

# Australia Payments Market 2026 | Size, Share, Growth

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AUSTRALIA, May 14, 2026  
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## Market Overview:

The [Australia payments market](#) is experiencing robust expansion, driven by widespread digital adoption, the proliferation of mobile wallet technologies, and evolving consumer preferences for seamless transaction experiences. The market reached USD 849.1 Billion in 2025 and is projected to attain USD 1,345.4 Billion by 2034, registering a compound annual growth rate (CAGR) of 5.09% during 2026-2034. The expansion is being fueled by the accelerating decline in cash usage, the emergence of buy-now-pay-later platforms, innovations in real-time payment infrastructure through the New Payments Platform, advancements in biometric authentication and tokenization security, supportive regulatory frameworks including Open Banking under the Consumer Data Right, and a rapidly growing e-commerce ecosystem that is compelling businesses and consumers alike to embrace digital-first payment solutions across retail, healthcare, hospitality, and entertainment sectors.



## Why is Hot Today Australia Payments Market?

The Australia payments market is commanding heightened attention as transformative regulatory reforms and technological disruptions are reshaping the competitive landscape. The Treasury Laws Amendment (Payments System Modernisation) Act 2025, effective December 2025, is expanding the Reserve Bank of Australia's regulatory authority to encompass digital wallets, buy-now-pay-later providers, and payment gateways for the first time. The RBA is proposing to ban card surcharges from January 2026 while lowering domestic interchange fee caps, fundamentally altering merchant economics. Meanwhile, fintech companies are now

holding approximately 56% of Australia's merchant acquiring market, growing three times faster than traditional bank acquirers. Stripe is committing AUD 85 million to expand its Sydney engineering hub, and Amazon Australia is adding Afterpay as a payment option, signalling BNPL's transition from niche to essential infrastructure across leading marketplaces.

#### Australia Payments Market Summary:

- Digital wallets are emerging as the dominant payment method in Australia, with mobile wallet transactions accounting for 44% of all device-present transactions acquired, as Apple Pay, Google Pay, and Samsung Pay are driving contactless adoption across retail and hospitality sectors.
- The buy-now-pay-later segment is experiencing exceptional growth, with the BNPL services market valued at USD 14.7 Billion in 2025 and projected to reach USD 42.8 Billion by 2034, reflecting a CAGR of 12.27% as platforms like Afterpay and Zip Co deepen integration with digital ecosystems.
- Cash usage is declining dramatically across Australia, falling from 69% of consumer transactions in 2007 to just 13%, while ATM withdrawals are decreasing by nearly 9% year-over-year and bank ATM numbers have dropped from 14,000 to approximately 5,700, accelerating the digital payment transition.
- E-commerce and omni-channel retail expansion are driving integrated payment platform adoption, with 46% of Australian businesses maintaining four or more payment instruments and 45% actively seeking to enhance their existing payment capabilities across physical and digital channels.
- Real-time payment infrastructure through the New Payments Platform is enabling instant 24/7 bank transfers and PayID functionality, linking payments to phone numbers or email addresses rather than account numbers, streamlining transaction experiences for consumers and businesses.
- Cross-border payment innovation is accelerating, with ANZ expanding its Express Payments service for inbound international transactions processed in near-real-time, and BNY partnering with Commonwealth Bank to deliver international payments within 60 seconds regardless of recipient banking institution.
- New South Wales and the Australian Capital Territory are commanding the largest regional share of payment transactions, supported by high population density, concentrated fintech activity, advanced digital infrastructure, and strong enterprise adoption of integrated payment technologies.

#### How AI is Reshaping the Australia Payments Market:

Artificial intelligence is fundamentally transforming the Australia payments landscape, evolving from isolated fraud detection tools into orchestrated systems that are automating workflows, enhancing security, and personalizing financial experiences at scale. A recent survey reveals that 72% of Australian financial firms are already deploying AI tools, with 42% reporting that AI is meeting expectations and 20% achieving results exceeding initial projections, signalling a maturing technology adoption cycle across the payments ecosystem.

- **AI-Powered Real-Time Fraud Detection and Prevention:** Machine learning algorithms are monitoring millions of transactions simultaneously to identify suspicious patterns and anomalies in real time, significantly reducing fraud losses without disrupting legitimate customer experiences. Commonwealth Bank has deployed AI-powered transaction monitoring systems that are processing vast volumes of payment data to flag and block fraudulent activity before completion.
- **Intelligent Customer Service and Conversational Commerce:** AI-driven chatbots and virtual assistants are handling customer inquiries, resolving payment disputes, and facilitating transactions through natural language processing capabilities. CBA's AI-powered customer service agents are automating responses to common banking queries while escalating complex issues, reducing wait times and improving satisfaction across digital payment channels.
- **Predictive Analytics for Payment Optimization and Personalization:** AI algorithms are analyzing spending patterns, transaction histories, and consumer behavior data to deliver personalized financial recommendations, optimized payment routing, and tailored loyalty rewards. Payment platforms are leveraging these insights to improve authorization rates and reduce transaction abandonment across e-commerce channels.
- **Biometric Authentication and Identity Verification:** AI-enhanced biometric technologies including facial recognition and fingerprint scanning are replacing traditional password-based authentication for mobile payments, strengthening security while streamlining the user experience. These AI-driven verification methods are minimizing fraud while enabling frictionless checkout across digital wallet platforms.
- **AI-Driven Regulatory Compliance and Risk Assessment:** Automated compliance systems powered by AI are helping payment providers navigate Australia's evolving regulatory landscape, including new BNPL licensing requirements and the Payments System Modernisation Act, by continuously monitoring transactions for anti-money laundering compliance and adapting to changing regulatory frameworks in real time.

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Market Trends and Insights:

- The rapid proliferation of contactless and mobile wallet payment methods is fundamentally reshaping consumer transaction behavior, with digital wallets surpassing traditional card-present payments as the preferred checkout method across Australian retail and hospitality environments.
- Buy-now-pay-later platforms are transitioning from alternative payment options to mainstream financial infrastructure, with BNPL penetration climbing to 31% of online transactions as younger demographics continue resisting traditional revolving credit products.
- Open Banking under the Consumer Data Right framework is enabling unprecedented data portability, allowing consumers to share financial information with accredited third-party providers and unlocking access to more personalized and competitive payment solutions across the ecosystem.
- The Payments System Modernisation Act 2025 is expanding regulatory oversight to encompass digital wallets, BNPL providers, and payment gateways, establishing a comprehensive regulatory framework that is promoting innovation while ensuring consumer protection and systemic stability.
- Cross-border payment efficiency is improving dramatically through strategic partnerships between major banks and global payment networks, enabling near-real-time international transfers with competitive exchange rates and reduced transaction fees for businesses and consumers.
- Embedded finance and value-added payment services including loyalty programs, spending analytics, and personalized rewards are becoming essential competitive differentiators, as payment platforms evolve beyond basic transaction processing to deliver comprehensive financial management experiences.

#### Market Growth Drivers:

##### Digital Transformation, Mobile Wallet Proliferation, and Contactless Payment Adoption

The Australia payments market is primarily driven by the accelerating digital transformation across financial services, with mobile wallet transactions exceeding 500 million monthly and digital channels accounting for 98.9% of consumer banking interactions. The widespread adoption of smartphones and wearable devices is enabling seamless contactless payment experiences through Apple Pay, Google Pay, and Samsung Pay, while the declining cost of NFC-enabled point-of-sale terminals is encouraging merchant adoption. Biometric authentication technologies including fingerprint and facial recognition are enhancing payment security without compromising convenience, building consumer confidence in digital-first transactions. The New Payments Platform is further accelerating digital adoption by enabling instant 24/7 transfers and PayID functionality that simplifies peer-to-peer and business payments.

## E-Commerce Expansion, BNPL Growth, and Omni-Channel Retail Integration

The rapid expansion of Australia's e-commerce ecosystem is serving as a critical growth catalyst for the payments market, compelling businesses to adopt integrated, multi-channel payment solutions that deliver seamless experiences across physical stores, mobile applications, and online platforms. The buy-now-pay-later segment is emerging as a transformative force, with platforms like Afterpay deepening integration with digital wallets and major marketplaces while Zip Co is expanding through strategic acquisitions. Nearly half of Australian businesses are maintaining four or more payment instruments, reflecting the growing complexity of consumer payment preferences. The convergence of online and offline commerce is driving demand for unified payment platforms that support real-time inventory management, cross-channel loyalty programs, and consistent checkout experiences.

## Regulatory Innovation, Fintech Competition, and Financial Inclusion Initiatives

Australia's proactive regulatory environment is creating a fertile landscape for payments innovation, with the Payments System Modernisation Act expanding the RBA's regulatory reach to encompass previously unregulated components of the payment ecosystem. The proposed ban on card surcharges and reduction in interchange fee caps are lowering transaction costs for merchants and consumers. Fintech companies are disrupting traditional banking by capturing approximately 56% of the merchant acquiring market and growing three times faster than established institutions. Open Banking under the Consumer Data Right is fostering competition by enabling data portability and empowering consumers with greater choice. Government initiatives targeting financial inclusion in rural communities and underserved demographics are expanding digital payment access across broader population segments.

### Market Segmentation:

IMARC Group's research categorizes the Australia payments market as follows:

By Mode of Payment:

Point of Sale:

- Card Payments
- Digital Wallet
- Cash
- Others

Online Sale:

- Card Payments
- Digital Wallet
- Others

By End Use Industry:

- Retail
- Entertainment
- Healthcare
- Hospitality
- Others

#### By Region:

- Australia Capital Territory & New South Wales
- Victoria & Tasmania
- Queensland
- Northern Territory & Southern Australia
- Western Australia

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#### Key Players:

The competitive landscape of the Australia payments market includes a comprehensive mix of established financial institutions, global technology companies, and innovative fintech disruptors. Major players operating in the market include Commonwealth Bank of Australia (CBA), Australia and New Zealand Banking Group (ANZ), Westpac Banking Corporation, National Australia Bank (NAB), Afterpay (Block Inc.), Zip Co Limited, PayPal Holdings Inc., Stripe Inc., Tyro Payments Limited, and Square (Block Inc.), among others. These companies are continuously investing in digital infrastructure, strategic partnerships, and technology innovation to strengthen their market positions and capture emerging growth opportunities across the evolving payments ecosystem.

#### Recent News and Developments:

March 2026: The Reserve Bank of Australia announced major payment system reforms including a comprehensive review of buy-now-pay-later services, card fee reductions, and a proposed ban on card surcharges, fundamentally reshaping merchant economics and consumer transaction costs across the payments landscape.

January 2026: Stripe committed AUD 85 million to expand its Sydney engineering hub for localization, strengthening its presence in the Australian payments ecosystem and reinforcing its position as a leading payment infrastructure provider for businesses of all sizes.

December 2025: The Treasury Laws Amendment (Payments System Modernisation) Act 2025 took effect, significantly expanding the Reserve Bank of Australia's regulatory authority to encompass digital wallets, buy-now-pay-later providers, payment facilitators, and payment gateways for the first time.

June 2025: New regulations requiring BNPL providers in Australia to hold an Australian credit licence and comply with responsible lending obligations under the National Consumer Credit

Protection Act 2009 came into effect, marking a significant shift toward tighter consumer protection oversight.

February 2025: The Commonwealth Bank of Australia joined forces with the New South Wales Government to upgrade banking services and increase accessibility for individuals, businesses, and communities, promoting the adoption of digital banking and payment solutions across the state.

December 2024: Australia and New Zealand Banking Group expanded its ANZ Express Payments service to enable inbound cross-border payments of up to AUD 500, processed in near-real-time every day of the week, enhancing the efficiency and speed of international transactions.

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