

NFC Chips - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The NFC Chips Market size is estimated at USD 2.14 billion in 2024, and is expected to reach USD 4.28 billion by 2029, growing at a CAGR of 14.80% during the forecast period (2024-2029).

Key Highlights

NFC chips produce a short-range radio signal and are used for sensitive financial and authentication data transmission. Due to their convenience and preference, contactless payments are gaining significant traction. As a result, various wearable device manufacturers are incorporating NFC chips as a standard into most devices to provide greater convenience by removing the need for physical wallets.

Moreover, technological advancements are expected to shape the future of the NFC chip market. Market vendors are focusing on developing chips with secure and efficient biometrics, increasing the penetration of contactless payments. There is a growing demand for NFC chips as several banks are using NFC cards, and many merchants are accepting NFC cards for payments.

The initial investments for NFC chip development have been high, owing to R&D activities and complications related to data analysis through an embedded device. The costs associated with maintenance and data are also critical for data security, such as encryption and decryption, which should be maintained.

In June 2023, the NFC Forum, the standards body for near-field communication (NFC) technology, unveiled its Technology Roadmap outlining critical plans and research efforts through 2028. Among its innovation priorities, the NFC Forum is examining

ranges four to six times the current operating distance (5 mm). According to the forum, a modest increase in range would make contactless transactions and actions more accessible and faster.

In June 2023, the state-backed Kenyan Commercial Bank (KCB), Visa, and Thales launched near-field communication (NFC) payments in Kenya. KCB contactless payments are facilitated through Garmin wearables and Android smartphones. NFC technology enables contactless payments via mobile wallets like Google Pay, Apple Pay, and contactless cards. These developments are expected to drive the market during the forecast period.

The conflict between Russia and Ukraine significantly impacted this industry. The conflict exacerbated semiconductor supply chain issues and chip shortages that had affected the industry for some time. The disruption resulted in volatile pricing for critical raw materials such as nickel, palladium, copper, titanium, aluminum, and iron ore, resulting in material shortages. This, in turn, impacted the manufacturing of various NFC chips.

Further, according to UkraineInvest, copper prices escalated to USD 10,845/mt in early March 2022. The Russia-Ukraine War, high energy costs, and stricter emissions standards in Europe have been noted as the primary reasons for the continued shortage of copper.

NFC Chips Market Trends

Consumer Electronics to Hold Significant Market Share

The Internet of Things has been growing across smart consumer applications, and it is expected to become more customizable to give users more control and enhance appliance operating functions. Smartphone sales have increased significantly in the past few years, owing to the post-pandemic economic boom that has allowed the overall market to pick up the pace. Most major corporations are moving forward with complex or hybrid work models, which is assisting market expansion globally.

As IoT continues to grow, smarter home appliances and devices are becoming readily available through internet connectivity. The latest models of smart fridges have NFC chips to enhance their customer experience.

According to GSMA, the global smartphone penetration rate was 69% in 2023, up from

68% in 2022. Nearly all smartphones and smartwatches are equipped with NFC chips. The increasing use of contactless pay using digital wallets has increased the demand for NFC chips in smartphones. Google Pay and Apple Pay were the initial adopters of the NFC feature on smartphones.

Smartphone manufacturers across the United States and Canada are making it easier to access mobile payment technology by including it in all new mobile phones and making the applications work across all available m-payment solutions.

China and Japan, the major investors in smart consumer appliances such as televisions, washing machines, smartphones, fridges, projectors, cameras, headsets, and printers, extensively deploy NFC for easy and contactless operations. For instance, LG washing machines have an LG NFC Tag On Logo in several models, which allows them to be connected to a smartphone.

In May 2023, appliance company Midea Group began construction work on its new factory in Pouso Alegre, Brazil. The plant will have a total area of 73,000 sq. m and produce 1.3 million products annually. This initiative of the new plant forms an integral part of the global expansion of Midea Group, which will create opportunities for the market.

Asia-Pacific to Witness Significant Growth

The NFC chips market in the region is majorly driven by government programs supporting digital transactions and private players' rising adoption of NFC technology. For instance, Nike has produced over 130,000 pairs of shoes in China containing an NFC chip that connects each product to a digital twin that can be used to trace its provenance and authenticate the product.

Further, increasing mobile payment transactions coupled with growing government and private corporation's initiatives towards adopting biometric authentication systems are expected to drive the biometric market in the country.

The Indian market is rapidly evolving to meet the demands of the digital payment culture, and an increase in e-commerce culture is leading to a rise in digital wallets. To meet the increasing demand for digital payments and to secure transactions, The Reserve Bank of India supports adding NFC payments to the country's UPI Lite digital

wallet.

In September 2023, the National Payments Corporation of India (NPCI) launched four new UPI features. These products are expected to help UPI clock 100 billion transactions in a month instead of the previously set 30 billion transactions.

Several banks are issuing contactless debit and credit cards that can be used for NFC payments without needing a mobile app. Users can tap their cards on contactless payment terminals to complete transactions. As technology evolves, banks are improving their services. Biometrics, such as fingerprint scanning, are added to NFC payments, enhancing security and streamlining the user experience.

South Korea has seen a surge in the adoption of mobile payment systems in the past few years, with many consumers opting for contactless payment options over traditional credit cards. Apple recently launched Apple Pay in South Korea, signaling a seismic shift to contactless payment in the country's primarily contact-based payment infrastructure. These factors are expected to increase the demand for NFC chips in the region.

NFC Chips Industry Overview

The NFC chips market is fragmented and consists of several players like NXP Semiconductors, Infineon Technologies, HID Global, Texas Instruments Incorporated, and Toshiba Electronic Devices & Storage Corporation. These companies continuously try to increase their market presence by introducing new products, expanding their operations, or entering into strategic mergers and acquisitions, partnerships, and collaborations.

September 2023: Zebra Technologies Corporation launched Zebra Pay to enable businesses to accept payment from all major credit card brands and payment technologies, including NFC-contactless chip, tap, and magnetic stripe for the hospitality, retail, field mobility, entertainment, and logistics industries.

March 2023: NXP Semiconductors launched a chip PN7642 that integrates a microcontroller, an NFC front end, and security into a single IC. The PN7642 enables internal key storage and hardware crypto processing to accelerate the secure authentication in hardware.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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