# Tokenization Market to Hit USD 16.6 Billion by 2032, Fueled by Rising Data Privacy Concerns and Stricter Regulations

The Tokenization Market is growing rapidly due to rising data privacy concerns and stricter regulations, driving demand for secure solutions.

AUSTIN, TX, UNITED STATES, January 27, 2025 /EINPresswire.com/ -- The Tokenization Market was valued at USD 2.9 Billion in 2023 and is projected to reach USD 16.6 Billion by 2032, growing at a compound annual growth rate (CAGR) of 21.5% from 2024 to 2032.
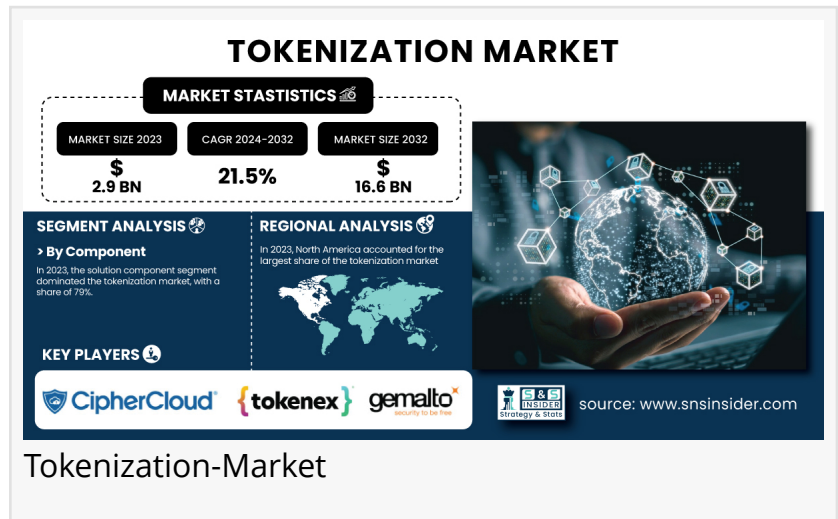
Tokenization-Market

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Some of Major Keyplayers:
Gemalto (Thales Group) – (SafeNet Tokenization, Vormetric Data Security Platform)
TokenEx – (Cloud Tokenization, PCI Compliance Solutions)
Hewlett Packard Enterprise (HPE) – (SecureData Enterprise, Atalla HSM)
F5 Networks – (BIG-IP Advanced Firewall Manager, BIG-IP Application Security Manager)
CipherCloud – (Cloud Security Gateway, Tokenization-as-a-Service)
Symantec Corporation – (Data Loss Prevention, Symantec Encryption)
Protegrity USA, Inc. – (Protegrity Cloud, Protegrity Vaultless Tokenization)
Broadcom Inc. (CA Technologies) – (Layer7 API Gateway, Payment Security Suite)
Micro Focus – (Voltage SecureData, Security ArcSight)
Wipro Limited – (Data Discovery and Protection, Cloud Tokenization Service)

Tokenization Market Driven by Increasing Data Privacy Concerns and Stricter Regulatory Measures
The tokenization market is witnessing swift expansion, fueled by growing worries about data privacy, a rise in cyberattacks, and strict government rules regarding data protection. Governments across the globe, such as the European Union with its General Data Protection

Regulation and the U.S. through the National Institute of Standards and Technology's guidelines, are implementing more stringent data protection protocols. These rules have encouraged companies to implement tokenization methods to protect sensitive data and maintain compliance. In 2022, cybercrimes resulted in more than $6 trillion in losses for the U.S. economy, highlighting the necessity for improved data security. Consequently, the quantity of tokenization providers in the payment industry has risen, assisting companies in safeguarding customer transaction information and preserving their reputations.

Fraud prevention has emerged as a leading concern for companies, making payment gateways vital instruments for safe transactions. Data breaches have greatly affected consumer confidence, leading to 18% of online shopping carts being abandoned due to security worries. Tokenization is progressively viewed as a remedy for these issues, promoting safer transactions and minimizing fraud risks.

Solution Component Segment Leads Tokenization Market, Driven by Growing Demand for Digital Payment Security

In 2023, the solution component segment dominated the tokenization market, accounting for 79% of the share. This expansion is fueled by the extensive use of tokenization solutions in different sectors to safeguard sensitive information and minimize security threats. These solutions substitute sensitive data, like credit card numbers, with non-sensitive tokens, rendering intercepted information worthless to cybercriminals. Government documents, such as those from the U.S. Department of Commerce, emphasize the growing need for secure digital payment options as online transactions and digital payments surged by 24% in 2023. Moreover, regulations enforced by the government to safeguard personal data also enhance the growing market for tokenization solutions.

API-Based Tokenization Dominates Market with Over 53% Share, Driven by E-Commerce and Financial Technology Growth

In 2023, the API-based tokenization segment held over 53% of the market share, making it the largest segment. A major benefit of API-driven tokenization is its adaptability, enabling smooth incorporation with current company systems without the need for infrastructure modifications. Companies gain advantages from API solutions by seamlessly linking with different applications and platforms. The 2023 report from the United States Federal Trade Commission emphasizes the vital importance of API solutions in the e-commerce and fintech industries, noting a 35% rise in API utilization for secure payment processing and identity validation. This increase is due to the rise in online and mobile transactions, as APIs facilitate real-time data security and maintain adherence to international regulations like the General Data Protection Regulation and the California Consumer Privacy Act.

Tokenization Market Segmentation:

By Component
Solution

Services

By Application Area
Payment Security
User Authentication
Compliance Management
Others

By Technology
Application Programming Interface-based
Gateway-based

By Deployment
Cloud
On-premises

By Industry Vertical
BFSI
Healthcare
IT
Government
Retail And E-Commerce
Energy & Utilities
Other

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North America Leads Tokenization Market, While Asia-Pacific Shows Strong Growth Potential
In 2023, North America held the largest share of the tokenization market, driven by the rapid adoption of digital payment solutions and rigorous data protection laws. The area gains from robust governmental supervision, including regulations from the Federal Trade Commission, coupled with its substantial e-commerce operations and sophisticated financial systems. These elements, together with trends such as the growth of "buy now, pay later" options for cryptocurrencies, are anticipated to maintain North America's market leadership.

The Asia-Pacific region is forecasted to experience the highest compound annual growth rate from 2024 to 2032. With the rapid advancement of digital transformation in various sectors, governments in nations such as India are allocating resources to secure online transaction strategies. The Reserve Bank of India's directive for e-commerce payment card tokenization to safeguard customer information and minimize fraud is additionally enhancing market expansion. As internet access and smartphone usage rise, along with robust government funding in cybersecurity, the area is set for substantial growth in the tokenization market.

Recent Developments in Tokenization Market

January 2024: The BIS Innovation Hub launched a CBDC-related blockchain tokenization project and expanded its privacy testing program for central bank digital currencies.

March 2023: The U.S. Department of the Treasury proposed guidelines for using tokenization to protect financial data and address data leaks in the financial sector.

December 2023: Akemona, Inc. announced new contracts with issuers for global equity token offerings, smart bonds, and digital stocks under bicameral shareholder acts.

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