

SIMalliance Reports 4.2 Billion Global SIM Shipments in 2013

Significant increases in high-end SIMs drive expansion of key markets and provide strong base for NFC roll-out; 5% reduction of total market caused by effect of prepaid regulation on low-end SIM volumes in Asia, although recovery is already evident

23 April, 2014 – The SIMalliance membership, which represents approximately 86% of the global SIM market, has reported SIM shipment volumes totalling 4.2 billion units for 2013, compared to 4.6 billion in 2012. The estimated total available market in 2013 was 4.85 billion units, compared to 5.1 billion in 2012.

The 5% reduction in the estimated total available market results from a decline in low-end SIM shipments across Asia – particularly in India – following the introduction of regulation which requires prepaid SIM customers to be formally identified and registered. While the regulation had a notable impact on the market in 2013, the region has adapted swiftly to the new requirements and recovery was evident even in the most affected countries towards the end of the year. The outlook is therefore that the market will return to normal and further growth is anticipated.

Elsewhere around the globe, there has been significant year-on-year growth in SIM shipment volumes:

- Japan/Korea (+19%)
- Americas (+11%)
- MEA (+10%)
- CIS Republics (+6%)

The primary growth factor in Japan/Korea and the Americas has been a surge in demand for high-end NFC and LTE SIMs, while subscriber acquisition is still fuelling growth in some African markets, particularly in sub-Saharan countries.

Globally, year-on-year NFC-enabled SIM shipments, as reported by SIMalliance members, have risen by 159% to 78m. The strongest NFC market was Japan/Korea (37m shipments), while North America (24m shipments) superseded Western Europe as the second largest NFC market in 2013. Market growth for NFC-enabled SIMs was reported across North America, Greater China, Pacific Asia, Japan/Korea and Europe.

2013 was the third consecutive year that significant shipments of NFC-enabled SIMs have been reported by the SIMalliance membership and each year has brought rapid growth across multiple markets; in 2011, there were 16m shipments of NFC-enabled SIMs, with a further 30m in 2012. This exponential growth trend is likely to continue in 2014.

With a cumulative total of 124m NFC-enabled SIM shipments in the past three years, and a growing base of NFC-enabled phones and NFC-ready Point of Sale (POS) terminals, there is now a far-reaching and stable infrastructure in place for the continued roll-out of NFC services globally. IHS Technology recently reported 275m global shipments of NFC-enabled mobile phones in 2013, with a further 416m – indicating growth of 50% - forecast to be shipped in 2014, while Berg Insights has estimated that 53% of the world's POS terminals will be NFC ready by 2017.

Global LTE SIM card shipments also increased in 2013, by 103% to 126m, thanks to an uplift in volumes throughout the Americas, Asia and Europe. North America continues to lead the LTE SIM market with 65m shipments in 2013, followed by Japan/Korea (27m) and China (10m). Continuing migration to LTE and 4G networks worldwide will be a key growth factor for the SIM industry throughout 2014, as older SIM cards in the field are replaced.

While Europe witnessed a nominal 1.5% decline in total shipment volumes throughout 2013, the market reflected the increasing demand for newer SIM form factors, also known as micro and nano SIMs, which was seen universally by each region due to the

rising number of smart devices using smaller SIMs. It was also the market primarily responsible for driving a 30% global increase in the number of shipments of soldered SIMs designed specifically for M2M applications, indicating the strong opportunity for future growth of the M2M market, which is not constrained by population penetration rates, in Europe.

Frédéric Vasnier, SIMalliance Chairman, comments: “While 2013 SIM shipments were affected by prepaid regulation in multiple Asian countries, and most significantly in India, the global picture outside of Asia is actually one of 7% market growth.

“The most positive trend observed globally is the sharp increase in demand for high-end SIM products, particularly against a backdrop of the continuing momentum for NFC service deployments worldwide. With 124m NFC-enabled SIMs shipped in the past three years; the expectation that NFC SIM shipments will continue to rise in all advanced markets in 2014; and a critical mass of NFC-enabled handsets and NFC-ready POS terminals gaining ground, the signal is loud and clear: the infrastructure has been laid for the future mass roll-out of secure SIM-based NFC services. A strong foundation is now in place worldwide and is ready to be utilised by NFC service providers.

“The number one priority of the SIMalliance membership in the coming twelve months will be to support mobile network operators to simplify third party access to their subscribers, via the strong base of NFC-enabled SIMs which are already operational and those that will continue to be proactively deployed to wider subscriber portfolios in the future. The emergence of HCE and the opportunities it brings to the entire NFC ecosystem – as it supports the growth of NFC by making it more accessible and versatile to developers and more familiar to end users – makes the case for easier third party access to NFC SEs even stronger. As demand for secure NFC services grows, the limitations of HCE which make it best suited for use cases where stringent security requirements, optimal transaction speeds and always-available functionality are not mandatory, mean that NFC-enabled SIMs will play a vital role in bringing such secure NFC services to market.

“Finally, it’s also worth noting that the Mobile Connect initiative, announced by the GSMA in February, could have an influential effect on the industry in years to come. The initiative will bring strong identity capabilities to potentially billions of mobile users via their SIMs, reinforcing the added value that hardware-based SEs can deliver relative to advancing security in an increasingly digital world.”

Ends

Note to Editors:

- SIMalliance figures provide the most reliable insight available into the global SIM market, as its members represent approximately 86% of the total market.
- SIMalliance figures are obtained through a blind process where all members declare their actual deliveries (not forecasts) on a quarterly basis. Only aggregated figures are known. SIMalliance has no visibility of rankings or members’ market share.
- More detailed figures are available on a quarterly basis through a yearly subscription - for more information please contact herve.pierre@simalliance.org

About SIMalliance (Security, Identify, Mobility)

SIMalliance is the global, non-profit industry association which simplifies secure element (SE) implementation to drive the creation, deployment and management of secure mobile services. The organisation promotes the essential role of the secure element (SE) in delivering secure mobile applications and services across all devices that can access wireless networks. By identifying and addressing SE-related technical issues, and both clarifying and recommending existing technical standards relevant to SE implementation, the SIMalliance aims to promote an open SE ecosystem to facilitate and accelerate delivery of secure mobile applications globally.

SIMalliance members represent approx 86% of the global SIM card market. As such, the SIMalliance’s membership is responsible for delivering the most widely distributed secure application delivery platform in the world (UICC/SIM/USIM).

SIMalliance members are Eastcompeace, Fundamenture, Gemalto, Giesecke & Devrient, Incard, Kona I, Morpho, Oasis Smart SIM, Oberthur Technologies, VALID, Watchdata and Wuhan Tianyu. SIMalliance Strategic Partners are Comprion, Linxens and Movenda. For more information visit www.simalliance.org

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