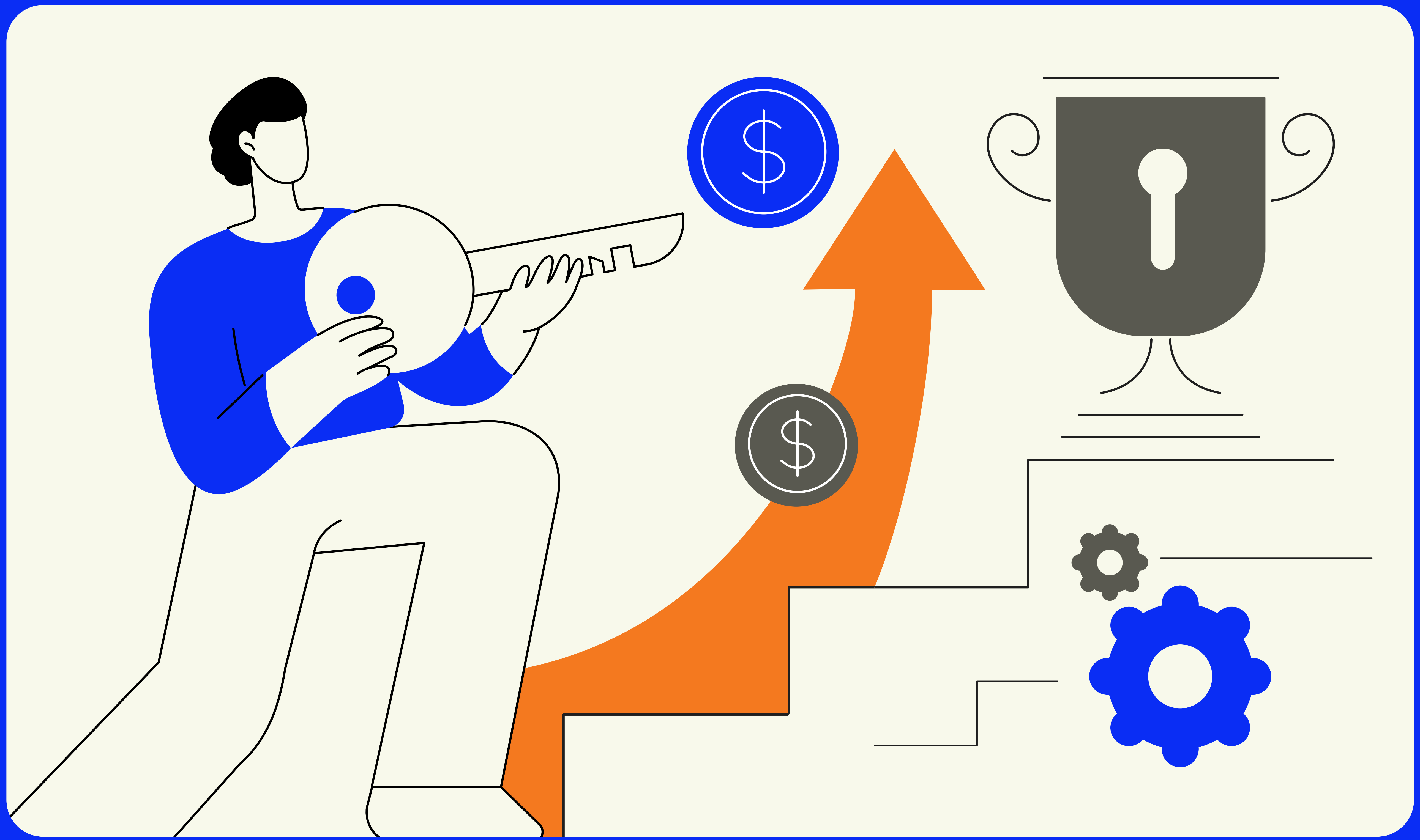
2025



WHITE PAPER

# Gaming Growth Unlocked:
## Insights on Distribution, Payments, and Regulations in Asia

niko | CODA

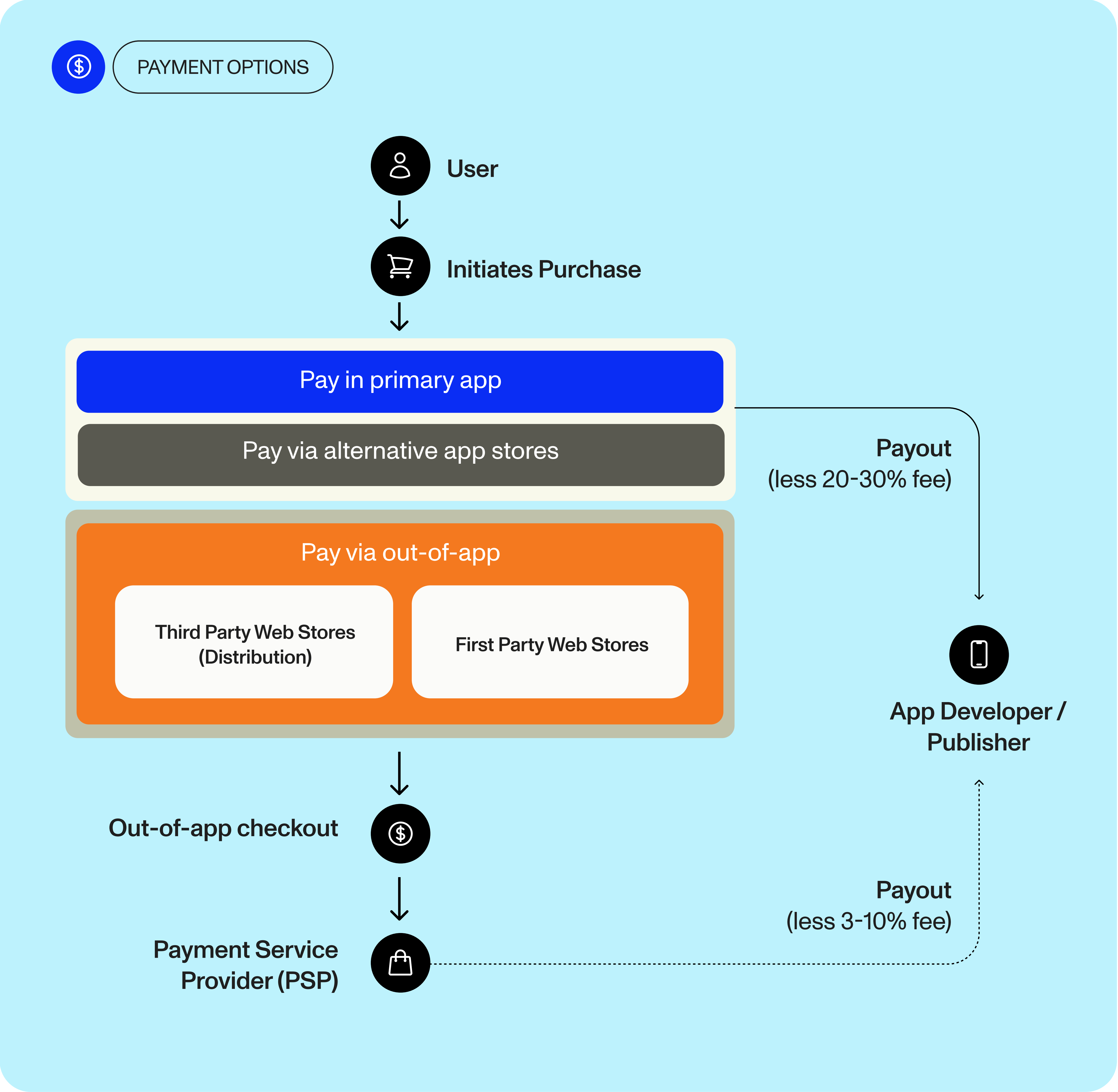
# CONTENT

# 01 INTRODUCTION

**This white paper explores a fast-growing segment: out-of-app mobile gaming distribution and alternative payments[1]. In 2023, Niko Partners and Coda co-published a white paper, "Access for All," to help define this space. The 2025 white paper explores the current and future gaming landscape in Asia, where Coda is headquartered and Niko brings deep market expertise.**

Over the past two years, the industry has evolved — growth continues in emerging markets, technology is advancing, and shifting regulations are reshaping the business. Now, as publishers confront rising costs and ever more competitive landscapes, balancing in-app higher-fee payments with out-of-app higher-return payments has become the norm. Today, nearly all publishers operating in Asia employ out-of-app platforms for their commerce solutions.

[1] Out-of-app distribution and payments are a subset of alternative distribution – providing publishers alternative ways to provide content and payment options to mobile gamers outside of traditional app stores like Apple's App Store and Google Play Store.



# 01 INTRODUCTION

**Out-of-app monetization is changing the game. For publishers, it unlocks access to more players worldwide. For consumers, it means being able to pay with their preferred payment methods. In Southeast Asia, out-of-app payments account for 38% of mobile game market revenue, up from 21% in the span of just two years. Publishers who haven't taken this segment seriously are being left behind.**

In 2023 the games industry was just beginning to understand the need for out-of-app monetization and distribution, but today it is a legitimate segment, accounting for an estimated third of all mobile app business across Asia[2] alone. Regulatory changes in key markets have also simplified the incorporation of out-of-app platforms into any publishing strategy. Where traditional app stores were once seen as gatekeepers for distributing and monetizing content, publishers have won the right to diversify their approach to distribution.

**UP FROM 21%** IN TWO YEARS

38% mobile games revenue in Southeast Asia now comes from out-of-app payments

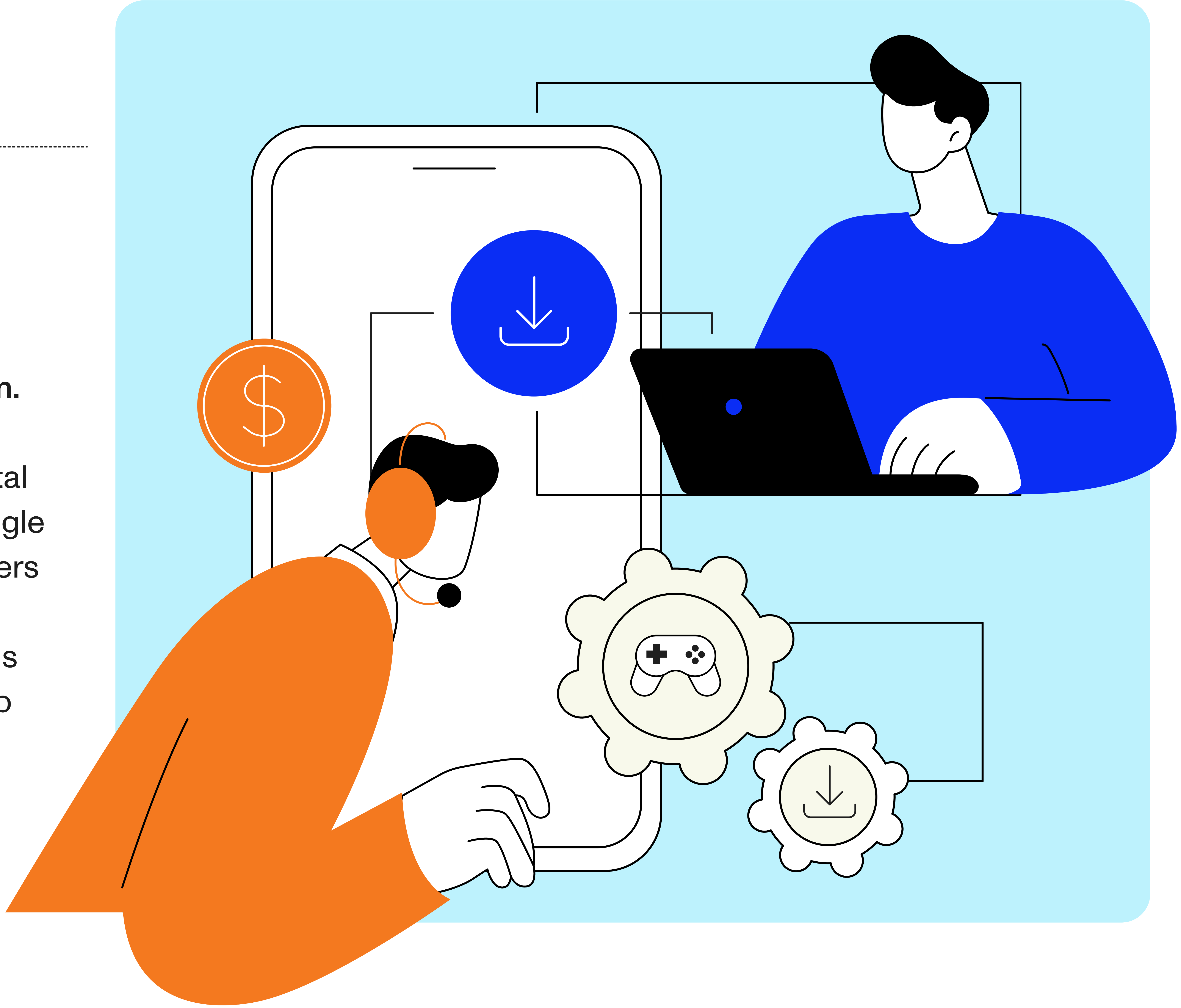
By 2028, out-of-app monetization could account for a third of mobile gaming revenue in Asia—provided it continues to grow alongside traditional distribution channels.

[2] For the purposes of this white paper, Asia includes East Asian markets, Japan and Korea, as well as Southeast Asian Markets, Indonesia, Malaysia, Singapore, Philippines, Thailand, and Vietnam. It excludes China and India in the context of this report, as the regulatory and games market context is distinct from other markets in the region.

# 01
# INTRODUCTION

**Today, virtually all AAA Western publishers use some type of out-of-app distribution and payments. Niko estimates that in Asia, out-of-app platforms such as web stores account for about 38.5% of downloads and 26% of revenue in the mobile gaming ecosystem.**

This growth is largely driven by changing regulations. Europe's Digital Markets Act and Epic Games' legal victories against Apple and Google set the stage for industry shifts. New legislation emboldens publishers to explore and implement a range of out-of-app distribution strategies. At the same time, emerging tax laws around digital goods are making payment partnerships a valuable tool for publishers who want a local merchant of record to help streamline business and ensure compliance in new markets. This report tackles what this changing landscape means for publishers and what they can do to adjust to this growing playing field.



# "The practical implications of evolving corporate policy and government regulation changes on international games business and user acquisition have led to greater opportunity for publishers who incorporate out-of-app monetization and distribution."

**– Lisa Hanson**
President and CEO, Niko Partners

# 02
# BUILDING A FUNNEL THAT FITS

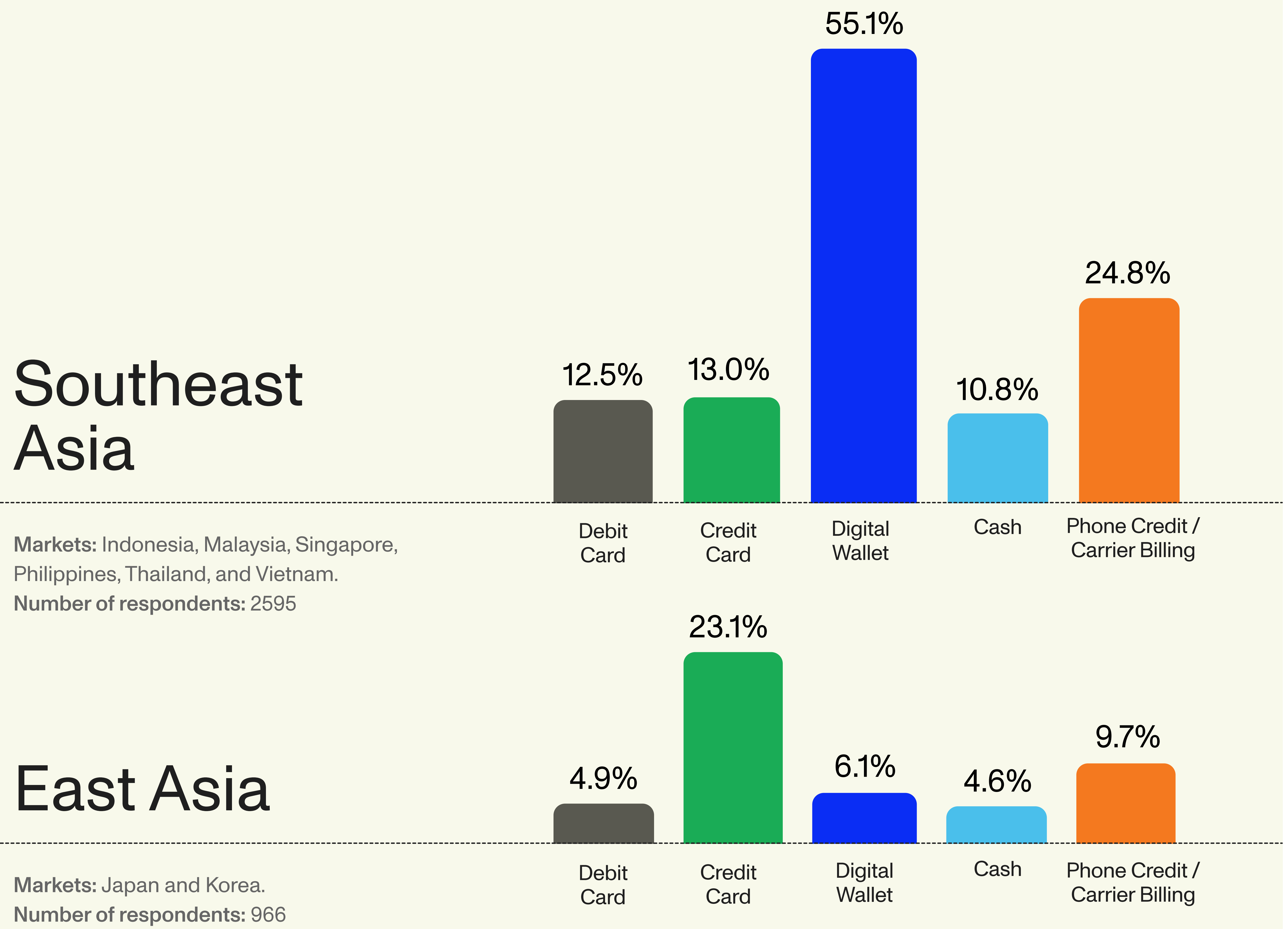
In Niko's 2024 Asia Gamer Behavior & Market Insights Reports, we found that about a third of Asian gamers (35% in Southeast Asia and 28% in East Asia) ranked localized payment options among the top three most important forms of localization in games they played. This means that publishers who don't integrate or offer local payment methods alienate a significant segment of their potential paying players.

A marketing funnel is not one-size-fits-all; it must be built for your app and the users engaging with it, and this means tailoring it for local audiences. In "*Access for All,*" we explored how payments and distribution partners are key to crafting a localized funnel. And today, this is more important than ever.

To understand why this is so important we must look at data from the region.
In many Southeast Asian markets, a significant portion of the population doesn't use traditional banks or credit cards, preferring instead to pay through digital wallets, their phone carriers, or even cash and vouchers.

In Southeast Asia, carrier billing is preferred by 24% of mobile gamers while digital wallets are used by 55% of mobile gamers. By comparison, only 13% of mobile gamers report using a credit card and only 12.5% use a debit card.

PAYMENT PREFERENCES AMONG PAYING MOBILE GAMERS IN 2024




**Markets:** Indonesia, Malaysia, Singapore, Philippines, Thailand, and Vietnam.
**Number of respondents:** 2595

**Markets:** Japan and Korea.
**Number of respondents:** 966

* Source: 2024 Niko Gamer Survey
Based on respondent preferences, responses do not add up to 100%

“From our internal research, there are many drivers affecting how users choose payment methods, including promotion offered, which channels save the most money, user’s experience of the payment channels, and if the payment channel offers options relevant to the gamer.”

**– Kelvin Timotius**
Head of GoPay Wallet

# 02
# BUILDING A FUNNEL THAT FITS

**Today, country-level landscapes are more important to understand than ever as governments ponder regulatory policy, the market needs for how apps are distributed and monetized, and draft regulations that shape every step in the funnel from discovery to payments. Asia's complicated regulatory environment is nothing new, but the success of the European Union's Digital Markets Act (DMA) and a growing wave of protectionist policies designed to favor local businesses over imports have ushered in new and emerging regulations that can be challenging to navigate.**

So, what is the DMA and what does it mean for the games industry? Drafted in 2022 and taking full effect last year, the DMA was designed to promote competition in European digital markets by curbing the power of certain technology platforms, described as gatekeepers. This includes app marketplaces like Apple's App Store and the Google Play Store. These policies increase competition and reduce the powerful gatekeeping effects of tech giants. These changes are giving creators more power to diversify their operations.

## Digital Markets Act

### What is the EU Digital Markets Act (DMA)?

Drafted in 2022 and fully enforced in 2023, the EU DMA is designed to promote competition in digital markets by limiting the power of dominant technology platforms, known as gatekeepers (e.g., Apple's App Store, Google Play Store). The goal is to reduce their control over digital ecosystems, allowing for greater innovation and choice for businesses and consumers alike.

### Why does this matter for the gaming industry?

- **More distribution options:** Game publishers can explore alternative storefronts and payment solutions.
- **Increased competition:** The DMA prevents major platforms from restricting access to third-party services.
- **Industry-wide influence:** Countries like Japan and Korea are implementing similar regulations, shaping the global digital landscape.

# 03 REGULATIONS ARE CHANGING THE GAME

East Asia is following suit, with countries like Japan and Korea adopting and drafting regulations that look more closely at digital markets. This can be beneficial for publishers in the region who want to expand their marketing funnel and grow their audience. But navigating these new rules and regulations can be challenging.

Meanwhile, a range of other forces is shaping policy including changing tax rules around digital goods, geopolitical tensions, regulations that enforce cultural sensitivities, protectionist policies, and growing government oversight. Governments are addressing these in ways that protect or conform to local interests.

In Asia, two key regulatory shifts are shaping the landscape – often happening at the same time. These changes led Coda and Niko Partners to publish this updated white paper.

### Consumer Protection and Anti-Monopoly

Taking a cue from the EU's DMA, these policies, like Korea and Japan's Fair Trade changes or Malaysia's Personal Data Protection amendment, focus on technology companies' power over the market and seek to promote higher levels of competition. This is great news for publishers who are now freer to exercise options that widen their funnel through distribution and payment partnerships.

### Local Industry Promotion and Protection

A wave of policies is being shaped or proposed that seek to empower local industries, enforce cooperation between foreign companies and local operators, or levy stricter taxes on game industry profits from foreign companies. Taxes on digital goods are being adopted by governments to increase revenue and even the playing field for local publishers, as seen in Indonesia. Geopolitical tensions have led countries like India, for example, to ban content produced in rival markets and force publishers to rebrand through local or foreign entities. Cultural sensitivities are being incorporated into regulations in some markets, requiring greater attention to censorship —in some cases, even mandating government approval for a publishing license, as in Vietnam. While these may be confusing or concerning to publishers, payment partnerships can help businesses navigate these shifting waters.

04

# ACCESS FOR ALL STARTS WITH ACCESS FOR YOU

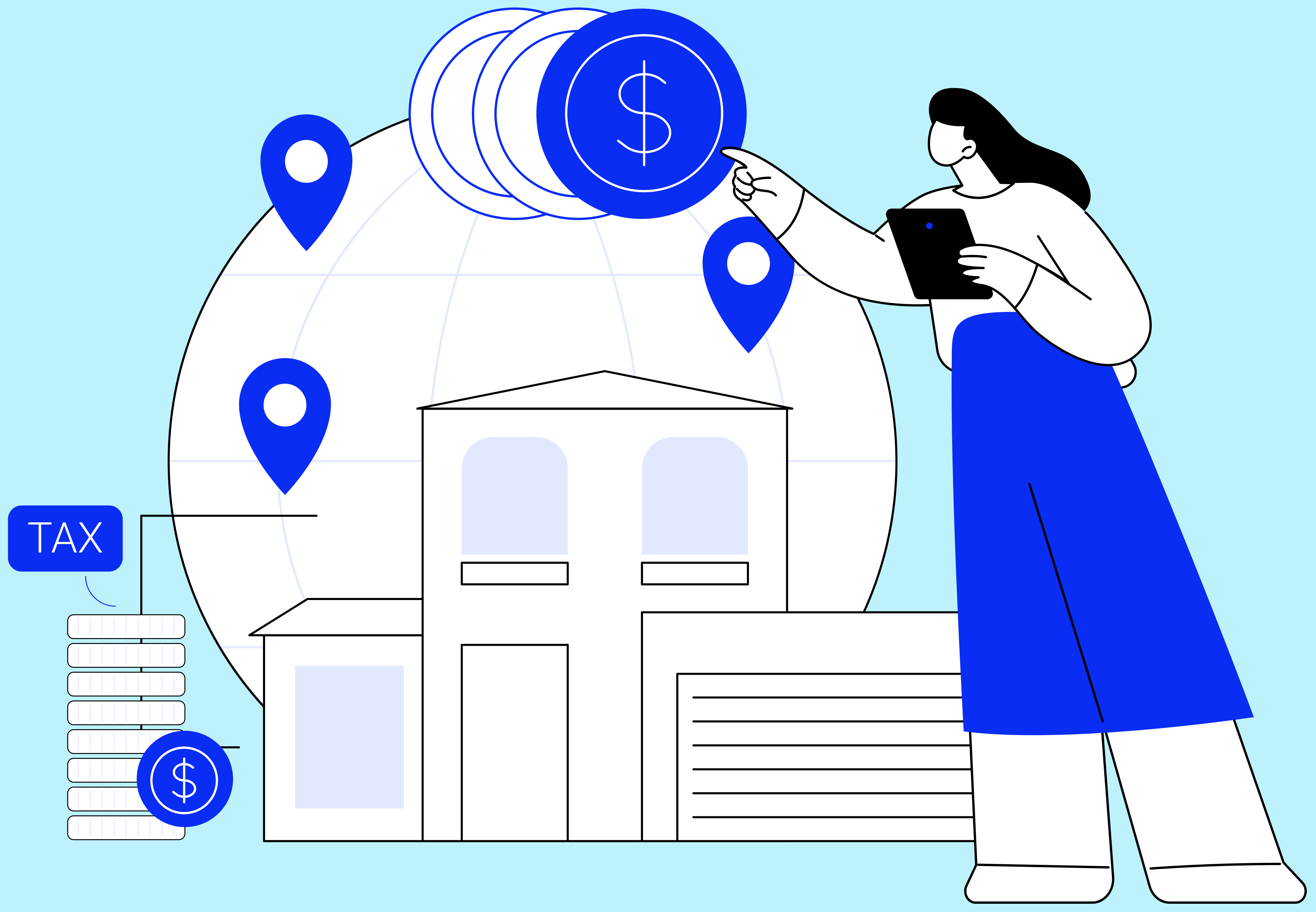
**Payment localization often isn't as simple as flipping a switch. Accepting local currency or knowing local banking laws is a start, but achieving compliance and functionality can be difficult. In this white paper, we focus on what creating this level of access really means—from identifying market opportunities to the actual process of navigating local regulations governing payments, data, and compliance, as well as the growing protections and even incentives for publishers to increase their distribution and payment funnels.**

Did you know that with evolving digital economies and governments facing budgetary deficits, companies are experiencing rapid and frequent tax rule changes as countries are under pressure to raise more revenue? Particularly for merchants operating in the digital space remotely, tax compliance obligations have increased significantly over the last ten years, with more than 100 countries now implementing value-added tax (VAT) or goods and services tax (GST) obligations on foreign digital service providers.

In the following section, we explore what shifting regulations look like across Asia, with most markets in Southeast and East Asia adopting new regulations within the last year that will influence gaming markets—either introducing policies that support publishers looking to grow their funnel or creating legislation that publishers must navigate to remain competitive.

DID YOU KNOW

Over 100 countries now require foreign digital service providers to comply with VAT/GST obligations, significantly increasing tax compliance complexity for digital merchants.



"One of the key challenges we face when onboarding gaming partners is ensuring compliance with Indonesia's strict regulations on gambling, betting, and Real Money Trading (RMT). Since any form of gambling or withdrawal-based mechanics is prohibited, we need to conduct thorough due diligence to understand the game's transaction flow and ensure there are no elements that violate local laws."

**– Victor Kwan**
Head of Growth, Business & Marketing, DOKU

# 05 REGULATIONS TO KNOW IN EAST ASIA AFFECTING PAYMENTS & DISTRIBUTION

JAPAN

## Japan's Fair Trade Commission Cease-and-Desist order against Google LLC

**What:**
In 2024, Japan's Fair Trade Commission (JFTC) issued a cease-and-desist order against Google LLC for monopolistic practices, the first time the JFTC has issued an order of this kind against an IT company of this size.

**Effects:**
The scrutiny of Google's practices bodes well for game publishers who can explore out-of-app distribution and payments with the confidence that the market has a climate protecting greater competition. While the JFTC regulation doesn't touch app distribution on the Google Play Store or out-of-app monetization it is adjacent and demonstrates the JFTC's willingness to regulate the sector.

| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| Consumption Tax | 10% | 2015 | ¥ 10 million per annum for local corporates; ¥ 5 billion per annum for foreign digital platform operators | Not mandatory |

SOUTH KOREA

## Korea's Telecommunications Business Act Amendment ("Anti-Google Law") and Fair Trade Act Revisions

**What:**
In August 2021, South Korea became the first country globally to mandate alternative payment systems in app stores through its Telecommunications Business Act amendment, commonly called the "Anti-Google Law." Building on this foundation, in early 2024, South Korea considered regulation in the spirit of the EU DMA. In September, the Korean Fair Trade Commission (KFTC) decided instead to amend its antitrust laws in favor of a more reactive approach to regulation.

**Effects:**
Although the changes are less sweeping, the regulation is good news for publishers and out-of-app distribution. South Korea was the first country to mandate that Apple and Google allow out-of-app payments in 2021, and impending regulations will further open the market.

| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| VAT | 10% | 2015 | No threshold for both local corporates and foreign digital service providers | Mandatory for all B2B and B2C transactions |

# 06
# REGULATIONS TO KNOW IN SOUTHEAST ASIA AFFECTING PAYMENTS & DISTRIBUTION

INDONESIA

## Indonesian's antimonopoly agency KPPU fines Google citing monopolistic practices;

## Presidential Regulation No. 19 of 2024 on the Acceleration of National Games Industry Development;

## Minister of Communication and Digital Affairs Decree No. 522 of 2024, and the plan to issue new online safety regulations

**What:**
In January KPPU fined Google USD $12 million, reflecting a willingness to tackle large tech platforms' local operations. Meanwhile, in October of 2024, a new Indonesian government was formed and while regulation has not been officially adopted, planned changes aim to support local game companies and regulate foreign entities.

The 2024 decree introduces penalties for private user generated content (UGC) site operators who fail to meet content moderation rules. Following Singapore and Malaysia, Indonesia is drafting child safety guidelines for social media and planning a law to set a minimum user age, inspired by Australia's ban on users under 16.

**Effects:**
While a crackdown on Google could be good news for publishers hoping to widen their marketing and payments funnel in Indonesia, pending regulatory policy may also create headwinds that foreign publishers will need to navigate.

Separately, UGC website operators must implement robust content moderation systems to detect and remove user-generated content deemed harmful. The online safety proposal would require digital platforms to follow three pillars: age verification to block children from inappropriate content, restrictions on harmful material like gambling and violence, and digital literacy education for children.

| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| VAT | 11% | 2022 | IDR 4.8B (USD $290K) per annum for local corporates; IDR 600M (USD $38K) per annum and/or more than 12,000 Indonesian consumers per annum for foreign digital service providers | Mandatory for all B2B and B2C transactions |

# 06
# REGULATIONS TO KNOW IN SOUTHEAST ASIA AFFECTING PAYMENTS & DISTRIBUTION

MALAYSIA

## Personal Data Protection (Amendment) Act 2024 and Online Safety Bill

**What:**
The Malaysian PDP Act takes a stronger look at data protection, rolling out in three phases over the first half of 2025. The act is designed to give users more control over their data while adopting stricter regulations on where this data can be transferred.

In December of 2024, Malaysia passed the Online Safety Bill to enhance online safety amid advancing technology. Once in force, it will require service providers to follow a code of practice to combat harmful content.

**Effects:**
The primary effect for publishers and games businesses operating in Malaysia is stricter mandates for data protection and security, adding considerations when selecting data and payment partners in the country. Moreover, publishers and games businesses that provide features enabling user communication may also need to navigate the potential implications of the Online Safety Bill, even though it is geared more toward social media services.

| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| Sales & Services Tax (SST) | 8% | 2024 | MYR 500K (USD $105K) per annum for both local corporates and foreign digital service providers | Mandatory for all B2B transactions; to be furnished upon requests by customers for B2C transactions |

SINGAPORE

## Guidelines on Licensing for Payment Service Providers and Proposed Measures to Enhance Online Safety

**What:**
In January 2025, the Monetary Authority of Singapore (MAS) announced significant updates to the Guidelines on Licensing for Payment Service Providers. The Ministry of Law and Ministry of Digital Development and Information sought public feedback in December 2024 on proposed legislation and measures to enhance online safety, addressing online harms due to a spike in internet-based offenses. This initiative is part of the government's commitment to tackling online harms and providing better protection for victims.

**Effects:**
This adds regulatory oversight to Singapore's payment services sector, which companies offering digital payments—and particularly payment providers—must understand and navigate when operating in the market. While the proposed online safety measures will introduce mechanisms to support victims with timely help, including legal avenues to pursue redress against responsible parties, failure to comply with these directives may constitute a criminal offense.

| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| GST | 9% | 2004 | SGD 1M (USD $742k) for both local corporates and foreign digital service providers | Not mandatory |

# 06
# REGULATIONS TO KNOW IN SOUTHEAST ASIA AFFECTING PAYMENTS & DISTRIBUTION

PHILIPPINES

## Bangko Sentral ng Pilipinas (BSP) lifts moratorium licenses to Electronic Money Issuers and regulates Merchant Payment Acceptance Activities;

## The Philippines' Internet Transactions Act (ITA)

**What:**

In December 2024, Bangko Sentral ng Pilipinas (BSP) lifted a moratorium imposed in 2021 on issuing new licenses to electronic money issuers from non-bank financial institutions (EMI-NBFIs), encouraging new applicants.

BSP also issued Circular No. 1198, Series of 2024 on the Regulatory Framework for Merchant Payment Acceptance Activities (MPAA), which aims to establish standards and best practices to safeguard customer funds and protect merchants' rights when dealing with operators of payment systems (OPS).

The Philippines' Internet Transactions Act (ITA), officially known as Republic Act No. 11967, was enacted to regulate e-commerce activities, safeguard consumer rights, and foster trust in online transactions.

**Effects:**

Unlike other regulations in the region that seek to exercise greater control over digital landscapes, the Philippines is opening up its digital payments sector. This will give publishers more payment partners to work with in the market—an opportunity if navigated correctly.

Meanwhile, if app store compliance becomes stricter through the ITA, publishers may push more players toward web purchases to avoid additional regulation and fees. International game publishers may need to register in the Philippines if they generate significant revenue from Filipino players, and regulations may target out-of-app web shops.

| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| VAT | 12% | 2024 | PHP 3M (USD $52K) per annum for local corporates and foreign digital service providers | Not mandatory |

# 06
# REGULATIONS TO KNOW IN SOUTHEAST ASIA AFFECTING PAYMENTS & DISTRIBUTION

THAILAND

## Royal Decree on Digital Platform Services and Proposed Digital Platform Economy Act

**What:**
The Royal Decree on Digital Platform Services establishes digital platform operators' responsibility to report to Thailand's Electronic Transactions Development Agency (ETDA). Thai authorities are also considering the Digital Platform Economy Act (PEA), which draws from the EU's Digital Services Act (DSA) and Digital Markets Act (DMA). This proposed act would regulate digital gatekeepers and introduce content moderation requirements.

**Effects:**
While the PEA is still under consideration, it demonstrates the wide-reaching effects of the DMA in the region and suggests that similar legislation may be forthcoming. Publishers can explore partnerships with out-of-app distribution platforms with more confidence.

| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| VAT | 7% | 2001 | THB 1.8M (USD $53K) per annum for local corporates and foreign digital service providers | Mandatory for all B2B and B2C transactions |

VIETNAM

## Decree No. 147/2024/ND-CP

**What:**
In November 2024, the Vietnamese government introduced Decree No. 147/2024/ND-CP (replacing the previous Decree No. 72/2013/ND-CP), which includes comprehensive regulations covering user data, content and representation, and licensing. Game publishers are mandated to partner with or establish a local entity to do business in the market.

**Effects:**
Game publishers operating titles in the Vietnamese market are finding success by carefully considering and adhering to these regulations. The exact implications are still being determined. Working with strategic partners who understand the scope and terms of these new policies is strongly advised.

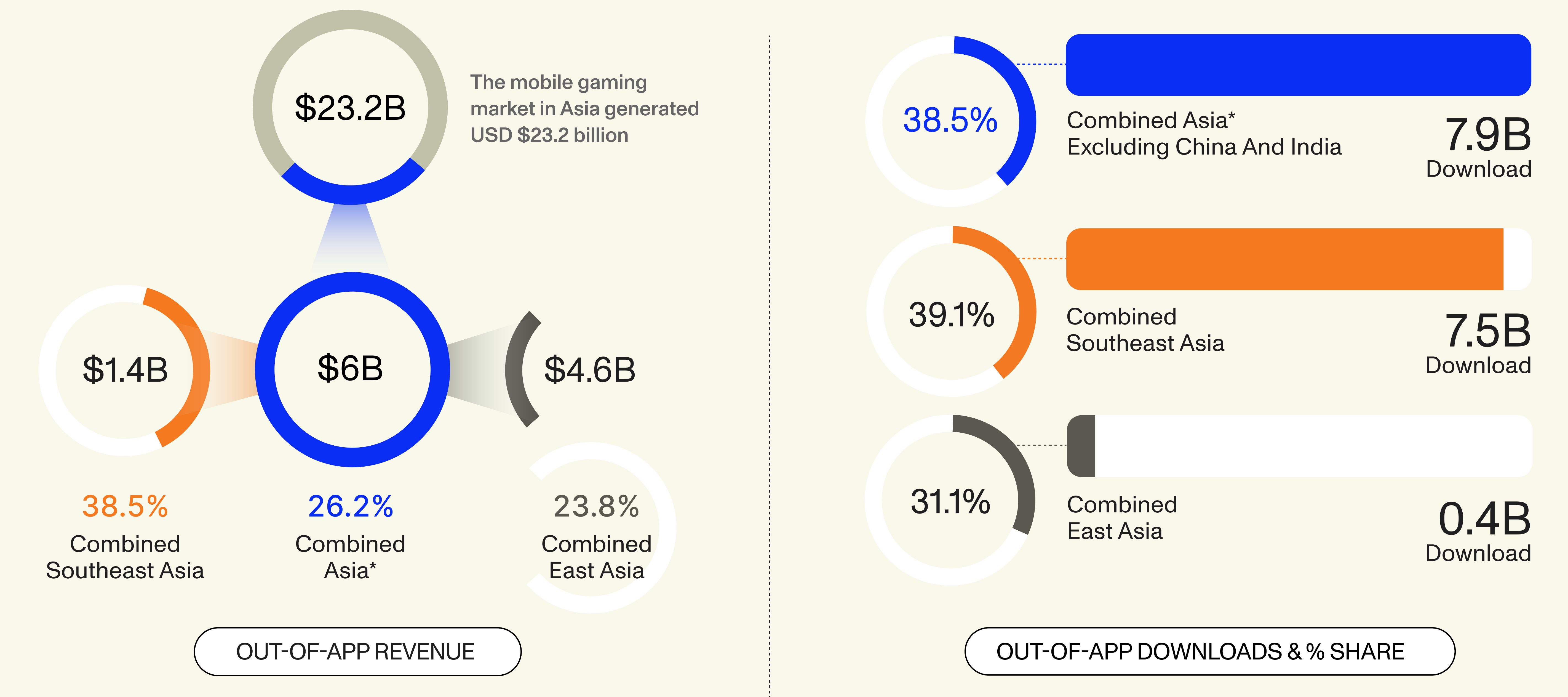
| Tax Type: | Rate: | Year: | Threshold for tax registration: | E-invoicing: |
|---|---|---|---|---|
| VAT | 10% | 2009 | No threshold. | Mandatory for all B2B and B2C transactions |

# 07
# TACKLE REGULATIONS TO UNLOCK NEW MARKETS

**While a fragmented, localized, and often shifting regulatory landscape may seem daunting, publishers and their partners who successfully navigate these waters are poised to find greater value in Asia than if they only tackle the market through traditional app stores.**

In 2024, the mobile gaming market in Asia generated USD $23.2 billion in revenue and was home to 357 million mobile gamers. However, Niko Partners estimates that 26% of mobile revenue, or USD $6 billion, was generated outside of Google and Apple's ecosystems. In Southeast Asia, out-of-app monetization accounted for USD $1.4 billion in revenue, or 38.5% of all mobile gaming revenue, a median 35% YoY increase for the region since Niko first reported on this figure in 2022.

REVENUE & DOWNLOADS BREAKDOWN IN ASIA




*Asia excluding China and India — Source: Niko Partners

*Asia excluding China and India — Source: Niko Partners

It's not just about payments. While the bottom of the funnel—where players make purchases—excites publishers the most, out-of-app distribution also expands the top of the funnel, making games more accessible.

In 2024, 38.5% of all app downloads in Asia came from outside traditional app stores, meaning that out-of-app distribution accounts for a third of the app discovery pipeline.

The data demonstrates that out-of-app monetization is gaining momentum in Asia as confidence in the segment grows. Today, with regulations increasingly supporting out-of-app distribution and payments—and a growing precedent for success—publishers that fail to adapt risk falling behind. Those who develop effective out-of-app strategies are tapping into a fast-growing market, while others miss out. So, what do successful cases look like?

07
# TACKLE REGULATIONS TO UNLOCK NEW MARKETS

DID YOU KNOW

Publishers using a Merchant of Record and payments platform can see web store payments surpass app store payments within just six months.

So how does a partnership with a monetization and distribution expert work to solve pain points for a global client trying to navigate the complicated payments and regulations landscape in some Asian markets?

In 2020, a Chinese game developer and publisher who had created an open-world action RPG that combined gacha (randomized) mechanics with deep exploration and elemental combat realized they had created a cross-platform global hit and needed support in reaching gamers in emerging markets, including Latin America and Southeast Asia. The company's flagship title deployed a monetization strategy that used a gacha system, rare characters and items, and limited-time events to encourage spending. They were intent on:

01 Tailoring their monetization approach to different regions based on local spending habits and preferences

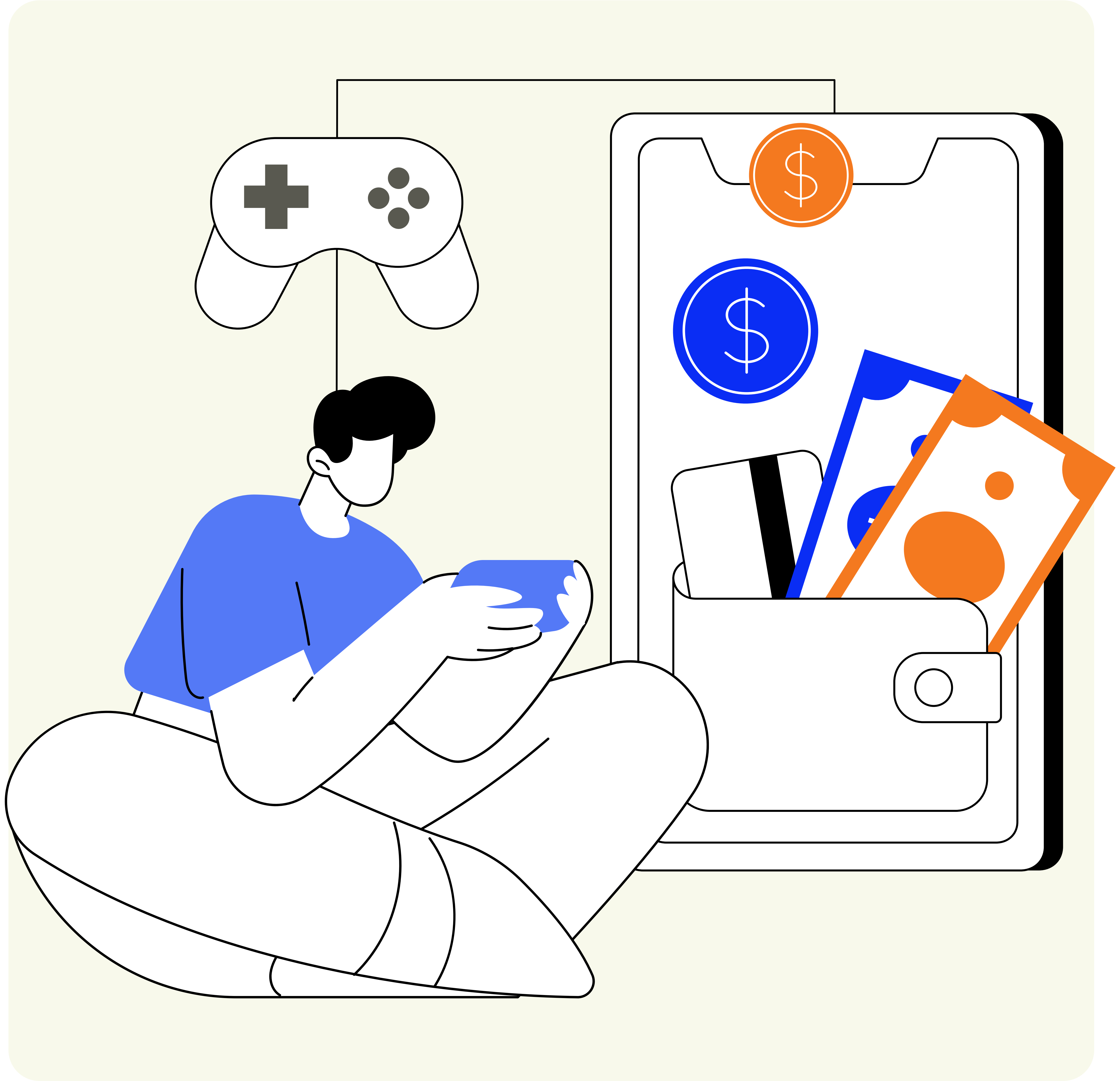
02 Leveraging social media platforms and influencers for marketing and monetization

03 Using updates and world-expansion strategies ensure that players remained engaged for the long-term

# 08
# HOW PUBLISHERS ARE MAKING THE SWITCH

**At launch, the game earned over USD $100 million in its first two weeks, making it the biggest global launch ever for a Chinese-developed game at the time. With impressive player numbers across different regions, in-app-only monetization limited their potential.**

First, many of their players, especially in Southeast Asia and Latin America, did not have access to traditional payment methods like credit cards. Second, although their game was global, their operations were more limited, making it harder to promote and market their time-limited events and rare characters in foreign markets. And finally, working only with traditional distribution channels, their payments efforts struggled to incorporate regional flexibility in in-app items, customization, and pricing parity. To expand beyond in-app monetization channels, they also needed help navigating local regulations. By partnering with an established out-of-app platform, Codashop, they aimed to expand player access with more payment options, local compliance, and marketing support — with a goal to drive growth and attract new players.



# 08
# HOW PUBLISHERS ARE MAKING THE SWITCH

## So, what did this look like?

01 **Wider payment accessibility** – Using Codashop, this developer was able to access hundreds of local payment methods across its target regions. This compatibility, combined with an easy-to-access online web store, widened the funnel by increasing purchasing convenience for established players.

02 **Localized marketing support** – This made it easier for the publisher to run promotions and acknowledge local holidays, increasing payment conversions during high-spend periods.

03 **Wider marketing and promotion** – This included banner ads and cross-promotion on Coda's media, as well as collaborations with key opinion leaders (KOLs) and affiliate networks across the Asia region. The promotion event even extended to out-of-home advertising in key cities in Southeast Asia.

04 **Expanded market reach** – Even in markets with strict regulations or limited access to international payment gateways, the publisher could still reach players and accept payments.

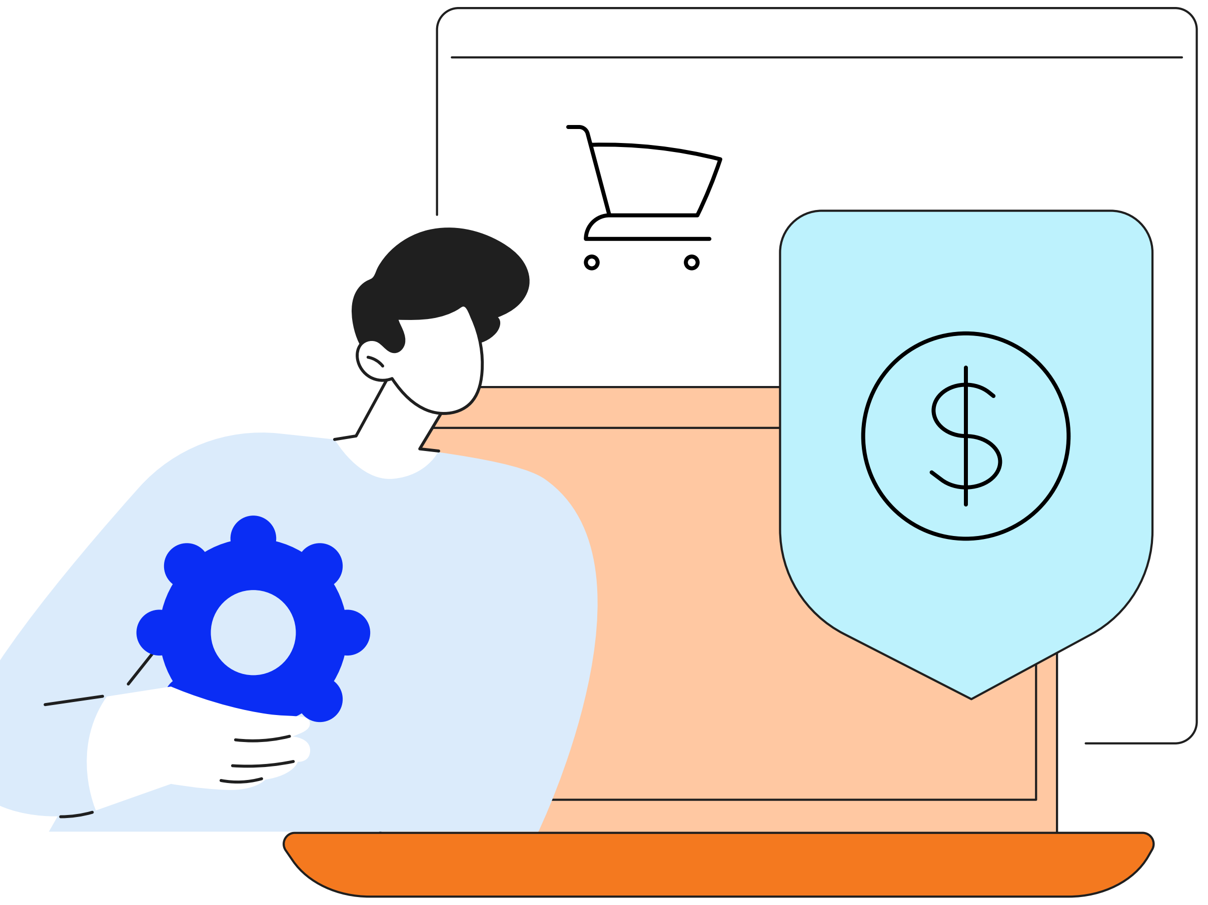
## The result of these efforts translated to better business:

- More players could make payments, resulting in an increase in overall conversion—in this case, a 20K daily payment volume in the web store, which increased to 200K payments per day during marketing events.
- Payment processing costs were reduced by partnering with a local merchant of record, easing tax and regulatory compliance and minimizing upfront costs.
- Higher return on payments received – By allowing players to access payments through a web store, the publisher received a higher return on payments, with a lower take-rate than traditional app stores. Savings were passed on to the publisher and players, making future promotions and efforts more sustainable.

In certain cases, foreign publishers who appoint a partner as a Merchant of Record and payments platform can see web store payments outstrip app store payments within six months. With the implementation of these partnerships through a platform that understands the region, these payments are immediately compliant with local regulations and taxes.

# 09
# A WIDE FUNNEL FOR A WIDE WORLD

In just two years, out-of-app monetization has grown from less than a quarter to more than a third of the mobile games business in Southeast Asia. Considering the impressive growth of out-of-app distribution and monetization across the region, it's safe to say publishers are increasingly relying on platforms outside traditional app stores to grow their business. Those that don't adapt will find it increasingly difficult to keep pace.



What began as a tool to improve access in markets where payment preferences did not align with the limited options available on traditional app stores has evolved into a suite of tools that publishers use to navigate an evolving and dynamic business landscape. As regulations on gaming and digital markets have developed, it has become more important than ever for publishers to think critically about how they bring their games to players. We have covered many of the factors shaping this growing segment of mobile gaming in this report.

Asian markets, particularly those in Southeast Asia, are home to a vast number of payment options beyond credit and debit cards. In fact, across Southeast Asia, credit cards and traditional banks are not a widely preferred way to make purchases. Companies finding success in the region have had to provide alternative payment options that meet players' needs.

Out-of-app monetization and distribution—practices that traditional app stores historically frowned upon or discouraged—have become a protected way of increasing competition and widening the marketing funnel. Most importantly, regulations and legal precedent have now enshrined publishers' rights to pursue these options, and they have become the norm.

Regulation hasn't stopped here! Governments across Asia are taking a more serious look at how games are distributed and sold. Many of these changes have benefited publishers, but they have also introduced new tax and business responsibilities that publishers must navigate.

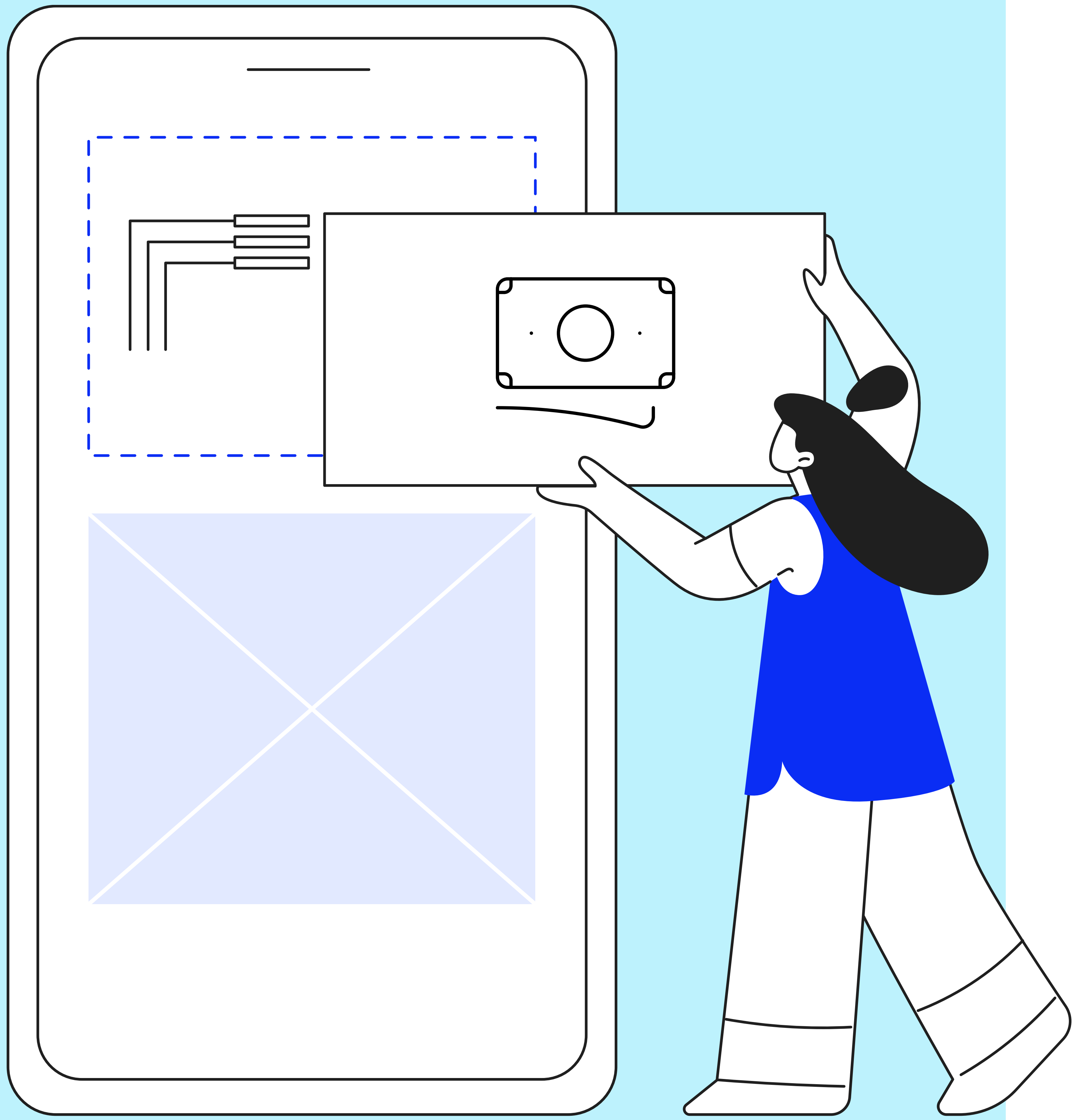
Working with a distribution and monetization partner is a widely adopted strategy for publishers to efficiently adapt to this changing landscape, ensuring their games reach the widest number of players possible while also maintaining local compliance.

Asia is not a monolith; it consists of diverse markets with unique player preferences and demands. Partnering with a company that understands local nuances and has experience in these markets remains the key to unlocking growth.

"Over the years, many game publishers have seen results from out of app monetization and distribution. Confidence has grown and more game companies are implementing this for their games. This is especially popular with Asia game companies and catching up with Western companies in the recent years."

**– General Manager**
Mobile Publishing of a Global Game Company

# 10 RECOMMENDATIONS



### Diversify Distribution, Maximize Reach

**For Large Publishers:**
Go beyond app stores—tap into web stores and local platforms, driving 38.5% of mobile game downloads in Asia. Reach more players, drive new revenue.

**For Smaller Publishers:**
Scale efficiently with distribution—tap into ready distributor user bases while localized marketing boosts visibility, all with minimal operational effort.

### Localize Payments, Maximize Relevance

**For Large Publishers:**
55% of gamers in Southeast Asia use digital wallets, while 24% prefer carrier billing. Match local payment habits to drive conversions, trust, and retention.

**For Smaller Publishers:**
Implement localized payments to access emerging markets with low card penetration. Partner with payment orchestrators for a local edge with minimal hassle.

### Adapt to Regulations Proactively

**For Large Publishers:**
Stay ahead of evolving regulations to capture distribution and monetization opportunities.

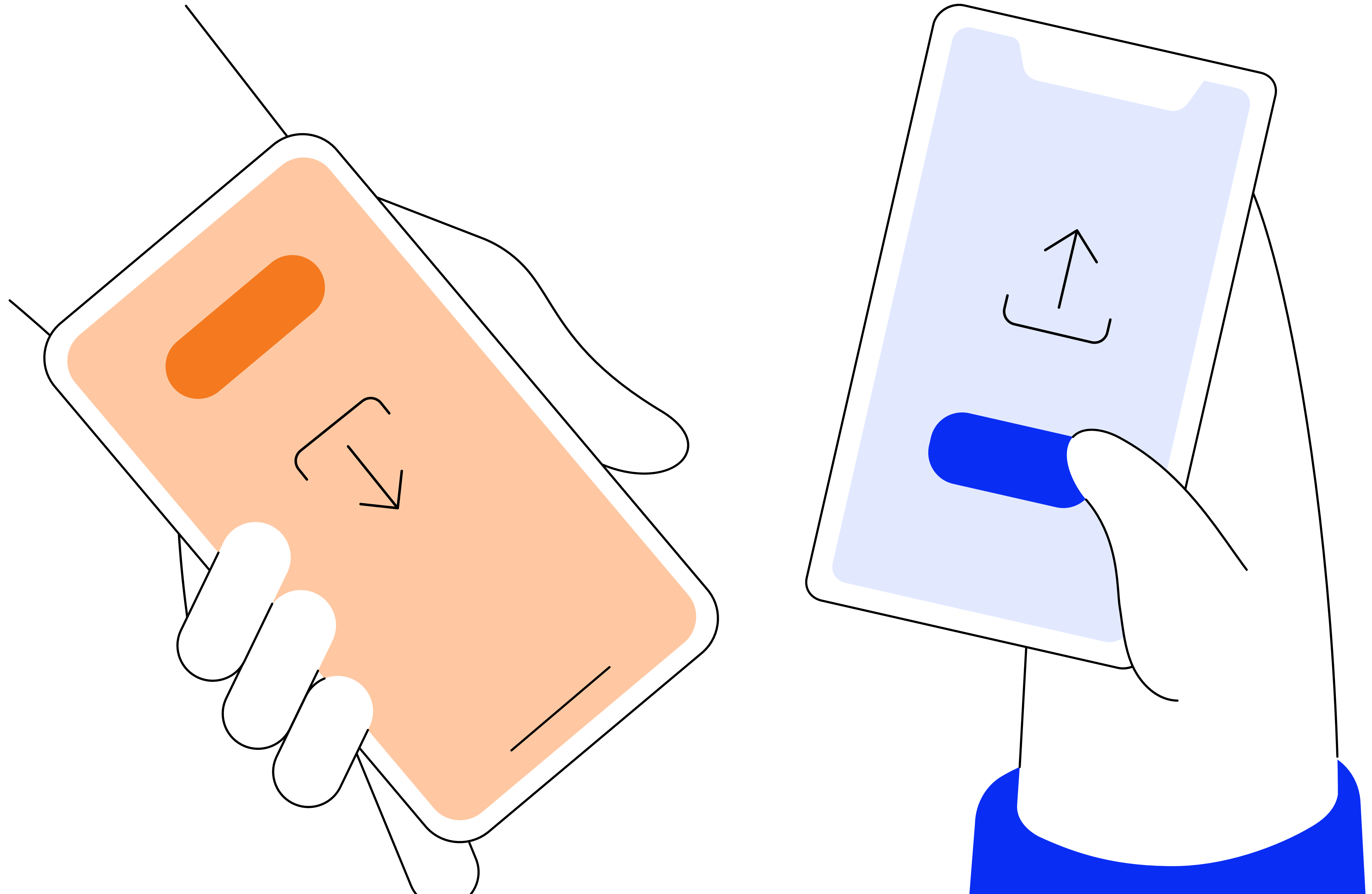
**For Smaller Publishers:**
Work with a global Merchant of Record with local expertise to handle compliance, licensing, and taxes.

"One major shift in gaming payments in Indonesia and across Asia is the rise of recurring payments beyond credit cards. Traditionally, subscription-based gaming models relied heavily on credit cards, but with the increasing adoption of local payment methods, we expect more platforms to offer recurring payments through e-wallets and direct debit. This will make subscriptions and in-game memberships more accessible to a broader user base, especially in regions where credit card penetration remains low."

**– Victor Kwan**
Head of Growth, Business & Marketing, DOKU

# I.
# KEY CONCEPTS TO KNOW AND GROW

Out-of-app distribution refers to the practice of publishing, promoting, and selling games and in-game content through platforms other than traditional app stores, such as the Google Play Store and Apple's App Store. What we are referring to with out-of-app distribution includes all of the following:



01 **Alternative App Stores** – Independent marketplaces where users can download games (e.g., TapTap, Huawei AppGallery).

02 **First Party Web Stores** – Web stores self-operated by a publisher or developer.

03 **Third-Party Web Stores** – Online platforms where users can buy in-game content directly from publishers or partners (e.g., Codashop, Xsolla).

04 **Local Carrier & Wallet Integrations** – Platforms that facilitate game distribution by enabling payments through carrier billing, digital wallets, and vouchers (e.g., GCash, TrueMoney).

05 **Retail & Offline Channels –** Prepaid game cards, digital codes, and vouchers sold in physical stores.

# II. MORE ABOUT FUNNELS

None of these concepts are new, but it is important to understand what we mean when we describe ways to improve access and streamline payments.

MARKETING FUNNEL

The marketing funnel covers all the steps players move through, from initial awareness of an app or title to eventually making a purchase. Publishers work with partners to build and expand their marketing funnel – the wider the funnel, the more opportunities they have for user acquisition and payment conversion.

Collaboration with partners gives publishers access to more distribution channels and media channels for discovery, such as banner ads, SMS blasts, influencer advocacy, local media, and more. Crucially, it unlocks access to more payment options to complete the funnel.

MONETIZATION

Monetization is the process of guiding a potential customer through the marketing funnel to ultimately generate sales and revenue. For digital content and games, three main monetization models exist:

1. Advertising-led
2. Subscription-led
3. Transactional

Each of these requires different strategies and tools to drive success, such as optimizing product availability, pricing, and promotions. The best monetization strategies will necessarily vary based on a title and its target audience.

# II.
# MORE ABOUT FUNNELS

DISTRIBUTION

Distribution is about selecting the right channels to make content available to target audiences. For games, this means reaching gamers. Digital content publishers distribute apps, in-app content, and add-ons both online and offline, but most importantly, they do this through both traditional and alternative channels. Diversifying distribution helps widen the funnel.

- **Traditional channels** refer to the Google Play Store and the Apple's App Store, which have long dominated the market.

- **Alternative channels** include other app stores, web stores, and offline stores, providing publishers with additional ways to reach their audience. Web stores can be operated directly by a publisher (first-party web stores) or may be part of digital marketplaces or e-retailers where a publisher offers content alongside other titles (third-party web stores).

PURCHASE/PAYMENTS

Payments are the final step of the marketing funnel, a critical point where potential customers become paying customers. If the process is cumbersome, unclear, or feels insecure, it can lead to lost sales.

A smooth, secure, and accessible payment experience can boost conversion, increase revenue, and drive customer loyalty. Different customers prefer different payment methods based on their location and the financial tools they use. While credit and debit cards are preferred in Western markets and on the Google Play Store and Apple's App Store, other popular payment methods in different regions include:

- Direct carrier billing
- Bank transfers
- Local e-wallets
- Other region-specific options

Publishers must provide the right mix of payment options tailored to their target market and the consumers using their app.

# III. ABOUT CODA

300+
publishers

300M+
paying customers worldwide

400+
employees globally

**Coda** was founded in 2011 and brings over a decade of experience in delivering commerce solutions and strategies that drive revenue growth. Trusted by more than 300 publishers – including industry titans like Activision, Bigo, Electronic Arts, Moonton, and Riot Games – We grow revenue and deepen customer engagement for our partners by connecting them to 300M+ paying customers worldwide.

We offer a range of commerce, payment and distribution solutions including Coda Custom Commerce, a fully customizable web store, Codapay, which provides direct API payment integration on publishers' websites, Coda Distribution, where we extend the reach of partner content across a global network of trusted commerce partners, including to Codashop, the go-to online marketplace for millions of gamers worldwide to purchase digital content.

Headquartered in Singapore with 400+ employees globally, we have recently been recognized as an **APAC High Growth Company (2023)** by the Financial Times, one of **Granite Asia's NextGenTech 30 (2024)**, a payments leader in **Fortune's Fintech Innovation Asia list (2024)**, and listed in **The Straits Times Fastest Growing Fintechs (2024)**.

# IV.
# ABOUT NIKO

Since
2002

20+
year in the game industry

13+
countries covered

**Niko Partners** has covered the games industry in Asia for over 20 years by helping our clients understand that global business requires local understanding and solutions.

Since 2002, we have been exclusively researching and analyzing the video games and esports markets and consumers in Asia and MENA.

We cover China, Egypt, India, Indonesia, Japan, Malaysia, Philippines, Saudi Arabia, Singapore, South Korea, Thailand, United Arab Emirates, and Vietnam.

Our year-round, ongoing data-driven market research informs and benefits all custom client work. We collect and aggregate data and news in the Asian and MENA countries we cover on a daily basis and conduct our own primary data collection.

We have a global team of analysts. Native speakers in the countries we cover conduct all of our primary research: fielding surveys, running focus group, talking to gamers, visiting events and venues, and regularly meeting with game company executives and government officials.

niko | CODA