

# Innovation and Inclusion

Experience from China's Mobile Payment Market

BA Jieru

Tencent Research Institute

August 16 2023

# Content

**01**

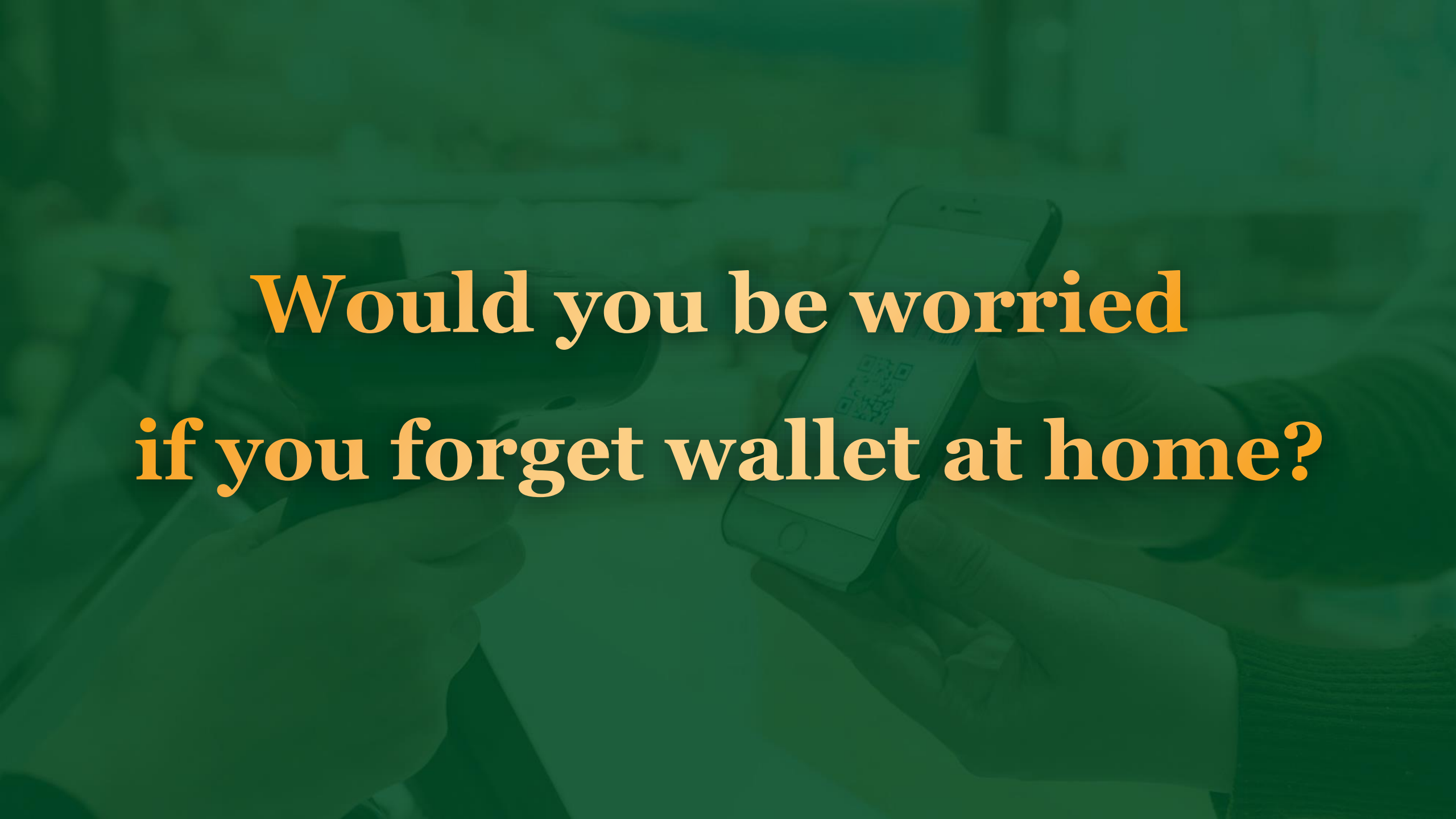
**The landscape of mobile payment market**

**02**

**Beyond Payment: Unlocking Inclusive Benefits**

**03**

**Summary and Future Outlook**

A person's hand is shown holding a smartphone over a coffee shop counter. The phone's screen displays a QR code, which is being scanned by a payment terminal. The background shows a blurred coffee shop environment with a counter and a person behind the counter. The entire image is overlaid with a semi-transparent green filter.

**Would you be worried  
if you forget wallet at home?**

CGTN



CIIE

For more news, download CGTN APP, and follow @CGTN on Twitter, Facebook, YouTube, Weibo, Wechat, Tumblr and Google



**01**

# **The landscape of mobile payment market**



**Expanding  
market size**

**High  
adoption  
rates**

**Diversity of  
participants**

# Expanding market size

## Mobile payments processed by banks and non-banks (2013-2022)



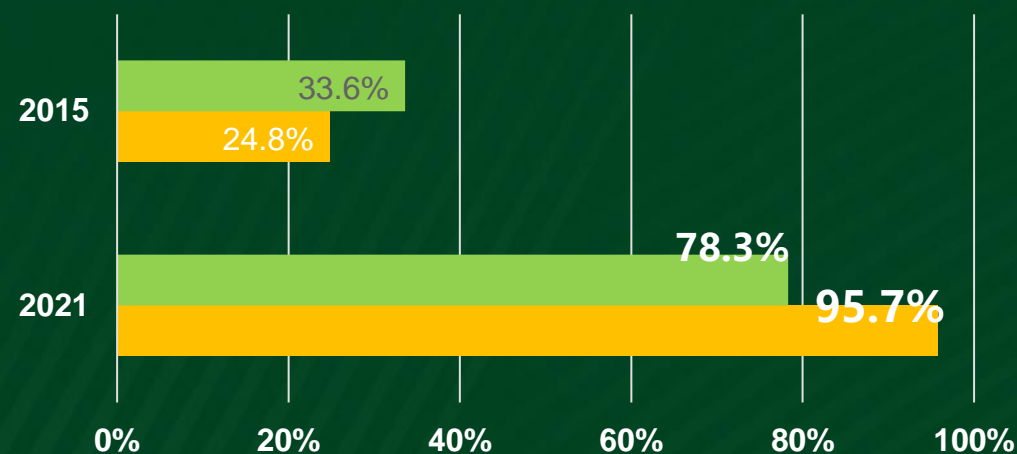
Source: People's bank of China; Payment and Clearing Association of China



# High adoption rates



## Increased popularity of M-payments and QR code payments



- Percentage of users using mobile payments daily
- Percentage of users adopting QR code-based payments



# Diversity of participants

Consumers

Commercial banks

Non-bank PSPs

Clearing houses

Outsourcing agents

Merchants





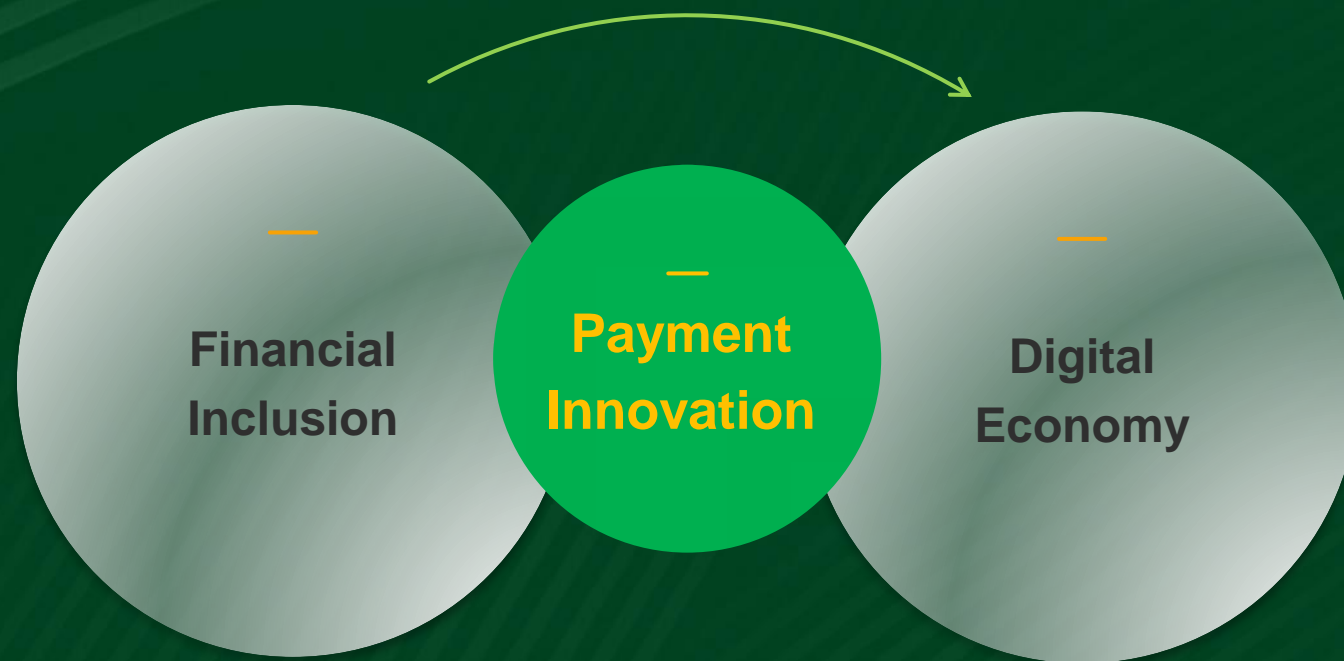
**02**

**Beyond Payment: Unlocking  
Inclusive Benefits**

Retail payments

Daily transactions

Finance & economy





# Promoting financial inclusion

## Payments and financial inclusion

---

- The relevance of sound and efficient retail payment systems and services for financial inclusion.
- Enhanced financial inclusion can bring efficiency gains to the retail payment system and to the National Payment System as a whole.

## A precondition for financial services

---

Access to transaction accounts and payment services is the first step for utilizing other financial services such as loans, insurance, and wealth management.

## Proven benefits of mobile payment

---

Properly regulated transaction account and basic payment services provided through mobile phones, seem to be well-suited for the unbanked and underbanked, e.g. in rural and isolated areas.

# Promoting financial inclusion

## WeBank: the first digital bank

- By the end of 2022, served over **360M** individual customers and **3.4M** MSMEs.
- **WeiLiDai** (consumer loans): average amount of 7600 yuan; 70% customers' borrowing costs below 100 yuan per loan; 46% customers from third-tier cities and below.
- **WeiYeDai** (MSMEs loans): average amount of 200,000 yuan; 50% customers' interest costs below 1,000 yuan per loan; 70% customers' annual business income below 10M yuan.

## We Remit: cross-border remittance

- One-stop cross-border remittance platform launched by Tencent Financial Technology, partnering with **20+** leading global remittance institutions, linking remittance users in **50+** countries and regions.
- Enabling overseas workers to conveniently send wages and support to their families.
- Making cross-border remittances as easy as sending a message, while ensuring security and compliance.





# Boosting digital economy

01

Payment and clearing process

02

Efficiency of funds distribution

03

Flexible and seamless integration

## E-commerce

The percentage of online retail sales in the total retail sales of social consumer goods

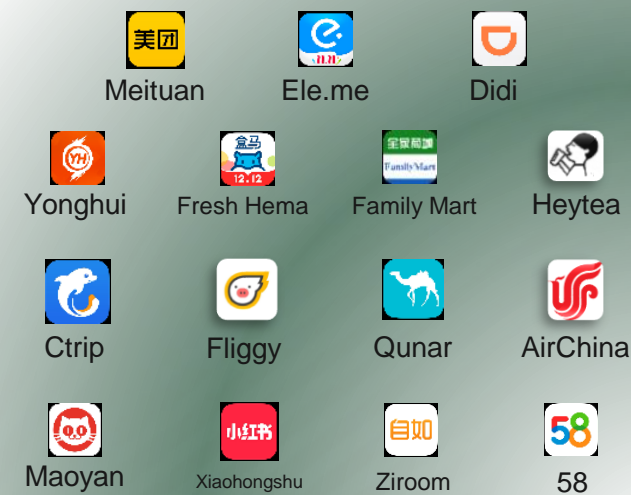
27.2%

Source: National Bureau of Statistics (2022)

## Online services



## Offline services



# Boosting digital economy

Mobile payment infrastructure laid a strong foundation during COVID-19 pandemic.



A person is using a handheld scanner to scan a smartphone. The phone's screen displays a QR code and a barcode. The background is a blurred image of a person's hands holding the scanner and phone. The entire image has a dark green overlay.

03

# Summary and Future Outlook



# Factors behind the success



## Well-developed Public infrastructure



- Introduction and adoption of high-speed, stable, and affordable telecom networks, as well as 2<sup>nd</sup> generation of China National Advanced Payment System (CNAPS2)



## Accommodative and prudential regulations



- Certain payment innovations have been subject to supervision at very early stages to balance efficiency and security (e.g. non-bank PSPs, QR code payments)



## Exploring innovations suited for local conditions



- Combining QR code technology with payment services based on mobile internet and smartphones, which is one of the easiest touch-free payment methods



# The rise of QR code payments



India



Philippines



Singapore



Indonesia



Vietnam



Malaysia

# Policy considerations for CAREC region

Efficient collaboration between public and private sectors



**Developing  
infrastructure**



**Enhancing  
regulations**



**Encouraging  
innovations**



## Pay like a local

Set up, link an international card and access over tens of millions of merchants.

Tencent 腾讯

微信支付

### Pay Like a Local

Tencent's Weixin Pay enhances  
the mobile payment experience  
for overseas visitors





A person is using a handheld scanner to scan a smartphone. The phone's screen displays a QR code and a barcode. The entire scene is overlaid with a semi-transparent green filter.

**Thanks**