

Hardware Wallet - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Hardware Wallet Market size is estimated at USD 0.35 billion in 2024, and is expected to reach USD 1.56 billion by 2029, growing at a CAGR of 28.79% during the forecast period (2024-2029).

Hardware wallets are specially designed cryptocurrency wallets that securely store users' private keys on encrypted hardware. These wallets allow users to safeguard sensitive data by storing private keys in a protected area within a microcontroller.

Key Highlights

The surging interest in cryptocurrency trading is driving the market. These devices are now extensively adopted for business purposes. Moreover, wallet programs incorporate robust anti-theft and anti-hacking features, rendering them less susceptible to potential risks. Moreover, it has been anticipated that the enhanced security offered by these devices, compared to software, paper wallets, and web-based alternatives, will drive market expansion during the forecast period.

Moreover, continuous advancements in hardware wallet technology led to improved security features, user experience, and compatibility with various cryptocurrencies. These advancements make hardware wallets more appealing to both novice and experienced cryptocurrency investors. Also, the entry of institutional investors into the cryptocurrency market further boosts the demand for secure storage solutions. Institutions typically prioritize security and compliance, making hardware wallets an attractive option for storing large amounts of digital assets.

Decentralized finance (DeFi) is significantly impacting global industry. These platforms

provide financial services like lending, borrowing, and asset management without relying on traditional intermediaries such as banks. DeFi users seek secure transaction management, and hardware wallets have emerged as the safest option. Their physical confirmation requirement adds an extra layer of security. As the DeFi market grows, the demand for secure ways to interact with these platforms will continue to drive the industry globally.

Governments may impose regulations limiting the sale or use of hardware wallets for storing cryptocurrencies. For example, they might require extensive KYC (Know Your Customer) procedures for purchasing hardware wallets, hindering their accessibility. This pandemic slowed down the adoption of hardware wallets.

The pandemic's rapidly increasing demand for cryptocurrencies has positively impacted the hardware wallet market. Bitcoin and other cryptocurrencies are gradually moving from unreliable investment vehicles to being accepted as forms of payment. The COVID-19 pandemic has increased calls for the dematerialization of payments, which has raised awareness of payment practices and the financial life cycle.

Hardware Wallet Market Trends

USB Segment to Hold Significant Market Share

A USB hardware wallet is a physical device that securely stores cryptocurrency private keys offline. It's designed to protect against online threats such as hacking or malware by keeping the keys isolated from internet-connected devices. The wallet can be connected to a computer or mobile device by users when they need to make transactions, but the keys never leave the device, ensuring enhanced security. A USB wallet is the most popular cryptocurrency hardware wallet.

The wallet uses a physical screen and two buttons for PIN verification, confirmations, and updates. It is presented in a solid plastic case and is connected with a micro-USB connector. For instance, the Trezor wallet is a popular cryptocurrency hardware wallet, and it is one of the first USB cryptocurrency hardware wallets created. It has been designed to store private keys for Bitcoin, Altcoins, and ERC-20 tokens.

Several key factors in the market are primarily driving the growth of USB hardware wallets. There is an increasing demand for secure and convenient cryptocurrency storage solutions driving the market. USB hardware wallets offer users a portable and easy-to-use option for storing their digital assets offline, providing enhanced security

against cyber threats and hacking attempts.

The rising adoption of cryptocurrencies and the need to protect private keys have fueled the demand for USB hardware wallets as a reliable and secure storage solution. As of January 2024, globally, there are 9,024 Cryptocurrencies.

Additionally, the convenience of USB connectivity allows users to easily access their wallets on various devices, making them a popular choice among crypto enthusiasts. The emphasis on security, ease of use, and portability offered by USB hardware wallets aligns well with the growing trend of individuals seeking robust solutions to safeguard their digital assets, contributing to this segment's significant growth and adoption in the hardware wallet market.

In October 2023, Trezor, a major provider of crypto hardware wallets, launched two new products: Trezor Safe 3 and Trezor Metal. Trezor Safe 3 is the third generation of Trezor's flagship hardware wallet, which supports over 1,000 coins and tokens. Trezor Safe 3 features a larger touchscreen, a faster processor, a USB-C port, and a redesigned interface.

Asia-Pacific Expected to Register Significant Growth

Asia-Pacific is one of the significant growing markets for hardware wallets as a secure means to store digital assets, owing to the rising adoption of cryptocurrency in the region and the growing trend of digital and cashless payments in developing countries like India, China, and South Korea.

Furthermore, the market is growing because of the integration of distributed ledger technology and blockchain for security and transparency. There is a rise in the need for secure storage solutions like hardware wallets due to the rising incidence of cybercrime, the expansion of e-commerce platforms, and growing data vulnerability. The market is growing because of the widespread use of wireless hardware wallets, which are motivated by features like near-field communication (NFC), long-term storage capacity, and direct control.

Moreover, blockchain technology significantly revolutionizes how digital assets are stored and managed, further driving the hardware wallet market. Particularly in India, blockchain technology is becoming prevalent in a variety of sectors. With the increasing

number of blockchain applications, professionals in the field are producing various ways to modify the technology to suit different use cases. Additionally, blockchain's role in facilitating peer-to-peer transactions and smart contracts further underscores the importance of secure storage solutions, positioning hardware wallets as essential tools for navigating the decentralized financial landscape.

In December 2023, Block Inc. launched Bitkey, a self-custody Bitcoin wallet in India, along with 94 other countries. With this, investors would be able to own, manage, and store their Bitcoin off exchanges. Bitkey includes a mobile app, hardware device, and a set of recovery tools in case the customer loses the phone, their hardware, or both. It uses three keys to secure Bitcoin, and any two keys working together are needed to move Bitcoin or approve other security-related actions such as initiating recovery or modifying security settings.

In July 2023, the Chinese central bank introduced a digital yuan "hard" wallet system based on offline SIM cards, enabling users to make payments in the central bank digital currency (CBDC) using powered-off phones. Hence, people with 2G phones may eventually be able to use their devices to use the token even when not in use.

Overall, with the rise in such developments along with factors such as Increased interest in cryptocurrencies, rising cyber threats, and hacking attempts, the market is expected to grow and expand significantly during the forecast period.

Hardware Wallet Industry Overview

The hardware wallet market is highly fragmented due to the presence of both global players and small and medium-sized enterprises. Some of the major players in the market are Ledger SAS, Satoshi Labs SRO, ShapeShift AG, Coinkite Inc., and CoolbitX Ltd. Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

February 2024 - With the growing relevance of Bitcoin and the diverse needs of its user base, BitBox (Shift Crypto AG) signed a strategic alliance with Biturance. This collaboration marks a significant milestone in its continuous effort to enhance the security and user experience of our BitBox02 cold wallet, especially for those new to the Bitcoin realm.

May 2023 - SecuX signed a strategic collaboration with Trend Micro, a global cybersecurity provider, and introduced the W20 Trend Micro edition cold wallet pre-loaded with Trend Micro ChainSafer blockchain reputation service. The W20 provides users comprehensive protection covering Web2 and Web3, augmenting anti-counterfeiting, authentication, and anti-fraud capabilities.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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