

PRESS RELEASE

Digital Security Industry To Pass The 10 Billion Mark In 2018 For Worldwide Shipments Of Secure Elements

Eurosmart expects steady business growth in 2017 and 2018 for the Digital Security Industry

Cannes, 28th November 2017 – At the opening of TRUSTECH 2017, Eurosmart, the Voice of the Digital Security Industry, announced its annual forecast of worldwide secure element shipments. Stefane Mouille, President of Eurosmart, stated: “The secure element market continues to increase in volume to reach exceptional figures worldwide, passing in 2018 the threshold of 10 billion shipments. We forecast a steady growth for 2017 (+3.3%) and the market will keep growing in 2018. These results confirm that our industry remains an area for business growth in Europe and worldwide”.

Our secure element technology is continuously evolving and thus embracing new form factors, markets and usages. Major device manufacturers rely on Eurosmart members’ technology to secure transactions and identification methods, such as biometrics storage and matching on secure element. Certification is also evolving and contributes to keep our technology not only convenient but secure for organizations and individuals alike.

Biometrics is being incorporated into our everyday lives and consumers embrace it as an attractive method of identification. “Apple created momentum making biometrics just “cool”. Users favour biometrics over PIN and password for commercial applications since it provides a seamless and secure experience. Eurosmart members have been leading this biometrics wave for the last 20 years in a wide range of applications such as payment and banking, identification, travel documents and border management or access management. Currently, we are at the forefront providing both biometric technologies and solutions designed to protect and ensure privacy of biometric data. Eurosmart has drawn on this expertise creating the Biometrics committee”, said Mouille.

“Overall, combining quick and easy access to transactions with robust security is of great importance for our industry”, continued Mouille. The call for combined security and convenience continues to spur the growth of Mobile & IOT embedded secure products, reaching more than 600 million shipments in 2018 (+14%). This double-digit growth is especially driven by the IoT deployment in many verticals, such as automotive, smart grids, smart cities or Industry 4.0, where cybersecurity is imperative to protect both private and public data. Another growth driver is the sustained demand for secure elements designed to ensure the cybersecurity of critical infrastructures as per the NIS Directive in Europe and the US Cyber act in the US. Furthermore, consumer wearables with

embedded secure elements are increasingly being used in sensitive applications such as contactless payments or connectivity.

Whereas 4G migration continues across most regions, the Digital Security Industry forecasts confirm the upward trend for 2017 and 2018 in the telecom sector. “Whilst mature markets reach saturation, local regulation for user registration in several countries and strong subscriber growth in emerging markets contribute to this positive performance”, explained Mouille.

Contactless technology improves speed, convenience and security in payment transactions. In 2017, the contactless solutions have gained momentum in many established markets (+7%). They have stimulated the outstanding growth of the financial services sector, for which Eurosmart forecasts a growth of 5% in 2018, with an estimate of around 3.1 billion units shipped next year. “While the credit card market is still growing in China, EMV migration in India, supported by the Reserve Bank of India, will boost demand in 2018. In the US, we expect that the process of replacing the unsecure magnetic stripe cards with EMV cards will carry on after the first wave of migration”, clarified Mouille.

A double-digit yearly increase forecasted for 2017 (+11%) will confirm the strong performance of the government and healthcare markets, accounting for 510 million secure elements to be shipped this year. “Even though ePassport is considered as a mature segment in established markets, the continued adoption of eID projects in emerging regions, including Africa and Asia, will be one the main growth drivers. The roll out of national eID cards integrating eTravel functionalities across several European countries, and an even wider range of online public services requiring digital identities management, have an impact on the market. The Digital Security Industry also reports sustained demand for technologies that enable secured borders while reducing waiting times and improving travel experience”, Mouille pointed out.

“In a nutshell, Eurosmart members, composed of all major European digital security companies, are significant and competitive players on the global scene. We are working on new areas and trends to extend our market coverage, such as Mobile Passport, Mobile Driving License, and other forms of digital security for the Internet of Things. In this context, we strongly believe that setting up an EU cybersecurity certification framework is the right way forward in order to support the growth of our industry”, concluded Mouille.

--- END ---

Worldwide Secure Elements forecasts: 2017-2018

(Millions of units)

Source: Eurosmart, November 2017

WW shipments forecast	2016	2017f	2018f	2017f vs 2016 % growth	2018f vs 2017f % growth
Telecom	5,450*	5,550	5,600	2%	1%
Financial services	2,900	3,000	3,150	3%	5%
Government - Healthcare	460	510	550	11%	8%
Device manufacturers	330	390	450	18%	15%
Others**	470	480	490	2%	2%
Total	9,610	9,930	10,240	3%	3%

*Source SIMalliance

**Others include Transport, PayTV and physical and logical access cards

Worldwide Contactless Secure Elements forecasts: 2017-2018

(Millions of units)

Source: Eurosmart, November 2017

WW contactless shipments forecast	2016	2017f	2018f	2017f vs 2016 % growth	2018f vs 2017f % growth
Financial services	1,300	1,390	1,480	7%	7%
Government - Healthcare	270	300	325	11%	8%
Transport	260	280	300	8%	7%
Others**	70	70	70	0%	0%
Total	1,900	2,040	2,175	7%	7%

***Others include physical and logical access cards

Worldwide NFC SIM & embedded Secure Elements forecasts: 2017-2018

(Millions of units)

Source: Eurosmart, November 2017

WW shipments forecast	2016	2017f	2018f	2017f vs 2016 % growth	2018f vs 2017f % growth
NFC SIM & embedded Secure Elements****	500	545	620	9%	14%

****NFC SIM & embedded Secure Elements include NFC UICC Secure Element, Embedded Secure Element and Embedded UICC

About secure elements:

A secure element contains a certified microcontroller and embedded software. It is secure, personal and portable and comes in multiple forms: Eurosmart members manufacture and personalize such secure elements, as well as the software and secure infrastructure around it. Secure elements have a strategic role in protecting digital identities and are vital to ensure digital security and privacy. We divide the market in five main areas:

- **Telecom:** SIM cards (secure elements with a SIM application);
- **Financial services:** cards issued by banks and retailers for payment services (debit, credit, prepaid schemes...); cards issued by retailers or service providers for loyalty services; and social cards with payment application;
- **Government & healthcare:** cards issued by governmental bodies for citizens' identification (travel, ID and healthcare documents) and online services and cards issued by private health insurance companies;
- **Device manufacturers:** mobile phones, tablets, navigation devices and other connected devices including an embedded secure element without SIM application;
- **Others:** cards issued by operators, for transport, toll or car park services (i.e. "Transport"); cards issued by pay-TV operators for decrypting TV signals (i.e. "Pay TV"); physical and logical access cards.

About us

Eurosmart, the Voice of the Digital Security Industry, is an **international 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.

Our members

Members are manufacturers of secure element, semiconductors, smart cards, secure software, High Security Hardware and terminals, biometric technology providers, system integrators, application developers and issuers.

Eurosmart members are companies (Fingerprint Cards, Gemalto, Giesecke & Devrient, GSTAG, Idemia, Imprimerie Nationale, Infineon Technologies, Inside Secure, Linxens, Nedcard, NXP Semiconductors, +ID, Real Casa de la Moneda, Samsung, Sanoia, STMicroelectronics, Toshiba, Trusted Objects, WISEkey, Winbond), security evaluation laboratories (CEA-LETI), research organisations (Fraunhofer AISEC) and associations (SCS Innovation cluster, Smart Payment Association, Mobismart, Danish Biometrics).

Press contact:

Pierre-Jean VERRANDO
Director of operations
Mobile: +32 471 34 59 64



www.eurosmart.com



[@Eurosmart_EU](https://twitter.com/Eurosmart_EU)



[@Eurosmart](https://www.linkedin.com/company/eurosmart)

Rue du Luxembourg 19-21 | B-1000 Brussels | Belgium

Tel: +32 2 506 88 38 | Fax: +32 2 506 88 25

eurosmart@eurosmart.com