fortumo

mobile payments

Carrier billing in 2016: Western Europe

Market report by Fortumo

This market report gives an overview of the mobile payments landscape of Western Europe. It covers 12 markets where Fortumo has coverage. These markets are Germany, France, United Kingdom, Italy, Spain, Netherlands, Belgium, Greece, Portugal, Austria, Switzerland and Ireland.

Even though Western Europe is a region with high income and good access to bank-based payment services, many people still prefer to use alternative payment methods such as carrier billing. This is illustrated by the fact that carrier billing is among the top 3 payment methods for digital gaming in most of the countries profiled.

Carrier billing is popular in Western Europe primarily due to two reasons. As carrier billing does not require users to sign up for any accounts, payments can be completed with one step. This creates an improved checkout experience over bank-based payment solutions, especially on mobile devices. Furthermore, high awareness of card-not-present fraud has increased the usage of carrier billing as a safe, alternative payment method. This is because with carrier billing, no personal or sensitive data is transmitted during the checkout process.

It’s important to note that Western Europe is a primarily postpaid market, e.g. users have a contract with their mobile operator and pay for items purchased through carrier billing at the end of each month. This creates a higher risk of friendly fraud (chargebacks) compared to emerging markets where most users have a prepaid SIM card. To find out how to mitigate friendly fraud, please read our white paper on risk management with carrier billing.

Fortumo's Western European market report gives a high-level overview of the biggest markets in the region as well as insights on user spending behavior, localization and platform preferences. Data presented in the white paper has been taken from public sources of information as well as anonymized, aggregated data on payments processed by merchants using Fortumo's payment products.

Should you have any questions about the report,
please get in touch with us at bd@fortumo.com.

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Germany
Market profile

Population:
81 million

Mobile phones in market:
108 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$48,000

Smartphone penetration (of all mobile phones):
60%

Median age:
46 years

Mobile broadband access:
71%

Credit & debit card penetration:
45% / 92%

Prepaid SIM market share:
46%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Germany

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$29** (change from Q1: -9%)

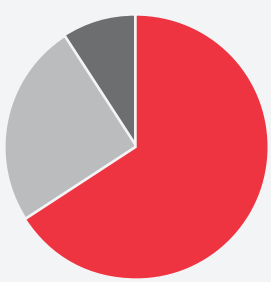
Average transaction size: **$5.3** (change from Q1: -4%)

Share of carrier billing in payment mix (SuperDataResearch): **16.4%**
(4th most popular payment method)

Carriers supported by Fortumo:

T-Mobile (33%) | Vodafone (32%) | E-Plus (16%) | O2 (14%) | Mobilcom-Debitel (5%)

Traffic sources:



66% mobile

25% desktop

9% tablet

Payment types:
one-off transactions
subscriptions (weekly and monthly billing)

Localization:
Recommended, 46% of users have browser language set to German.

France
Market profile

Population:
65 million

Mobile phones in market:
65 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$43,000

Smartphone penetration (of all mobile phones):
49%

Median age:
40 years

Mobile broadband access:
74%

Credit & debit card penetration:
44% / 81%

Prepaid SIM market share:
12%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

France

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$25.8** (change from Q1: **-17%**)

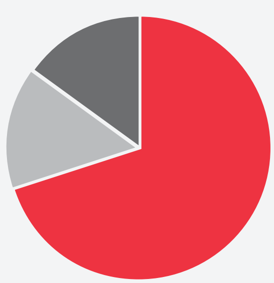
Average transaction size: **$3.7** (change from Q1: **-8%**)

Share of carrier billing in payment mix (SuperDataResearch): **21%**
(2nd most popular payment method)

Carriers supported by Fortumo:

Orange (40%) | SFR (31%) | Bouygues (17%) | Free Mobile (10%) | Virgin Mobile (1%) | NRJ Mobile (1%)

Traffic sources:



70% mobile

15% desktop

15% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 88% of users have browser language set to French.

United Kingdom
Market profile

Population:
65 million

Mobile phones in market:
74 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$43,000

Smartphone penetration (of all mobile phones):
68%

Median age:
40 years

Mobile broadband access:
78%

Credit & debit card penetration:
61% / 96%

Prepaid SIM market share:
38%

Currency: 1 British Pound (GBP) = $1.3
(exchange rate as of July 6th, 2016)

Important note: Due to United Kingdom's decision to leave the European Union, volatility is to be expected for the exchange rate of the British Pound volatility and an extended period of time until the outcome of the referendum becomes clear.

United Kingdom

Carrier billing landscape

April 2016 - June 2016

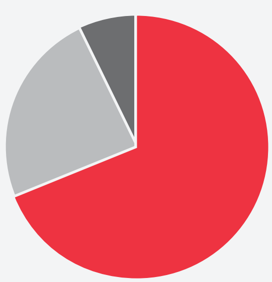
Quarterly ARPPU: **$26.6** (change from Q1: **+6%**)

Average transaction size: **$5** (change from Q1: **-4%**)

Carriers supported by Fortumo:

O2 (30%)	Vodafone (25%)	T-Mobile (17%)	Orange (17%)	3 (10%)	Virgin Mobile (1%)

Traffic sources:



69% mobile

24% desktop

7% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Important note: All merchants using carrier billing in the United Kingdom must register with PhonePayPlus. Employment-related services are forbidden in the country.

Italy
Market profile

Population:
60 million

Mobile phones in market:
79 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$34,000

Smartphone penetration (of all mobile phones):
60%

Median age:
44 years

Mobile broadband access:
70%

Credit & debit card penetration:
36% / 64%

Prepaid SIM market share:
82%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Italy

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$29.3** (change from Q1: **+28%**)

Average transaction size: **$4.5** (change from Q1: **+18%**)

Share of carrier billing in payment mix (SuperDataResearch): **17.9%**
(3rd most popular payment method)

Carriers supported by Fortumo:

TIM (35%)	Vodafone (28%)	Wind (25%)	3 (12%)

Traffic sources:

82% mobile

10% desktop

8% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 88% of users have browser language set to Italian.

Spain

Market profile

Population:
46 million

Mobile phones in market:
49 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$29,000

Smartphone penetration (of all mobile phones):
71%

Median age:
41 years

Mobile broadband access:
74%

Credit & debit card penetration:
54% / 82%

Prepaid SIM market share:
24%

Currency: 1 Euro (EUR) = $1.
(exchange rate as of July 6th, 2016)

Spain

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$28.8** (change from Q1: -7%)

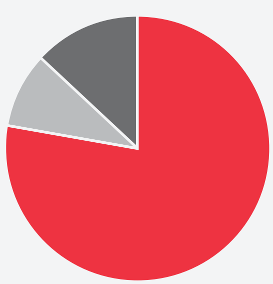
Average transaction size: **$3.9** (change from Q1: +3%)

Share of carrier billing in payment mix (SuperDataResearch): **17.1%**
(3rd most popular payment method)

Carriers supported by Fortumo:

Movistar (40%) | Vodafone (32%) | Orange (22%) | Yoigo (6%)

Traffic sources:



78% mobile

9% desktop

13% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Localization: Recommended, 88% of users have browser language set to Spanish.

Netherlands
Market profile

Population:
17 million

Mobile phones in market:
19 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$52,000

Smartphone penetration (of all mobile phones):
76%

Median age:
42 years

Mobile broadband access:
74%

Credit & debit card penetration:
33% / 98%

Prepaid SIM market share:
34%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Netherlands

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$21.1** (change from Q1: **+16%**)

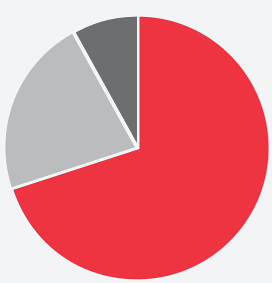
Average transaction size: **$3** (change from Q1: **+7%**)

Share of carrier billing in payment mix (SuperDataResearch): **15.1%**
(3rd most popular payment method)

Carriers supported by Fortumo:

KPN (40%) | Vodafone (24%) | T-Mobile (23%) | Tele2 (5%) | others (7%)

Traffic sources:



70% mobile

22% desktop

8% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 66% of users have browser language set to Dutch.

Belgium
Market profile

Population:
11million

Mobile phones in market:
13 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$47,000

Smartphone penetration (of all mobile phones):
53%

Median age:
43 years

Mobile broadband access:
64%

Credit & debit card penetration:
43% / 93%

Prepaid SIM market share:
46%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Belgium

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$20.8** (change from Q1: **+3%**)

Average transaction size: **$3.4** (change from Q1: **+3%**)

Share of carrier billing in payment mix (SuperDataResearch): **18.5%**
(2nd most popular payment method)

Carriers supported by Fortumo:

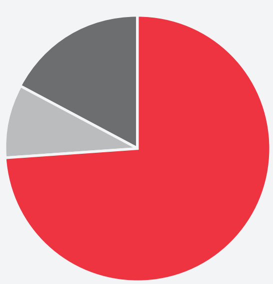
Proximus (38%)

Mobistar (30%)

Base (27%)

Telenet (5%)

Traffic sources:



74% mobile

9% desktop

17% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 53% of users have browser language set to French and 24% to Dutch.

Greece

Market profile

Population:
11 million

Mobile phones in market:
18 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$23,000

Smartphone penetration (of all mobile phones):
58%

Median age:
43 years

Mobile broadband access:
56%

Credit & debit card penetration:
11% / 55%

Prepaid SIM market share:
71%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Important note: Due to the financial crisis in Greece, capital controls continue to be in place for outward payments which may create difficulties for foreign companies receiving money from the country.

Greece

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$29.7** (change from Q1: **+16%**)

Average transaction size: **$3.6** (change from Q1: **+13%**)

Share of carrier billing in payment mix (SuperDataResearch): **22.2%**
(2nd most popular payment method)

Carriers supported by Fortumo:

Cosmote (50%)

Vodafone (29%)

Wind (21%)

Traffic sources:

49% mobile

41% desktop

10% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 83% of users have browser language set to Greek.

Portugal
Market profile

Population:
10 million

Mobile phones in market:
15 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$21,000

Smartphone penetration (of all mobile phones):
59%

Median age:
41 years

Mobile broadband access:
82%

Credit & debit card penetration:
28% / 66%

Prepaid SIM market share:
59%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Portugal

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$18.5** (change from Q1: **-27%**)

Average transaction size: **$2.7** (change from Q1: **-7%**)

Share of carrier billing in payment mix (SuperDataResearch): **31.2%**
(#1 most popular payment method)

Carriers supported by Fortumo:

MEO (42%) | Vodafone (39%) | NOS (19%)

Traffic sources:

36% mobile

58% desktop

8% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 94% of users have browser language set to Portuguese.

Austria

Market profile

Population:
9 million

Mobile phones in market:
14 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$50,000

Smartphone penetration (of all mobile phones):
70%

Median age:
44 years

Mobile broadband access:
86%

Credit & debit card penetration:
40% / 81%

Prepaid SIM market share:
32%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Austria

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$30.3** (change from Q1: **-9%**)

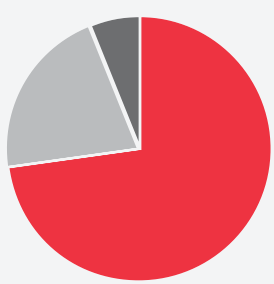
Average transaction size: **$4.4** (change from Q1: **-4%**)

Share of carrier billing in payment mix (SuperDataResearch): **14.3%**
(3rd most popular payment method)

Carriers supported by Fortumo:

A1 (42%) | T-Mobile (34%) | Drei (23%) | Yesss! (1%)

Traffic sources:



73% mobile

21% desktop

6% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 55% of users have browser language set to German.

Switzerland
Market profile

Population:
8 million

Mobile phones in market:
11 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$88,000

Smartphone penetration (of all mobile phones):
77%

Median age:
42 years

Mobile broadband access:
85%

Credit & debit card penetration:
54% / 84%

Prepaid SIM market share:
36%

Currency: 1 Swiss Franc (CHF) = $1.02
(exchange rate as of July 6th, 2016)

Switzerland

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$38.5** (change from Q1: **+13%**)

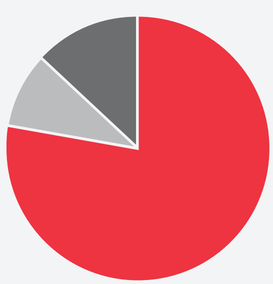
Average transaction size: **$5.3** (change from Q1: **+15%**)

Share of carrier billing in payment mix (SuperDataResearch): **14.4%**
(3rd most popular payment method)

Carriers supported by Fortumo:

Swisscom (54%) | Sunrise (27%) | Salt (19%)

Traffic sources:



78% mobile

9% desktop

13% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Localization:

Recommended, 46% of users have browser language set to German and 25% to French.

Ireland
Market profile

Population:
5 million

Mobile phones in market:
5 million

Gross National Income (GNI) per capita (IMF 2014 estimate):
$47,000

Smartphone penetration (of all mobile phones):
78%

Median age:
35 years

Mobile broadband access:
74%

Credit & debit card penetration:
46% / 86%

Prepaid SIM market share:
52%

Currency: 1 Euro (EUR) = $1.1
(exchange rate as of July 6th, 2016)

Ireland

Carrier billing landscape

April 2016 - June 2016

Quarterly ARPPU: **$29** (change from Q1: **+10%**)

Average transaction size: **$5.3** (change from Q1: **+4%**)

Share of carrier billing in payment mix (SuperDataResearch): **16.4%**

Carriers supported by Fortumo:

Vodafone (40%)	O2 (28%)	METEOR (20%)	3 (9%)	TESCO Mobile (3%)

Traffic sources:

56% mobile

36% desktop

8% tablet

Payment types:

one-off transactions
subscriptions (weekly and monthly billing)

Important note: All merchants using carrier billing in the United Kingdom must register with Comreg. Employment-related services are forbidden in the country.

Additional reading

How 5 top digital merchants use localized pricing to boost revenue

Read now

14 free resources for digital commerce and mobile payments research

Read now

How to integrate different payment methods into your checkout process?

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mobile payments

Fortumo is a mobile payments company that enables direct carrier billing with more than 350 mobile operators in 90+ countries. Fortumo's payment products work across a wide range of platforms including desktop devices, smartphones, feature phones, tablets and smart TV-s. These products give consumers a simple, 1-click payment method to charge online purchases to their phone bill. For app stores, digital media companies and game developers, Fortumo provides one integration with 350 mobile operators as well as a single point of contact for settlements, reporting, support and infrastructure upgrades. Founded in 2007, Fortumo has offices in Estonia, San Francisco, Beijing, Delhi, Singapore & Hanoi and is backed by Intel Capital and Greycroft Partners.

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