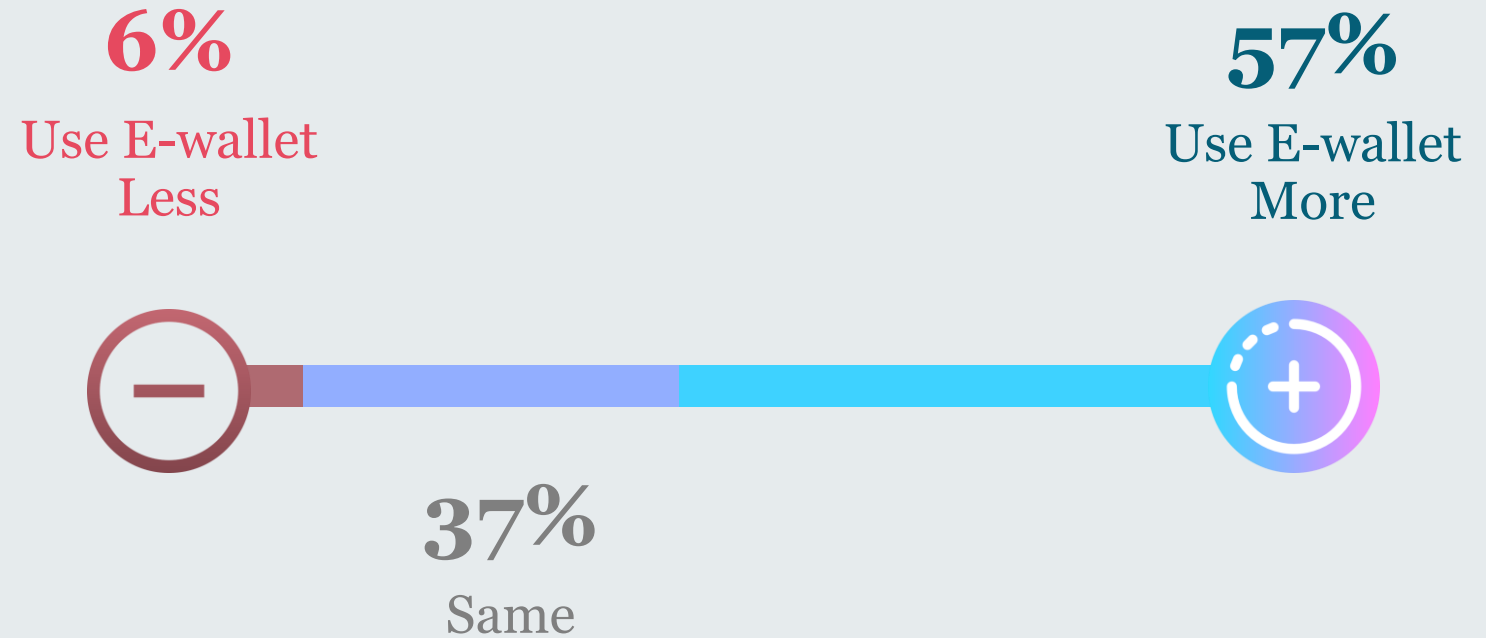
**E-wallet usage
P3M in Vietnam**

59%



The digital wallet market has shown tremendous potentials for development, with 57% of users intending to use this platform more in the next 6 months.

Intention to use E-wallet N6M

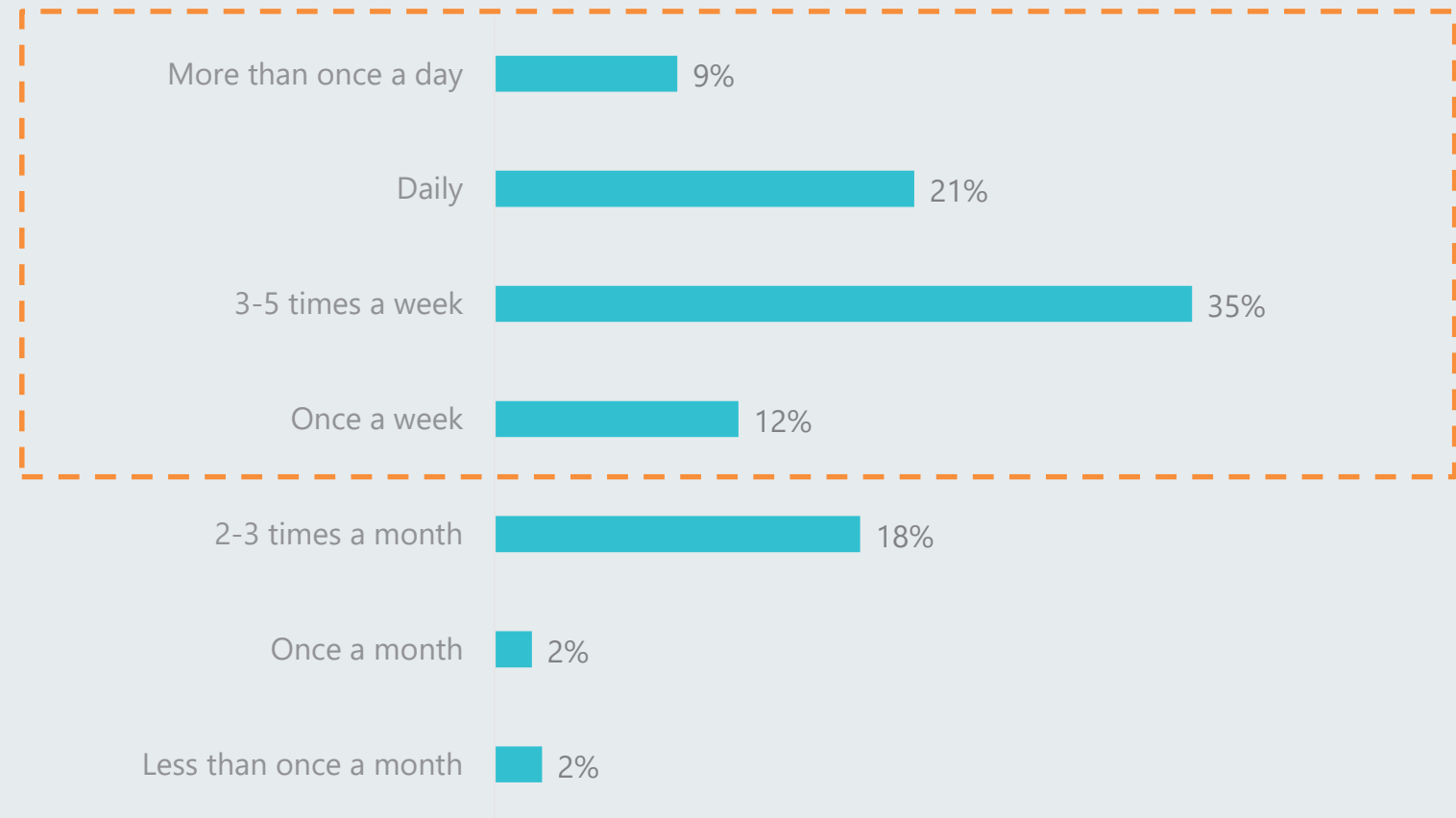


Q. Please indicate your intention to use E-wallets in the next 6 months

n=589

E-wallet enjoys a high usage frequency, with 77% of users using it at least once per week to make payments or transfer money.

Frequency of E-wallet usage



Q. Please indicate the frequency of your E-wallet usage

n=589

Despite the similarity between E-wallets & digital banking apps, most Vietnamese customers are well-aware of the difference between the two.

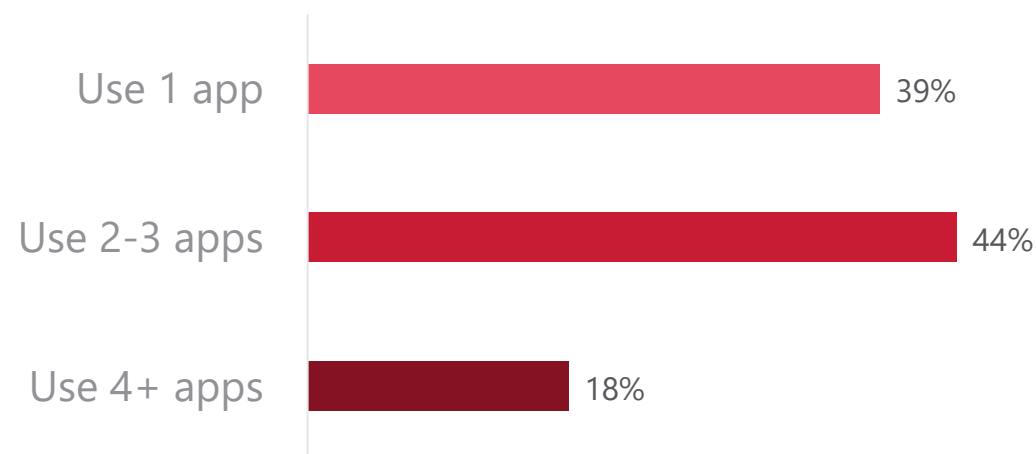
76%

Understand that Internet banking & E-wallets have similar functions, but are inherently different



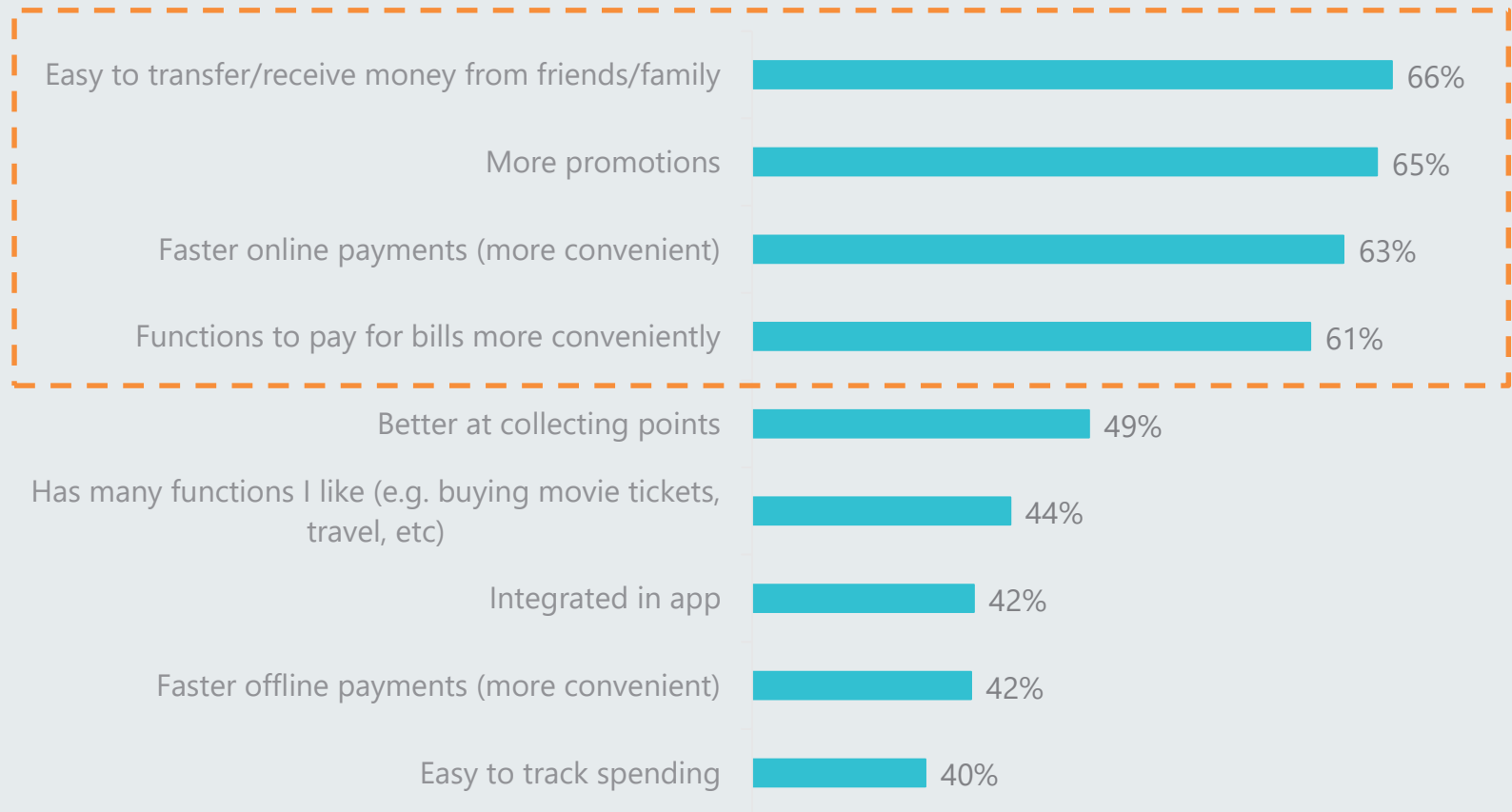
A striking **62%** of users have 2 or more wallets in use.

Number of concurrent E-wallets



Customers choose E-wallets over other payment methods for its key functionalities such as easy money transfer, fast online payment, and/or convenient bills payment. Notably, promotions also make E-wallet a more preferred payment method.

Key reasons to choose E-wallet over other payment methods



Q. Please select the key reasons for you to choose E-wallets over other payment methods

n=589

Mobile top-up, bill payment, money transfer, and online shopping are the main reasons for using E-wallets.



77%

Mobile top-up



74%

Pay bills



67%

Transfer/
receive money

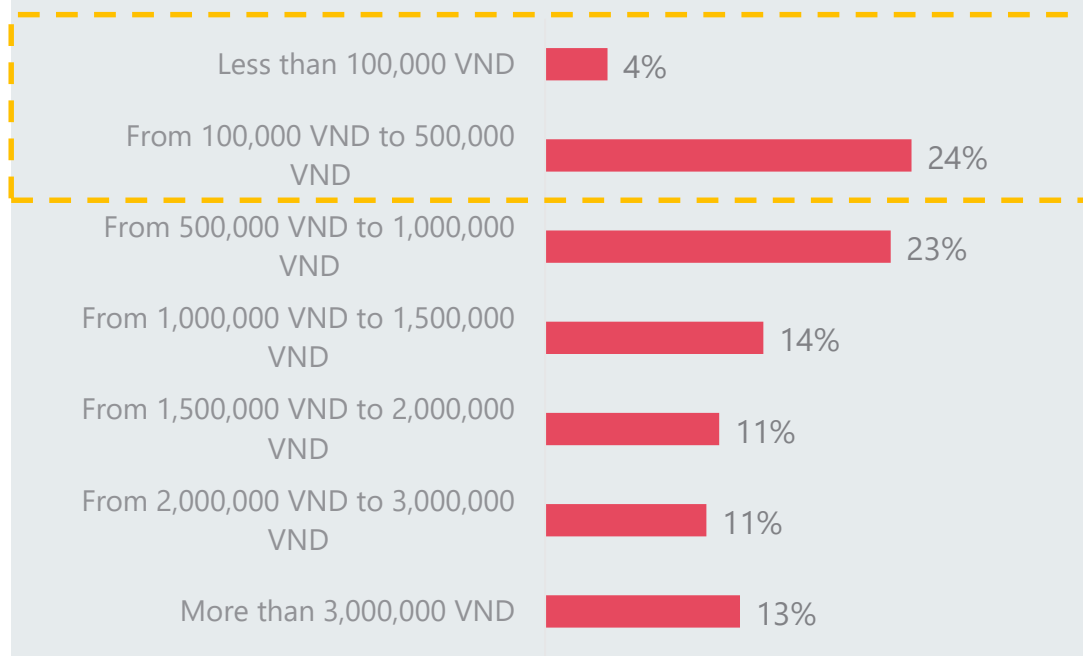


66%

Online
shopping

The majority of E-wallet users maintains a typical balance of up to 500K VND, but 51% of them are willing to perform transactions with values of up to 1M VND.

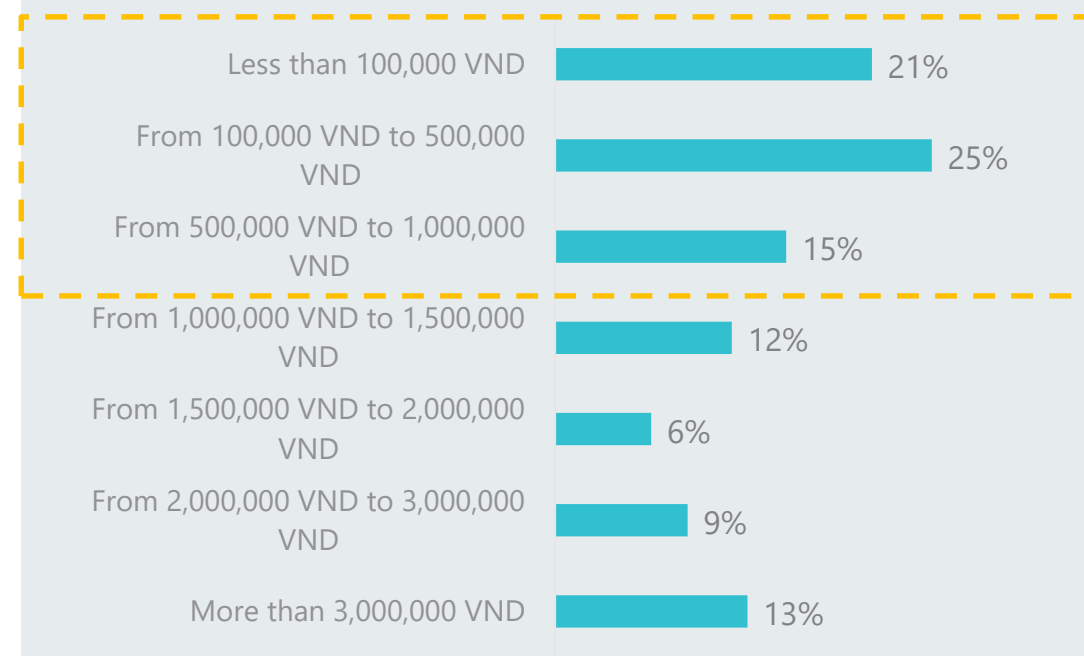
E-wallet average monthly spending



Q. Please indicate the usual balance in your E-wallets

n=589

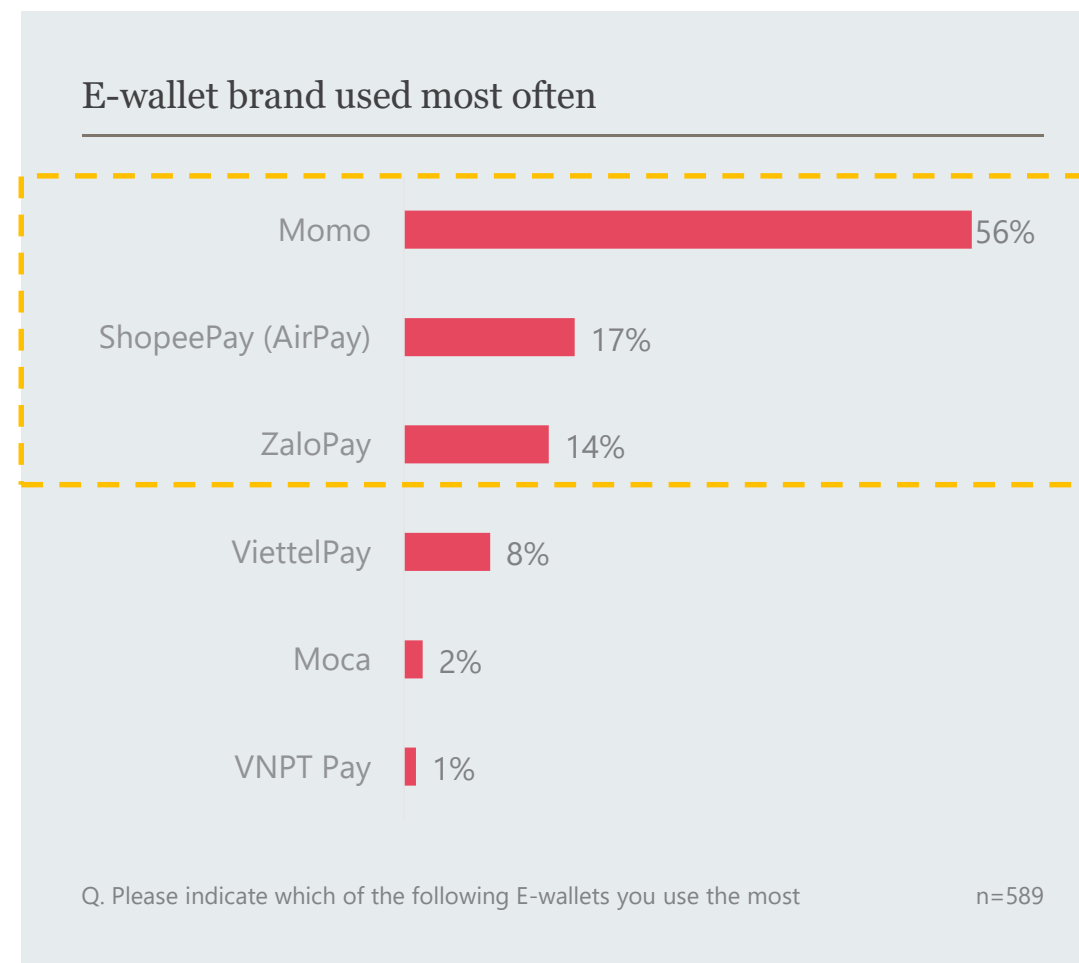
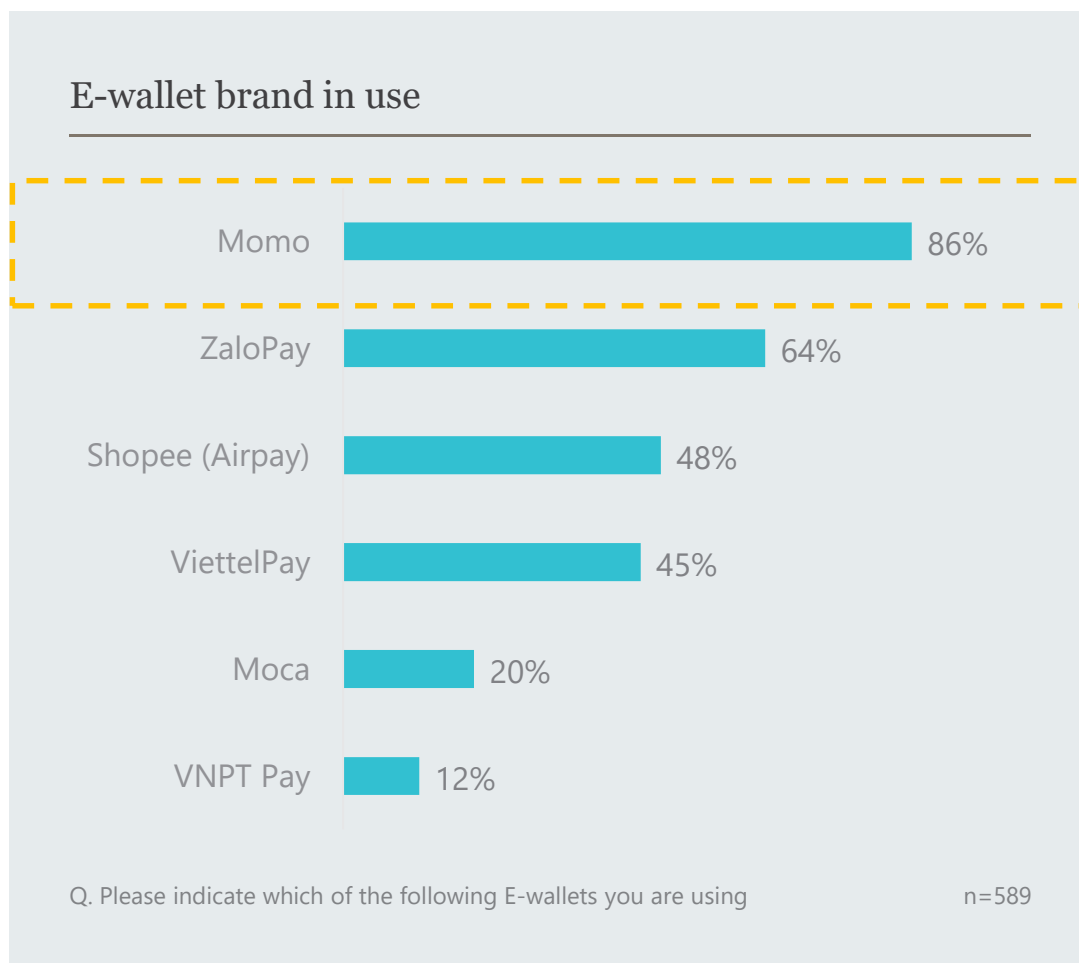
E-wallet usual balance



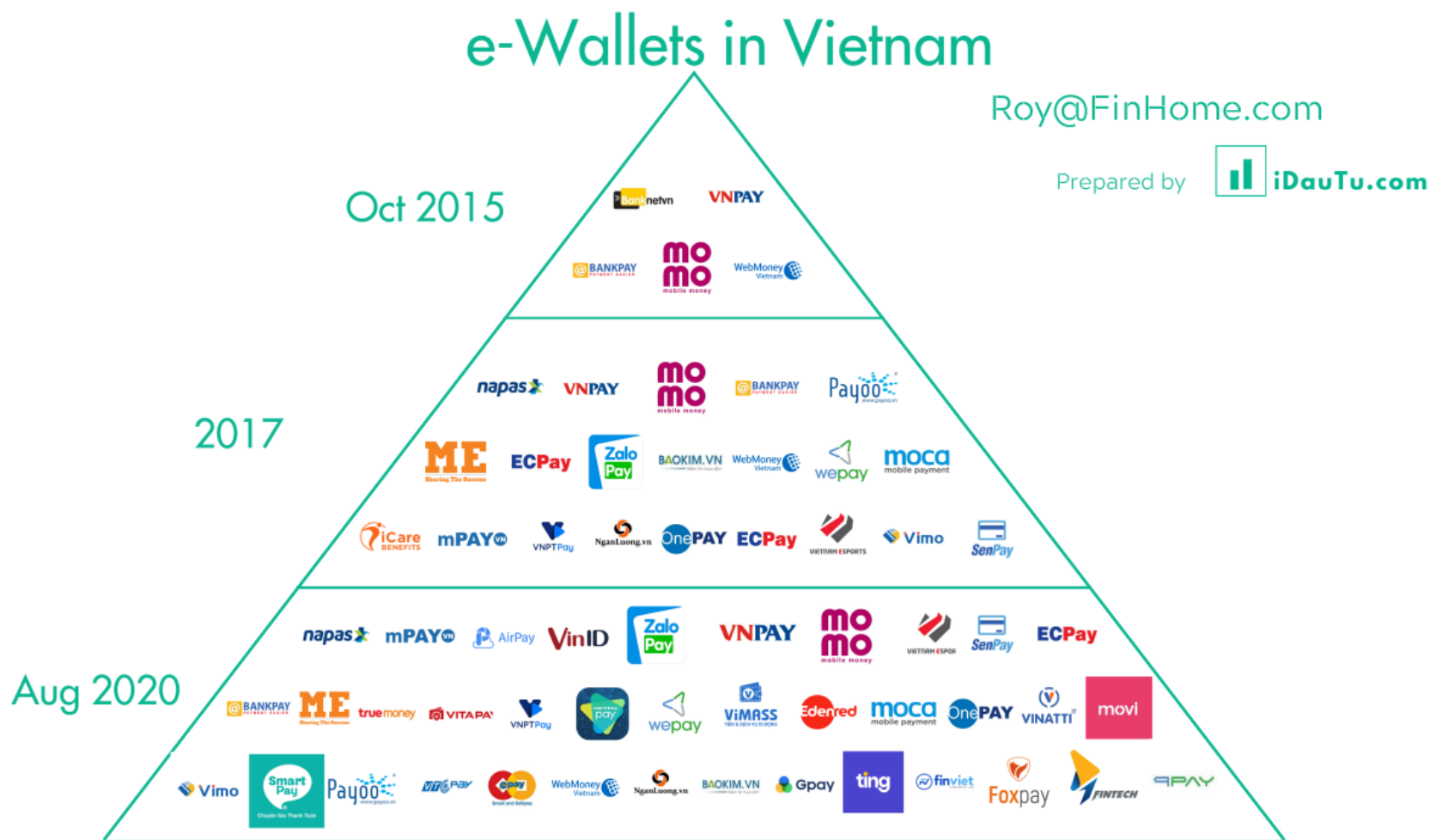
Q. Please indicate your average monthly spending using E-wallets

n=589

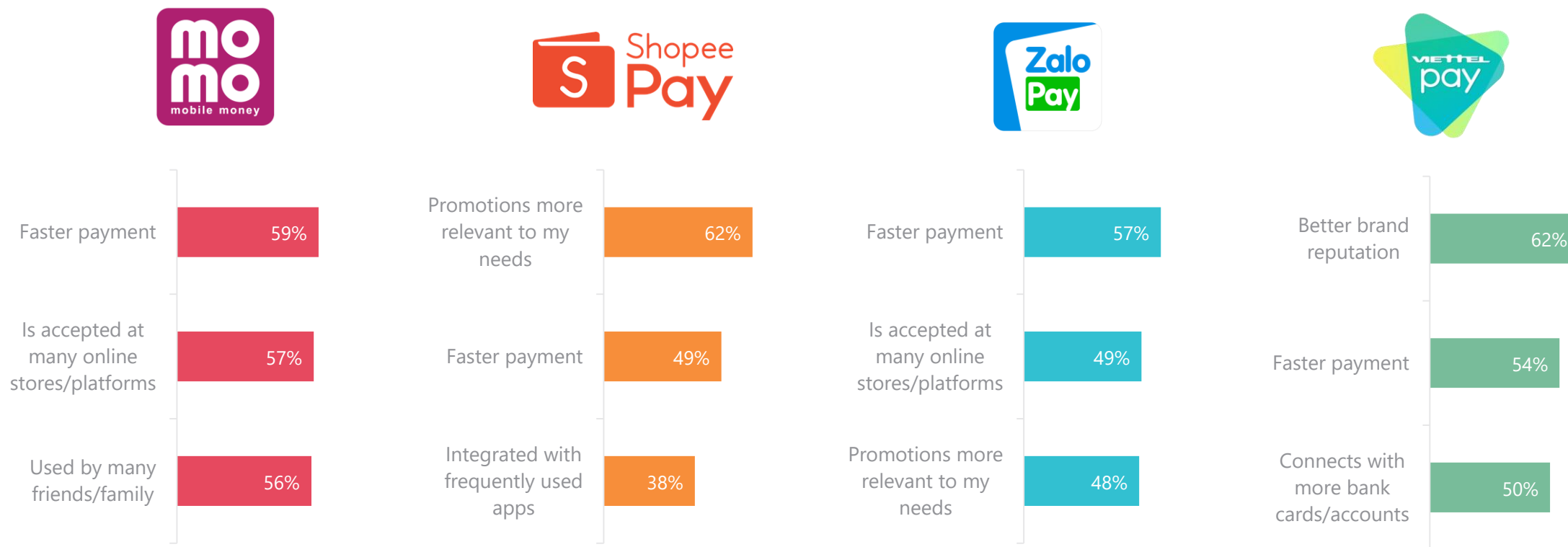
In terms of brand positioning, Momo is the most popular & most used E-wallet with 86% usage rate. Furthermore, even though ZaloPay is more popular than ShopeePay, the latter is used more often.



The increasing competition among E-wallets has inevitably accelerated market fragmentation in the last few years. Each provider, thus, has its own strength to keep their users engaged.



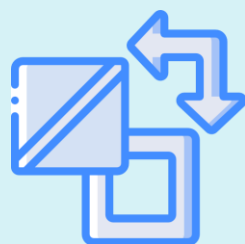
Momo portrays the key benefits of using E-wallets well, as users turn to Momo mainly for fast transaction process and wide acceptance coverage, while usage of ShopeePay is mostly driven by promotions. ViettelPay is preferred for its brand reputation. Interestingly, users are attracted to ZaloPay by similar reasons as Momo; however, while Momo users choose the app due to peer influence, ZaloPay users are influenced more by promotions.



Q. Please select the key reasons for which you use [most used E-wallet] more frequently than other E-wallets

Momo: n=329 | ShopeePay: n=99
ZaloPay: n=84 | ViettelPay: n=50

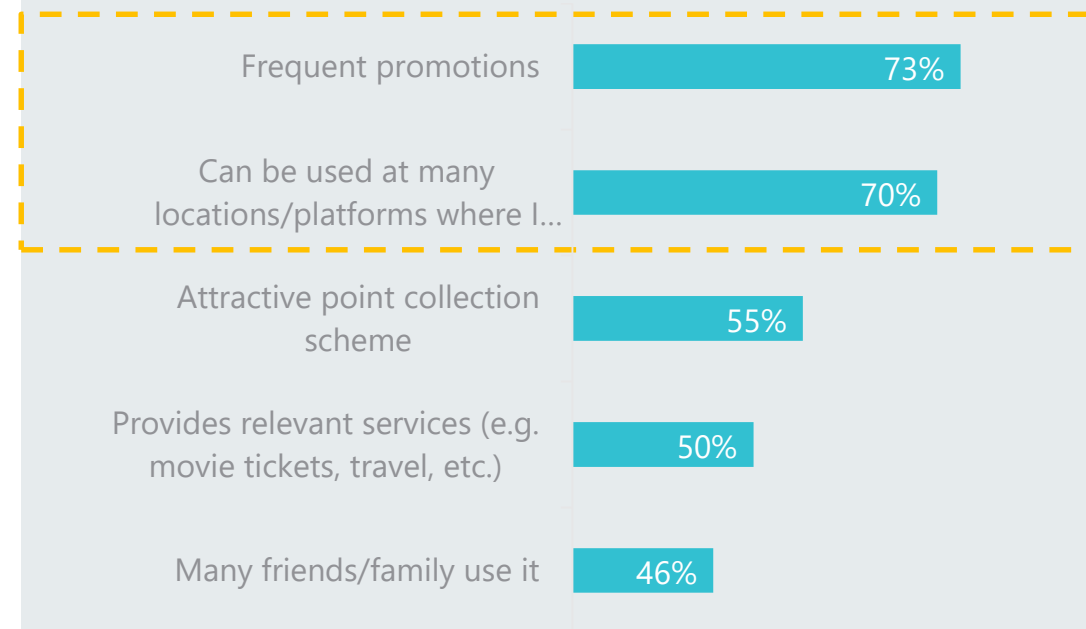
Expectedly, 65% of users are indecisive or likely to switch their digital wallets. To retain users, frequent promotions and acceptance to various locations/platforms are the most important factors.



65%
are neutral to very likely to switch to another E-wallet

Q. Please indicated your intention to switch to another E-wallet | n=589

Reason to continue using E-wallet

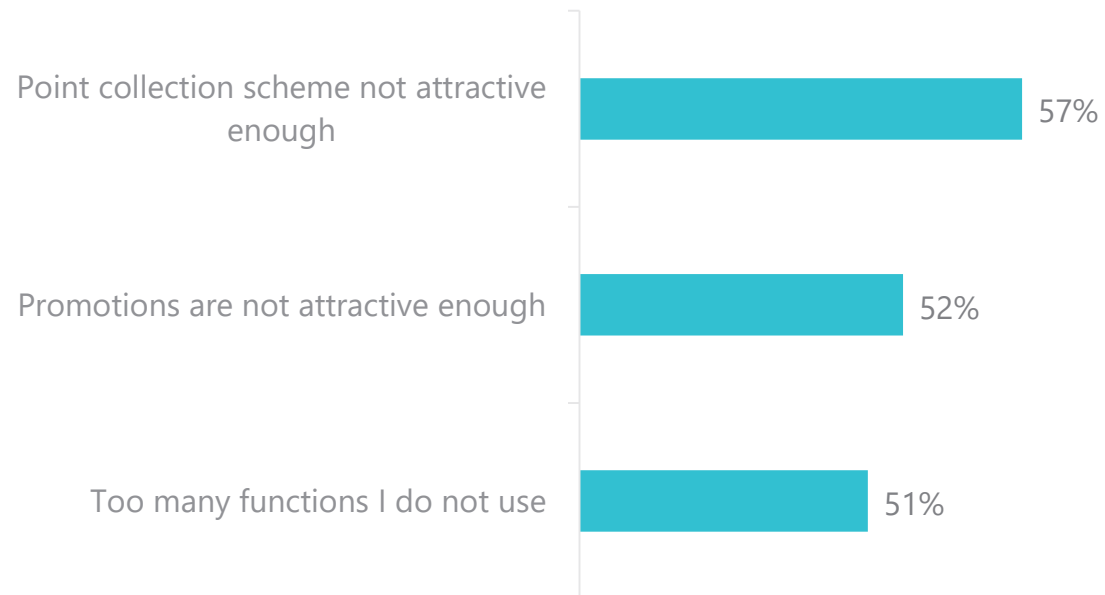


Q. Please indicate the main reasons for which you will continue to use the E-wallet

n=589

Point collection and promotions can also boost usage frequency. Additionally, since E-wallet is used mainly for basic payment functions, having too many features on display is unnecessary.

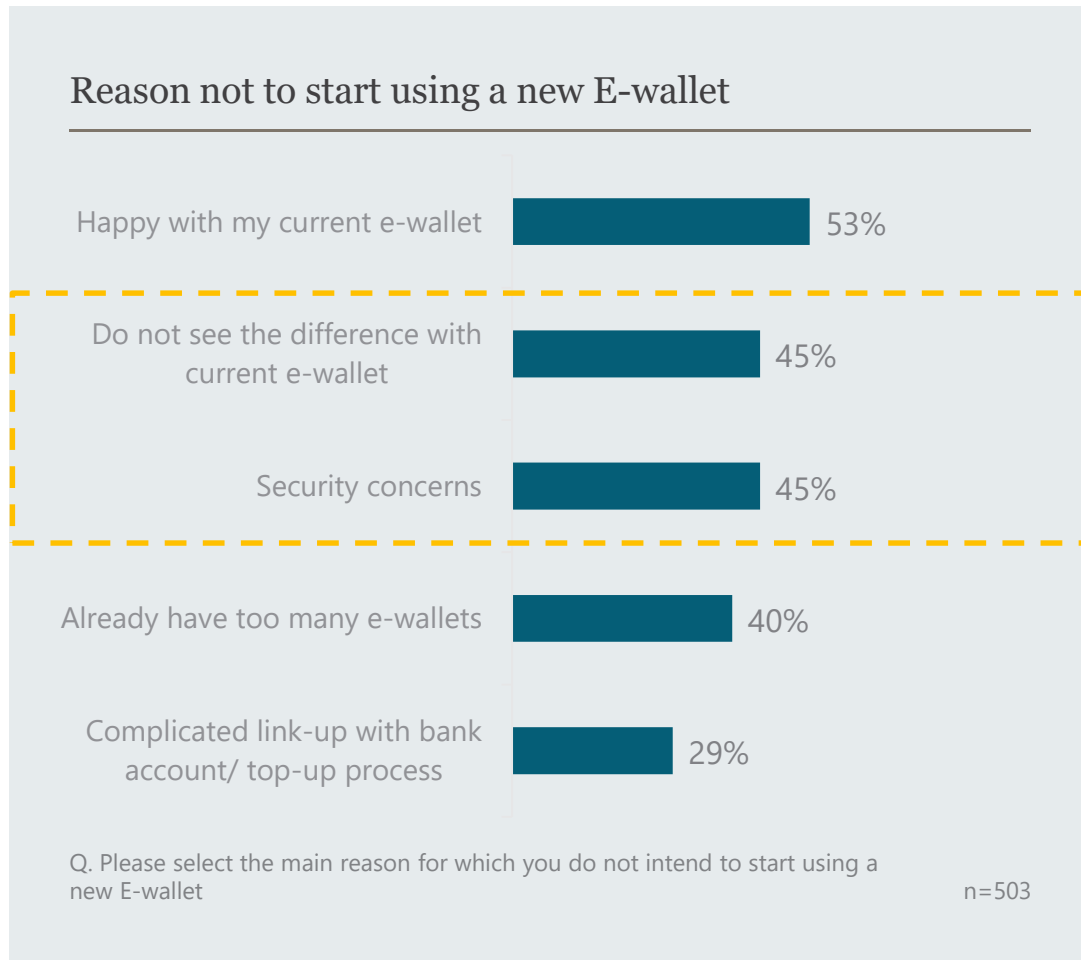
T2B Pain points with E-wallet



Q. Please indicate your level of agreement for the following obstacles/pain points with E-wallet | n=589



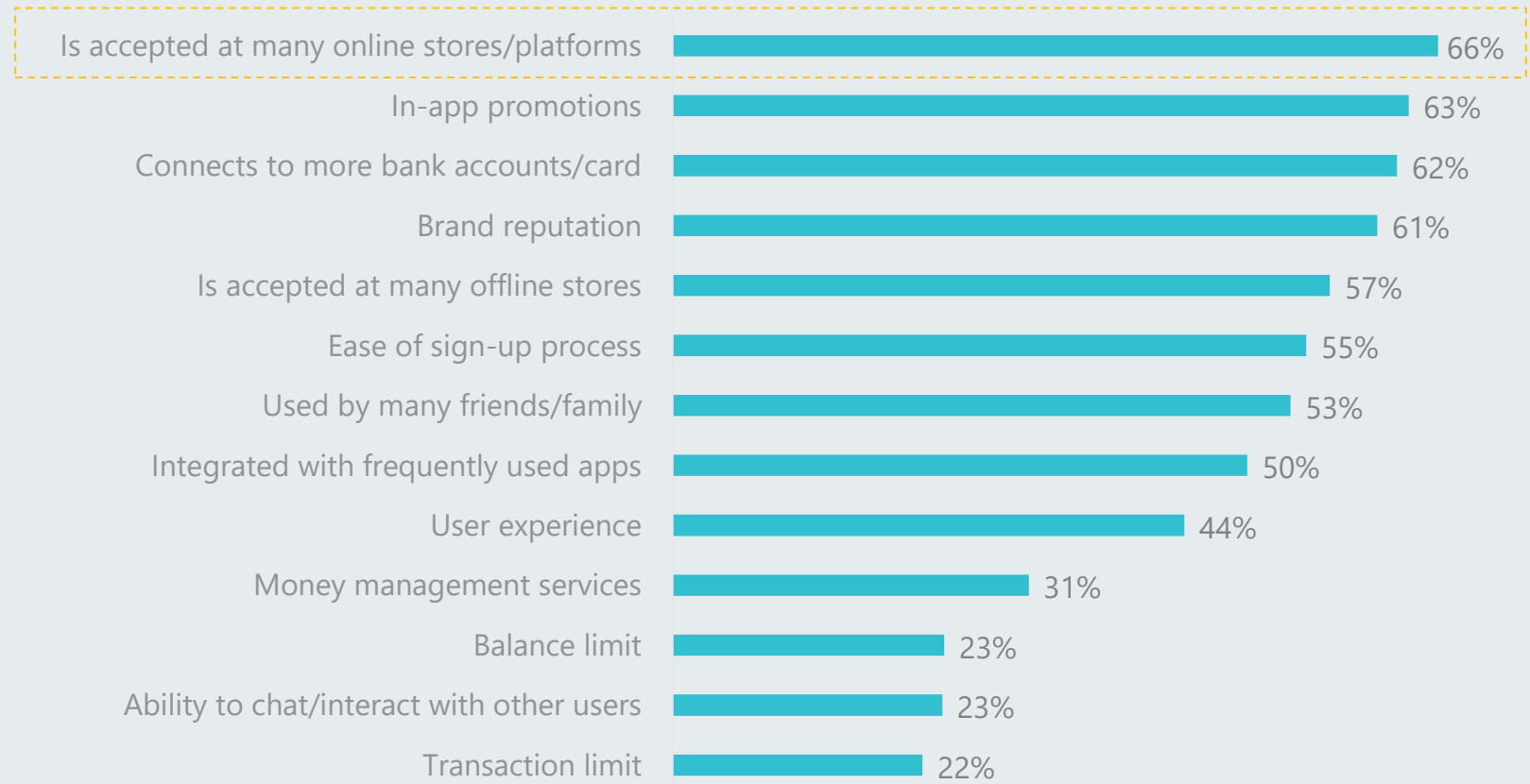
Needless to say, keeping current users ‘happy’ is key to retention. On the other hand, to acquire new customers, an E-wallet needs to differentiate itself from competitors and address security concerns. Seemingly, partnering with a super-app is also very helpful to broaden customer base.



Q. Please indicate the main source of influence for you to start using an E-wallet | n=589

A wide network of acceptance points and store partners is considered to be among the top triggers for brand consideration.

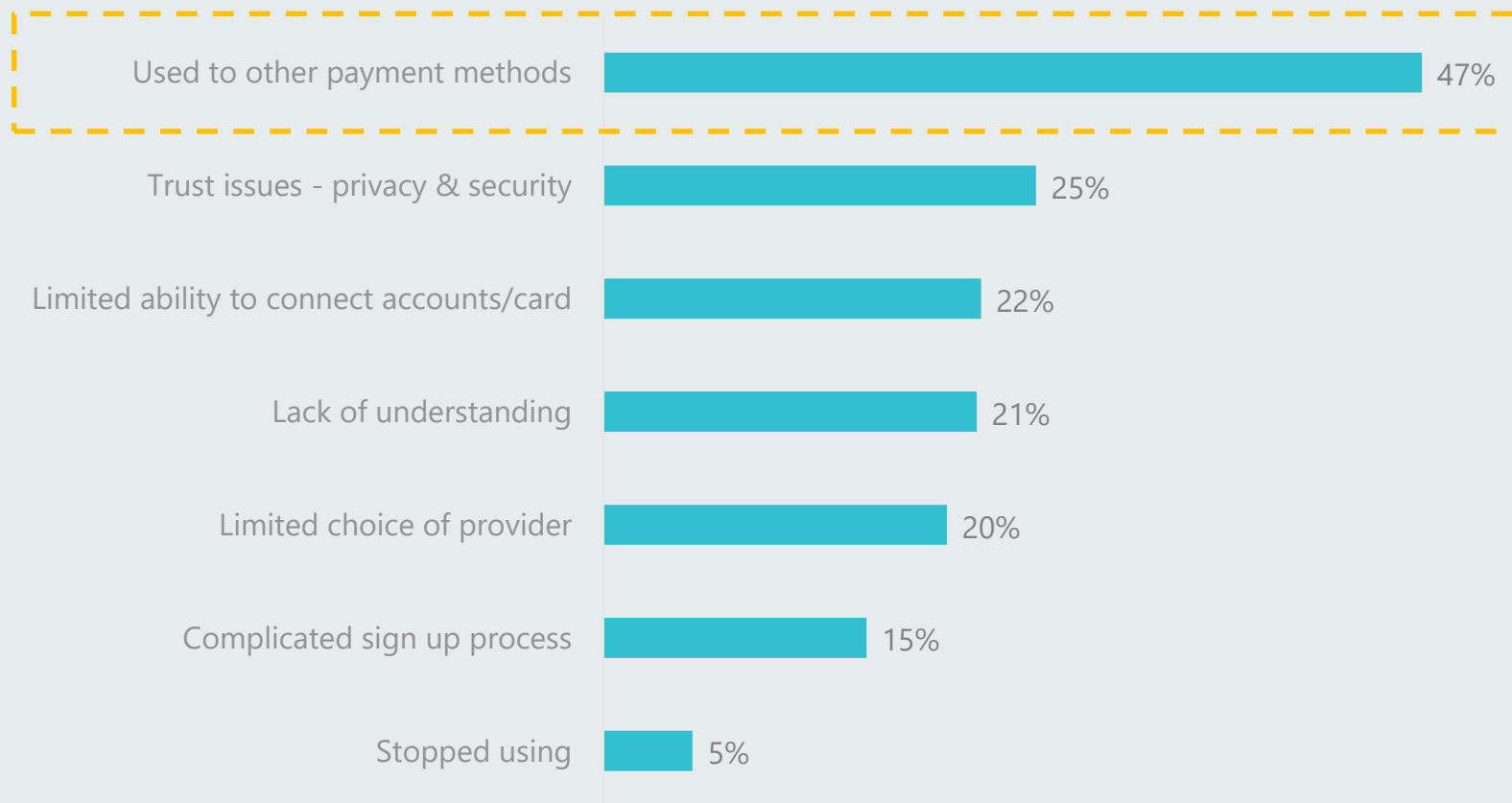
Factors considered when choosing or considering an E-wallet



Q. Please select all factors that you consider when choosing an E-wallet

n=589

Reasons not to use E-wallets for non-users

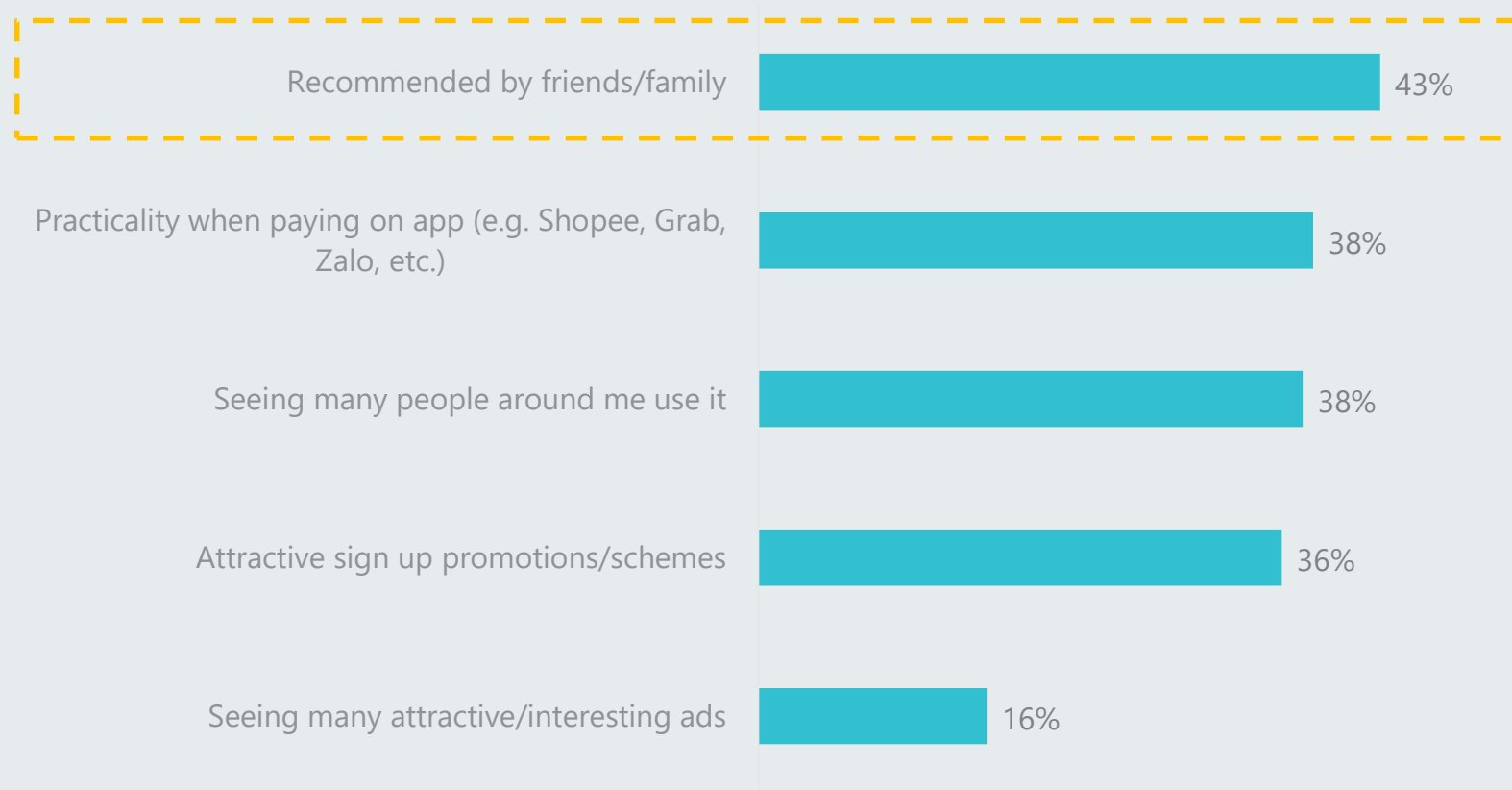


Q. Please select the reason for which you do not use E-wallet (E-wallet non-users)

n=412

Familiarity with other payment methods is the biggest barrier for non-users to start using E-wallets. The benefits of using E-wallets should be made more apparent.

Potential triggers to convert non-users



Q. Please indicate the main source of influence for you to start using an E-wallet (E-wallet non-users)

n=412

To attract non-users, boosting referral schemes from friends and family appears to be the most effective method.



Understanding the E-wallet generations

KEY FINDINGS

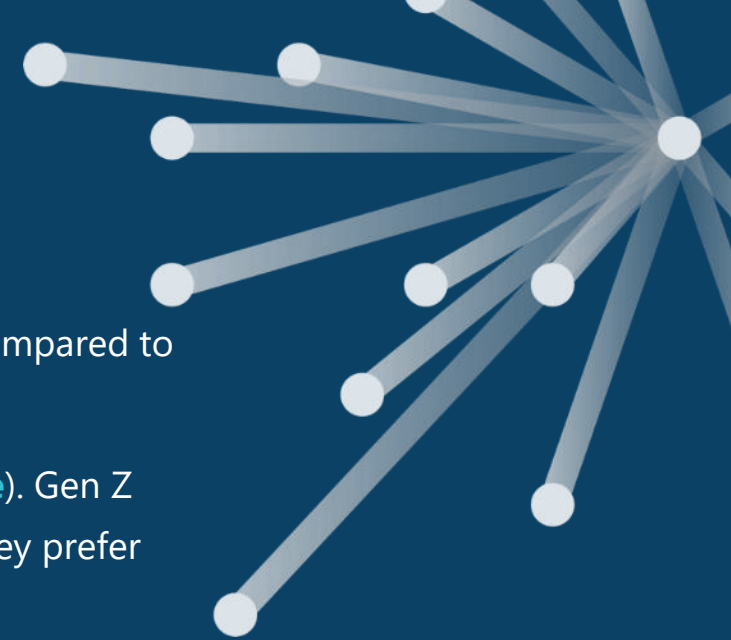
Though **Gen X users** are likely to **maintain a smaller balance** in their E-wallet (100K to 500K VND) compared to younger age groups, they are more willing to make transactions of **higher values**.

In terms of brand performance, **Momo** has the highest number of Millennial users (at **59% usage rate**). Gen Z users prefer **ShopeePay**, whilst Gen X-ers tend to use multiple apps for their bill payments, though they prefer **ZaloPay**.

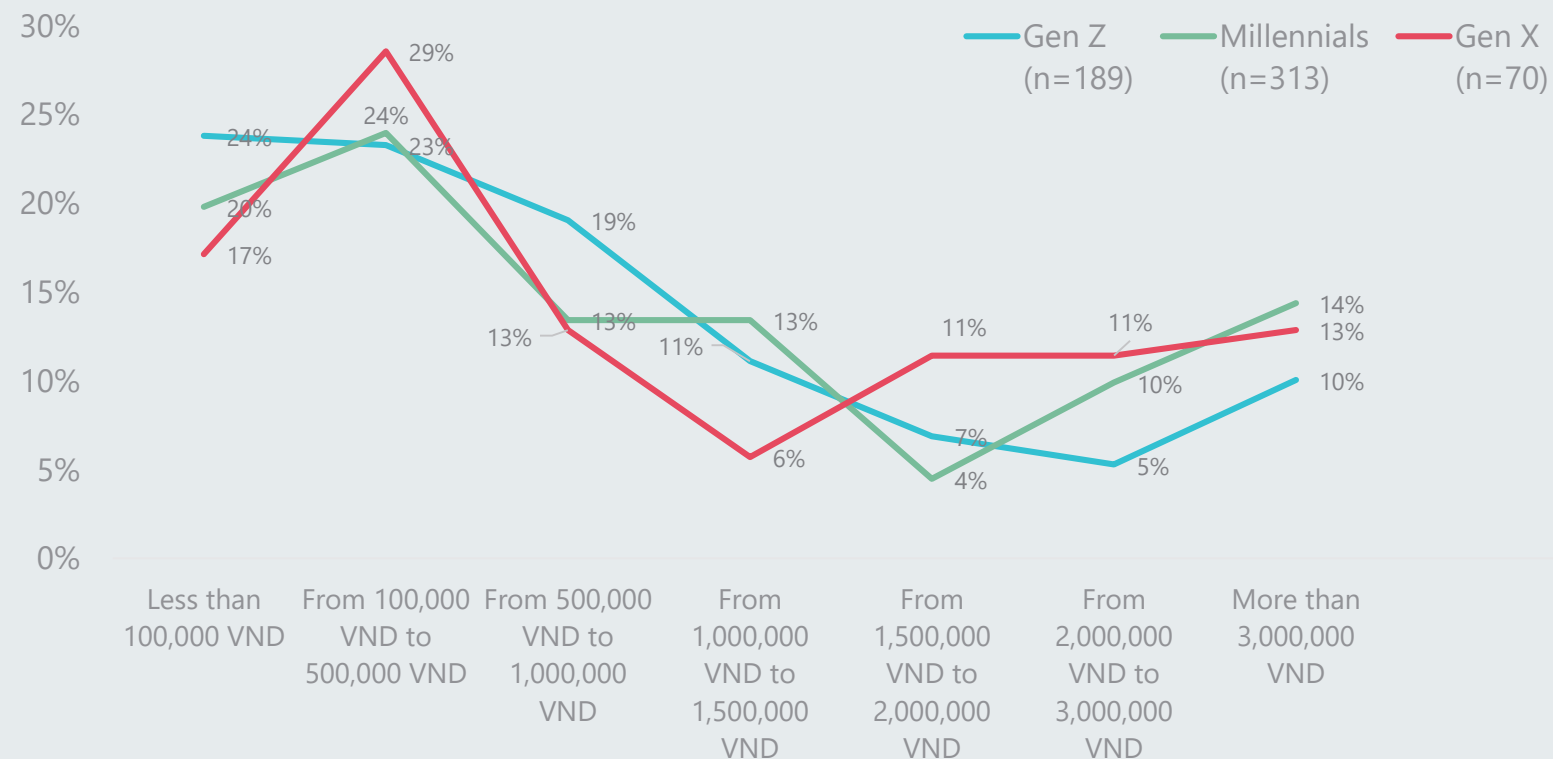
Overall, different E-wallet usage behaviors can be observed across age groups:

- **Gen Z users** mainly use E-wallet for **money transfer**. Many **functions/notifications** are **irrelevant** to them. To boost Gen Z retention, frequent **promotions** are necessary.
- **Millennials** tend to use E-wallets for many purposes from **mobile top-up** to **food ordering**. Thus, they are more sensitive to **promotions**.
- **Gen X users** tend to use multiple E-wallets and digital banking services due to their high needs for bill payments.

Interestingly, older age groups like **Gen X** and **Millennials** are more open to a new E-wallet as long as **security** and **practical functions** are ensured. **Gen Z** and **Millennials** are more likely to be influenced by **peers**.



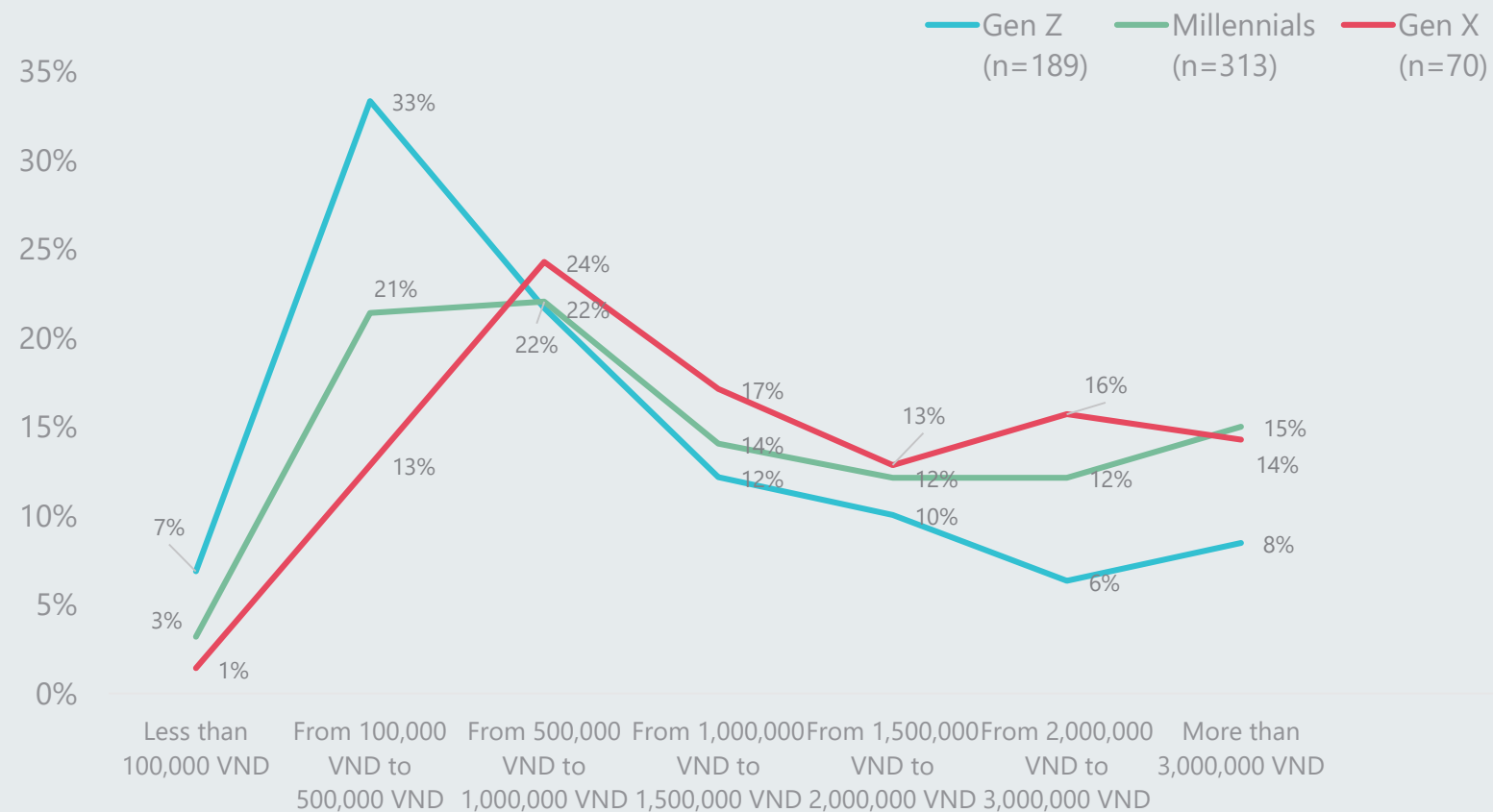
E-wallet usual balance



Users of all age groups typically keep from 100K-500K VND in their E-wallet balance.

Q. Please indicate the usual balance in your E-wallets

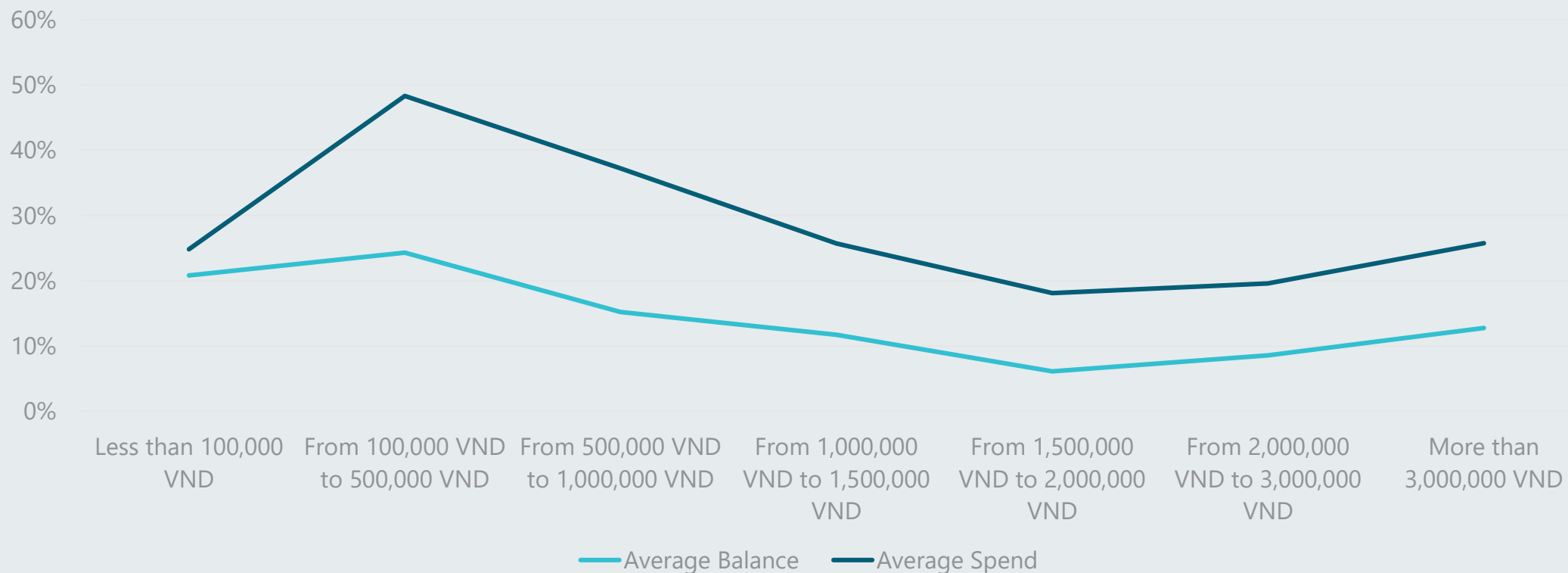
E-wallet average monthly spending



Q. Please indicate your average monthly spending using E-wallets

Surprisingly, Gen X are likely to spend more money via E-wallets than other younger groups, particularly Gen Z who tends to make transactions of lower value mostly from 100K-500K VND.

Average monthly balance and spend

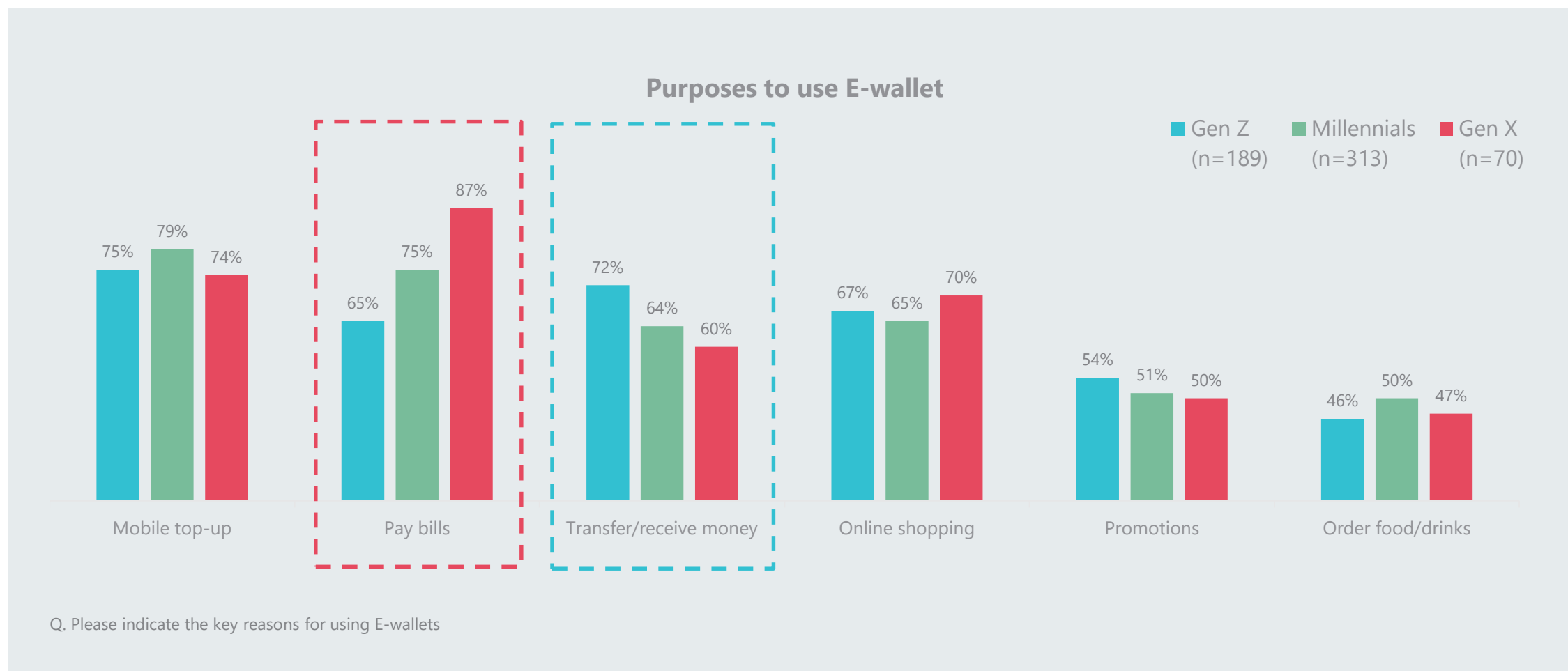


Q. Please indicate the usual balance in your E-wallets

Q. Please indicate your average monthly spending using E-wallets

n=572

While Millennials use E-wallets for features such as mobile top-up or food ordering, Gen Z prefer to use E-wallets for money transfer. For Gen X, bill payment is the most frequently used function.



E-wallets' ability to cater to diverse users' need is their main attractor. Gen Z choose E-wallet over other payment methods due to easy money transactions, and Gen X choose E-wallets to pay bills. However, promotions are essential to Millennials, which might be due to their needs for various payment services.



GEN Z

72%

Easy to transfer/receive money



MILLENNIAL

66%

More promotions



GEN X

71%

Functions to pay for bill more conveniently

Convenience & promotions are key for all age groups to keep on using E-wallets. Only Gen Z & Millennials care more about frequent promotions, whilst Gen X are more interested in the ability to use E-wallets at many locations.



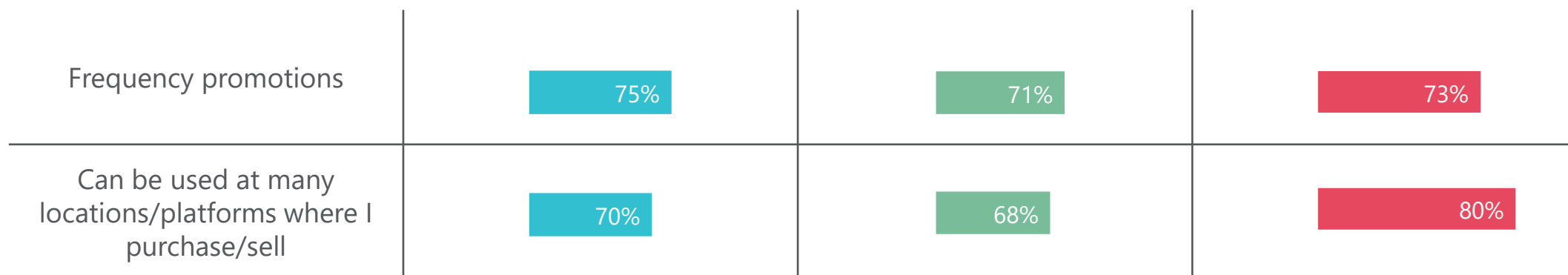
GEN Z



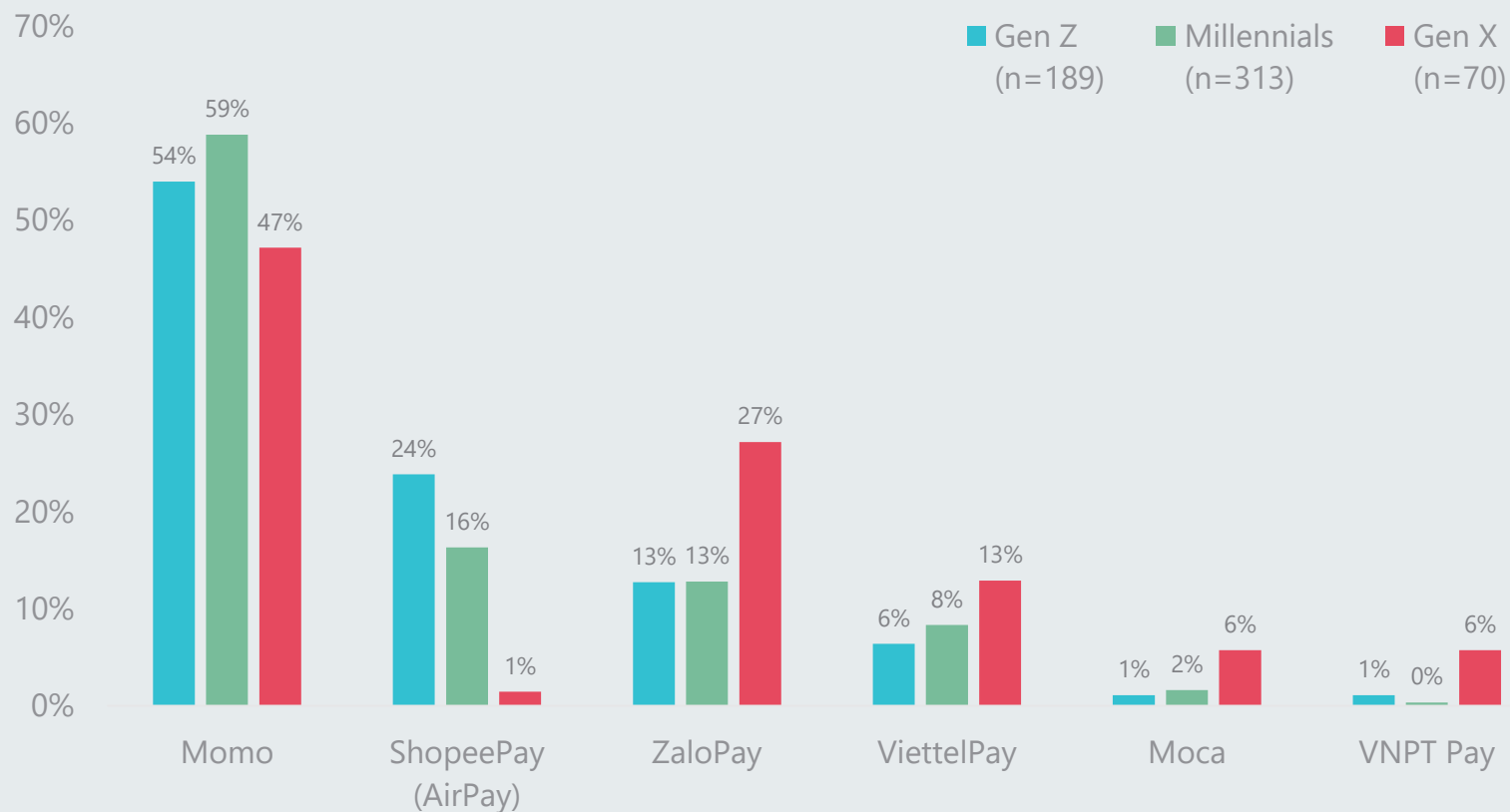
MILLENNIAL



GEN X



Most used brands



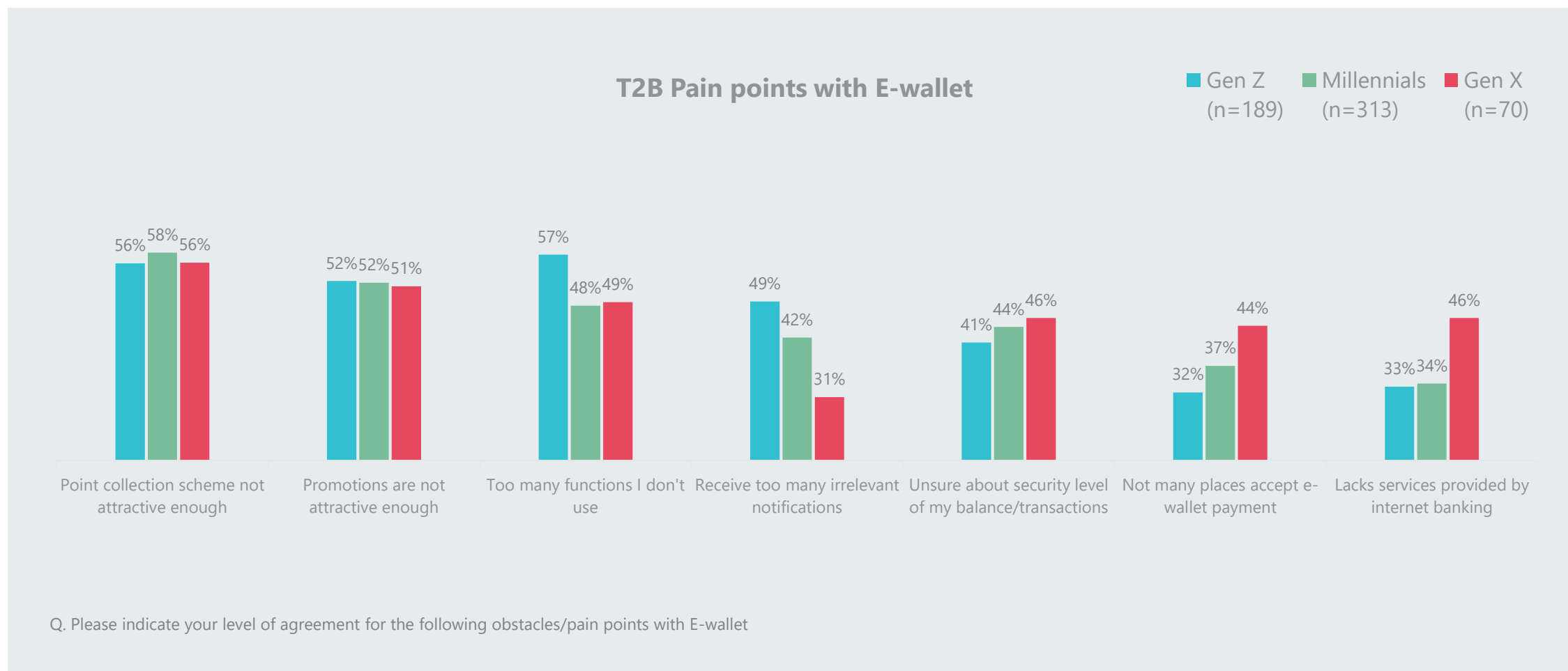
Q. Please indicate which of the following E-wallets you use the most

Momo, well-rated for its payment features, is the most used brand in all age groups, especially among Millennials.

Gen X users, who have the most demand for bill payments and range of payment points, use ZaloPay, ViettelPay, Moca, and VNPT Pay more often than Millennials and Gen Z.

ShopeePay, on the other hand, is most appealing to Gen Z.

Having fewer needs, Gen Z find the excessive functions & notifications on E-wallets as their main downsides. Gen X find faults with E-wallets' lack of online banking services, security issues and limited acceptance as a payment methods by merchants.



Gen Z users seem to be overwhelmed with the wide variety of E-wallets. Thus, only unique payment solutions can draw their attention to a new E-wallet. Unlike the younger users, Gen X & Y users are less willing to try new E-wallets due to security concerns.



GEN Z

50%

Already have too many E-wallets



MILLENNIAL

48%

Security concerns



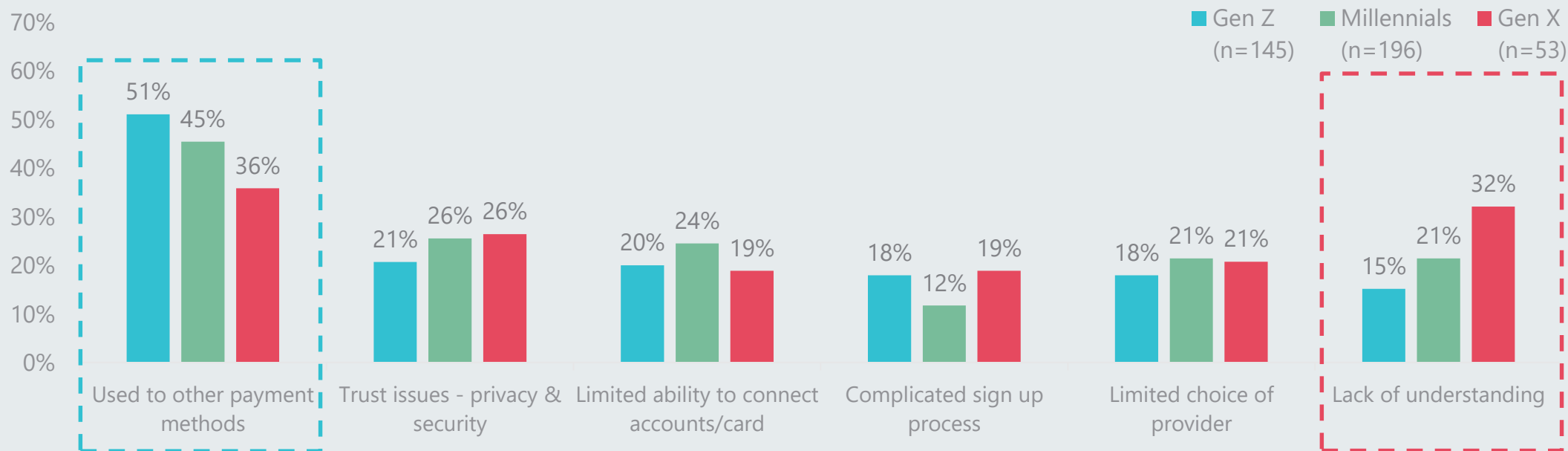
GEN X

45%

Security concerns

For E-wallet non-users, it seems harder to attract new Gen Z users due to this generation's familiarity with E-wallets and higher E-wallet adoption. In contrast, to attract new Millennials and Gen X users, providers should educate users of these generations to enhance understanding of E-wallets.

Reasons not to use E-wallet for non-users



Q. Please select the reason for which you do not use E-wallet (E-wallet non-users)

A wide acceptance network would be the most effective source of influence for Gen X. For Gen Z and Millennials, friends/family recommendation is a key trigger.



GEN Z

46%

Recommended by
friends/family



MILLENNIAL

44%

Recommended by
friends/family



GEN X

40%

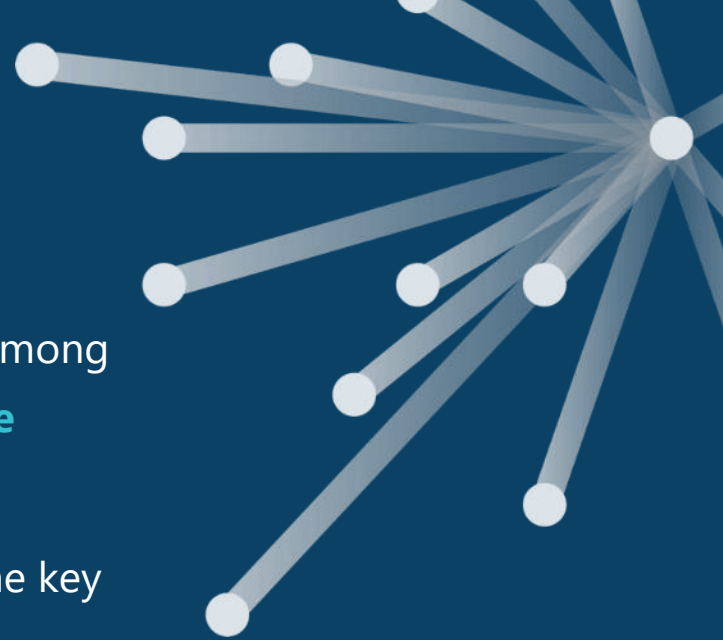
Available for in-app
purchases (e.g. on
Shopee, Grab, Zalo,
etc.)



Triggers & barriers among locations

KEY FINDINGS

- **Forty-eight percent** of users in **Hanoi** and **44%** of users in **HCMC** can't differentiate among E-wallets. Promoting the E-wallet's **convenience, relevance,** and **acceptance coverage** should be helpful to retain users at these locations.
- For users in **other locations, ease of use, promotions** and **trendiness** appear to be the key drivers of intention to use a new E-wallet.
- Expectedly, **security concerns** remain the biggest barrier for new users, notably in Hanoi and other locations outside of HCMC. On the other hand, users in HCMC expect more **connections to accounts/cards.**



Mobile top-up, utility bill payment, and money transfer are the most common services across locations. However, users in HCMC and HN are more driven by promotions and food ordering features than users in other locations.

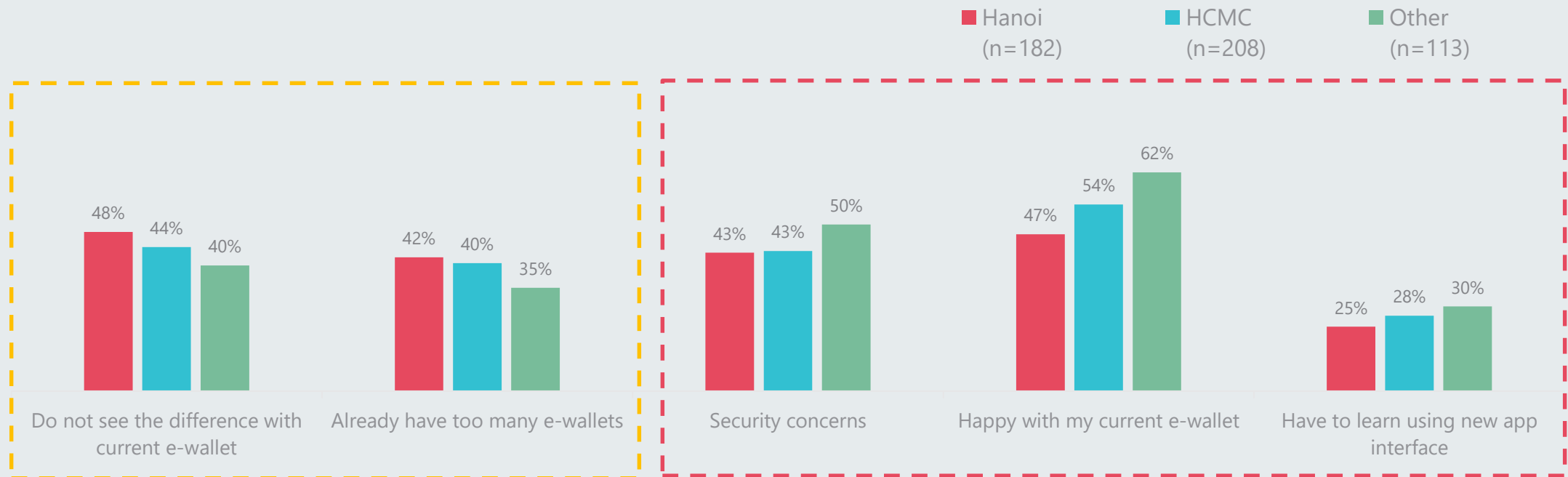
Reasons to use E-wallet



Q. Please indicate the key reasons for using E-wallets

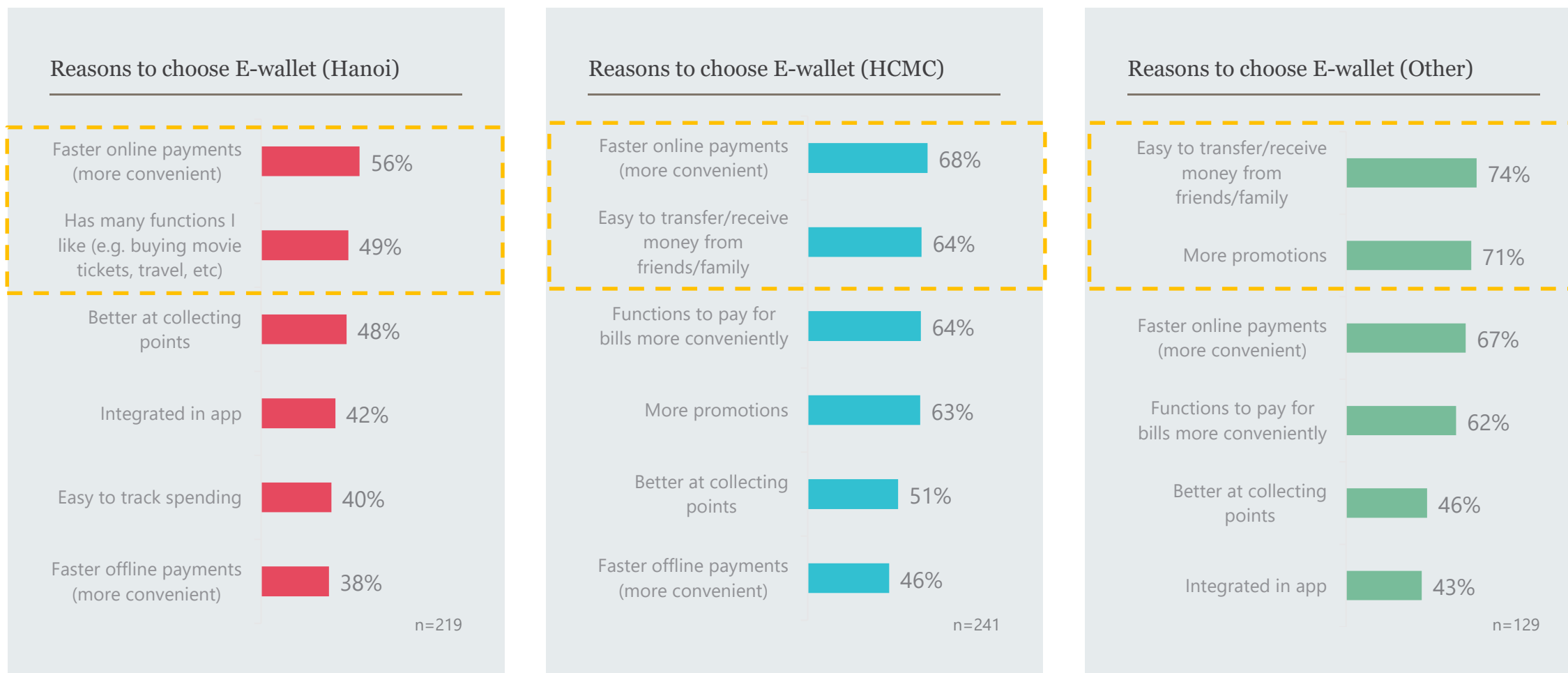
Seemingly, urban users are experiencing app fatigue, notably in Hanoi, where 48% of users are tired of many identical E-wallet options. Despite being happier with their current E-wallet (62%), users in other locations are more reluctant learners: 30% of them are not willing to use a new interface and have doubt about its security.

Reason not to use a new E-wallet



Q. Please select the main reason for which you do not intend to start using a new E-wallet

Thus, relevant and convenient payment functions work best to retain urban users, whilst ease of use and promotions are most appreciated by users in other locations.



Similarly, availability of E-wallets in multiple apps is an effective source of influence for new urban users, but users in other places are more influenced by trends.

Hanoi



41%

Available for in-app purchases (e.g. on Shopee, Grab, Zalo, etc.)

HCMC



41%

Available for in-app purchases (e.g. on Shopee, Grab, Zalo, etc.)

Other locations



38%

Seeing many people around me use it

Trust issues stand out as a major obstacle for attracting new users, notably in Hanoi and other locations excluding HCMC. To HCMC users, increasing the number of accounts/cards to which E-wallets can connect could help providers acquire new users.

Hanoi



28%

Trust issues - privacy
& security

HCMC



29%

Limited ability to
connect
accounts/card

Other locations



24%

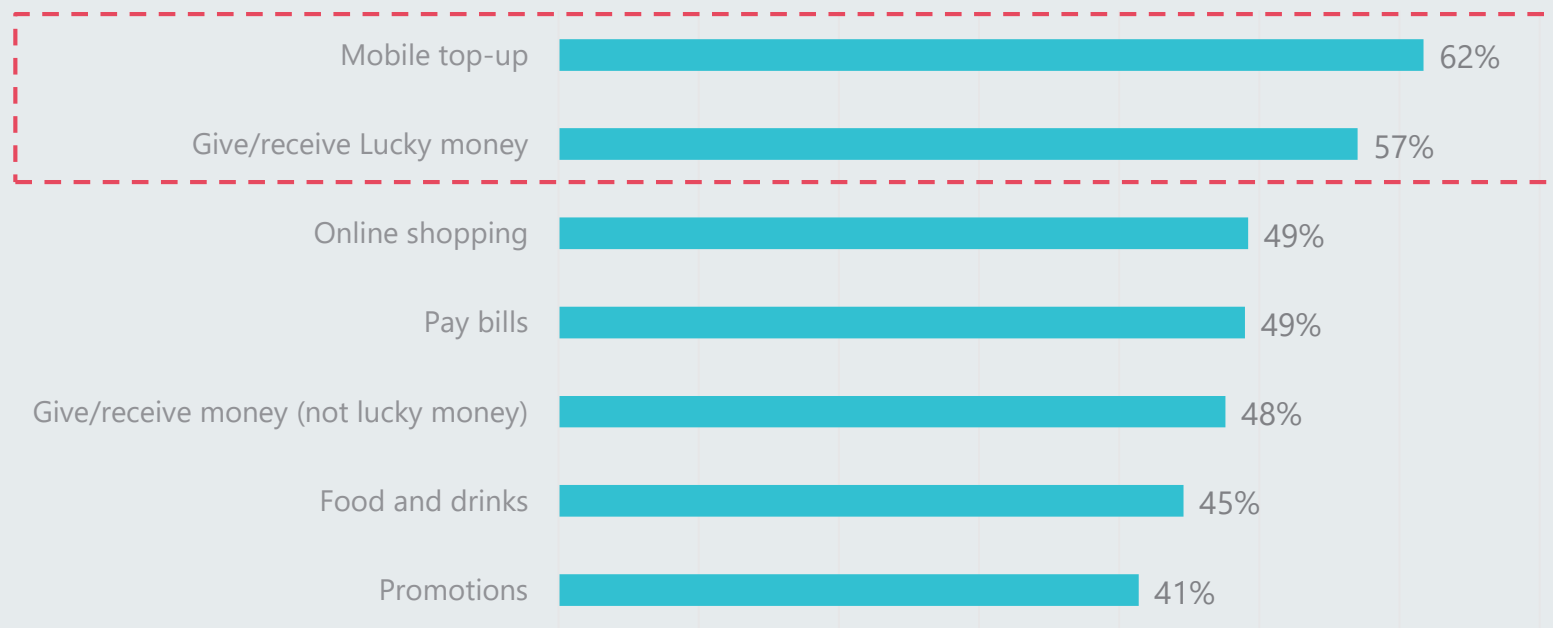
Trust issues - privacy
& security

How will Vietnamese use E-wallets in Tet 2022?

JANUARY 2022

Mobile top-up and giving/receiving lucky money are the biggest use cases for E-wallets this Tet.

Popular use cases for E-wallets in Tet 2022



Q: What are you using your E-wallets for this Tet?

n=935

62% of Vietnamese users anticipate using E-wallets for mobile top-up, while, interestingly, giving and receiving lucky money (**57%**) is the second most anticipated use case.

Giving and receiving lucky money is even more popular than giving and receiving regular money (**48%**), which shows users' shifting behavior given the special occasion of Tet.

Giving out cash remains Vietnamese go-to methods for giving out Lucky Money this Tet.

59%

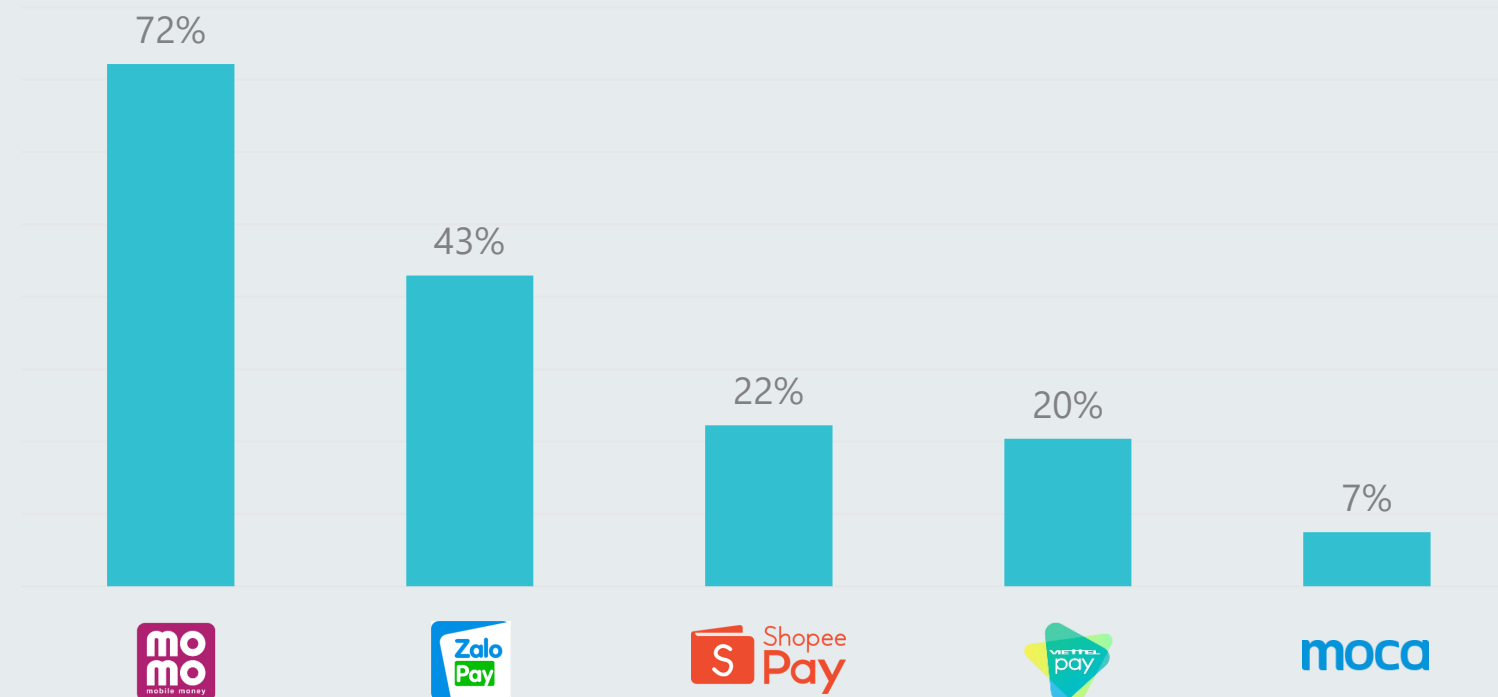
of Vietnamese people prefer to give out **Lucky Money** in **Cash**



E-wallets are also a popular way to give/receive lucky money, among which Momo remains the go-to application.

Momo (72%), as the most popular E-wallet overall, is users' favorite application to send and receive lucky money in the upcoming Tet holiday, followed by ZaloPay (43%).

Popular E-wallets for giving/receiving lucky money in Tet 2022

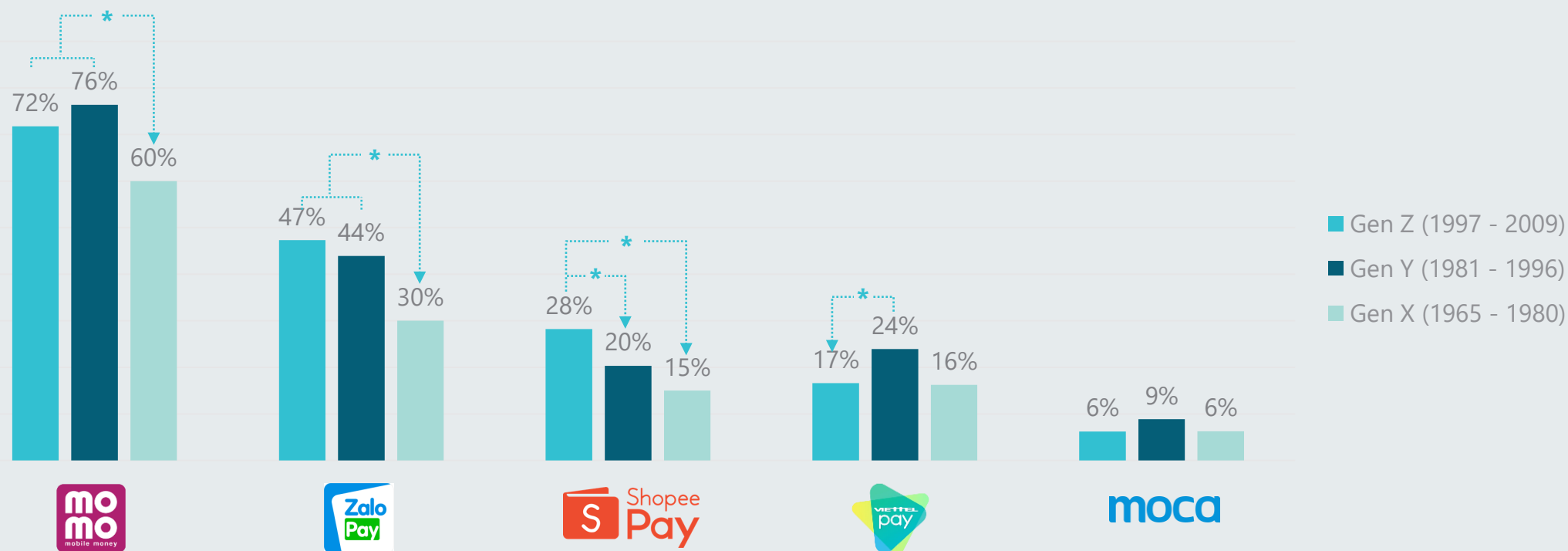


Q: Which E-wallets are you using to give/receive lucky money this Tet holiday?

n=643

Momo is the go-to E-wallet for giving and receiving Li Xi across age groups. Curiously, ZaloPay and ShopeePay are more popular among Gen Z, and ViettelPay is more popular among Millennials.

Popular Ewallets for giving/receiving lucky money in Tet 2022—by Age group



Q: Which E-wallets are you using to give/receive lucky money this Tet holiday?

Gen Z n=241; Gen Y n=305; Gen X n=80

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- Decision-focused reports with real-time dashboards
- Cost Effective



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