

Investing In The Rapid Growth Of Digital Payments

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by: Market View

Summary

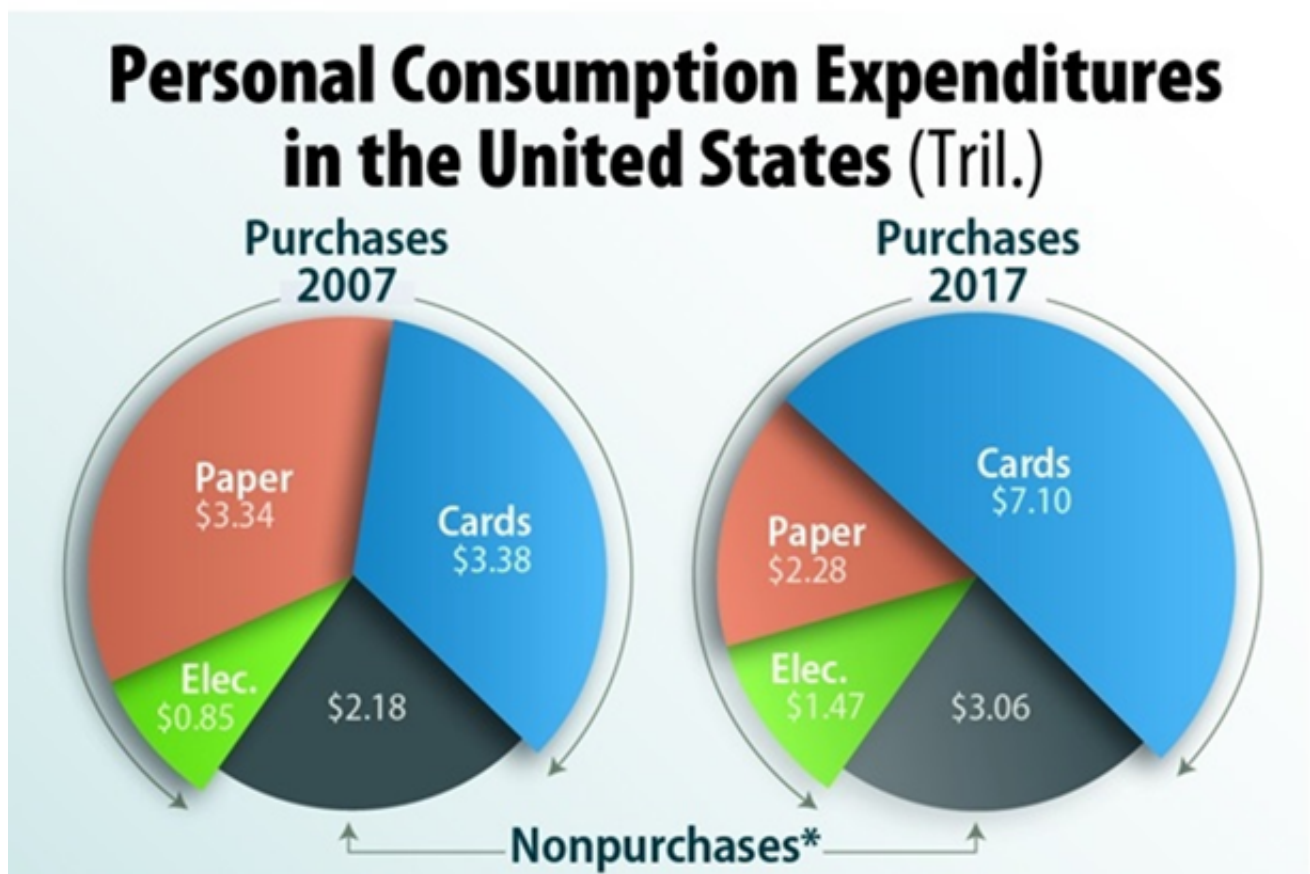
The transition from cash and checks to credit cards and electronic payments continues.

At the same time, the competitive landscape for online and mobile payment solutions is increasing.

Can investors benefit from these trends, as electronic and mobile payments displace cash on a number of transactions?

We believe the expected expansion of the electronic payment sector is underscored by three participants that made their shares available to the public this year: PayPal (NASDAQ:[PYPL](#)), First Data (NYSE:[FDC](#)) and Square (NYSE:[SQ](#)). Over the years, payments have become increasingly card-based, with credit, debit and pre-loaded cards replacing checks and cash for many purchases. Now electronic payments are gaining market share at a rapid pace compared to cash and checks. The 2013 Nilson Report indicates that electronic payments comprised 8.7% of total paid expenditures in 2007 and are forecast to grow to 10.6% by 2017, which we believe could prove to be conservative based on more recent data.

(click to enlarge)



Source: 2013 The Nilson Report Nonpurchases = services & items furnished without payment

