

2022 and 2023 Secure Elements' global market estimates

Eurosmart expects a sustainable market for 2022 and 2023

Eurosmart confirms continued resilience driven by renewed demand in eSIM, contactless payment cards, and governmental and healthcare solutions. Nevertheless, the market is expected to be impacted by a weakened macroeconomic situation: war in Ukraine, chip shortage, and inflation which would affect consumers' demand for specific types of devices. The following estimations for 2022 and 2023 intend to consider these factors.

Telecom

For 2022, Eurosmart predicts around 4.5 billion units shipped for the combined market of removable SIM (rSIM) and embedded SIM (eSIM). The eSIM side shows a double-digit growth and is further accelerating by the deployment of eSIM-only phones.

The market has been facing a constrained environment due to geopolitical tensions and chip shortage. Eurosmart expects the overall telecom segment to slightly decline in 2022, YoY. Uncertainty of end-consumers facing a higher cost of living that negatively impacts the market. On the other side, this uncertainty increases the willingness of end-users to switch mobile subscription plans, which positively affects the SIM demand. In 2021 the telecom market reached 4.7 billion units shipped against an estimate of 4.5 for 2022.

A flattish but stable market is expected for 2023 with a +0,2% growth.

Device manufacturers for mobile devices

The payment feature that relies on the contactless functionality of a secure element is driving the market. In 2022, Eurosmart expects a 6% growth, ending the year at a projected 520 million units. This trend is likely to continue in 2023 with a +3.8% growth which represents 540 million units shipped.

Financial services

The market has been facing a constrained environment due to geopolitical tensions and chip shortage. This segment remains resilient despite a slight -0,6% expected decline for 2022. This market is driven by the faster contactless adoption to be continued after the Covid crisis. The penetration of contactless technology continues to gain ground: in 2022, the estimated share of payment contactless cards reached 81% of the global shipments, in 2023, a bounce in growth for the financial services market is expected to reach +3.7 %, reaching a volume of 3.35 billion units. The growth of the demand is seen in many regions with Africa showing a stronger dynamic. Contactless payment methods are convenient and timesaving for consumers. More and more vending machines, service-kiosks are deployed with NFC. enabling a wider adoption of touchless payment. A further progression of contactless payment card share +4 points is expected during 2023.

Government and healthcare

This market will continue to grow in 2022, reaching 550 million units with the accelerated integration of contactless features in all identity documents as well as in health cards. In 2022, contactless penetration is estimated to reach 70% and 71% in 2023. This trend is encouraged by the deployment of machines and kiosk services relying on NFC technology.

In 2023, an acceleration in digitalisation will be confirmed thanks to public policies paving the way with the EU digital wallet in Europe, as well as the mobile Driving License (mDL) in the United States. In 2023 market volumes will reach 575 billion units shipped, representing a +4.5% growth YoY.

Transport

Eurosmart confirms its previous forecasts with a pick of demand due to increased ridership over 2022; volumes are expected to reach 225 million units.

This positive trend prepares the ground for increasing demand in 2023 with an expected 11% growth. The macroeconomic situation, the fuel price, and the growing attention to a sustainable way of life make people more concerned about how they travel and commute.

These levels will be driven by an economic situation where gas prices for cars are booming, and intense urbanization generates important drawbacks in terms of pollution, car congestion and limited parking spaces, among others. In such a context, public transport is foreseen to expand. The increase of multimodal transport systems will drive the growth of transit cards.

Sustainability as an overall driver

In 2022, the most significant driver was the take-off of sustainable cards¹, responding to growing environment-conscious end-users. The demand for payment card and SIM card with card body containing a sustainable material is estimated at 350 million in 2022.

¹ Card body materials made of: PET-g / Recycled plastics (PET, PETg, PVC, HDPE, ...) / Bio-sourced material (i.e.: PLA...) / Wood - not Metal.

Eurosmart estimated WW μ P TAM - (Mu)

	2021	2022 forecast	2023 forecast	2022 vs 2021 % growth	2023 vs 2022 % growth
Telecom*	4,700	4515	4525	-3.9%	0.2%
Financial services	3,250	3230	3350	-0.6%	3.7%
Government - Healthcare	510	550	575	7.8%	4.5%
Device manufacturers for mobile devices**	490	520	540	6.1%	3.8%
Transport	220	225	250	2.3%	11.1%
Pay TV	65	50	40	-23.1%	-20.0%
Others***	90	90	95	0.0%	5.6%

2021 TAM: 9.325 million

2022 TAM (forecast): at least 9.180 million

2023 TAM (forecast): at least 9.375 million

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* MNOs (secure element with a SIM application).

** Device manufacturers represent Original Equipment Manufacturers of mobile phones, tablets, navigation devices without SIM application (Embedded Secure Element without SIM application) - excl. Automotive.

*** Others include physical and logical access and Pay TV.

Eurosmart estimated WW μ P TAM - (Mu) Contactless

	2021	2022 forecast	2023 forecast	2022 vs 2021 % growth	2022 previous % growth	2023 vs 2022 % growth
Financial services	2,450	2,620	2,850	6.9%	4.8%	8.8%
<i>share of total</i>	<i>75.4%</i>	<i>81.1%</i>	<i>85.1%</i>			
Government - Healthcare	350	385	410	10.0%	10.0%	6.5%
<i>share of total</i>	<i>68.6%</i>	<i>70.0%</i>	<i>71.3%</i>			
Transport	220	225	250	2.3%	5.7%	11.1%

About us

Eurosmart, the Voice of the Digital Security Industry, is a **European non-profit association located in Brussels**, representing the **Digital Security Industry** for multisector applications. **Founded in 1995**, the association is committed to expanding the world's Digital secure devices market, developing smart security standards and continuously improving the quality of security applications.



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