

SNAPSHOT GUIDE TO ONLINE PAYMENT PLATFORMS FOR CHINESE VISITORS

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OVERVIEW

The use of online payment platforms has reshaped the way people pay for goods and services in China. Over the past five years, financial transactions are increasingly being handled through the use of advanced technology in a smartphone device, creating a fast and easy way for customers to pay for goods and services.

While there are over 700 million registered users of online payment platforms in China – who complete approximately 380 million transactions a day – use of these platforms in Australia is relatively limited.

In the year ending March 2017, 1.2 million Chinese visited Australia (up 12% from the previous year). Chinese visitors to Australia are the highest spending (\$9.2 billion in 2016, or around \$8,000 per visitor). Integrating online payment platforms recognised by Chinese visitors into business operations provides Australian businesses significant revenue yield opportunities and options better aligned to customer expectations.

ONLINE PAYMENT PLATFORMS

Also known as a digital wallet or e-wallet, these platforms are linked to a bank account, where transactions are processed without the use of a bank card i.e. similar to the way PayPal works. Online payment platforms can be used for purchases online or in-person.

How an online payment platform works:

1



Using a payment platform app, the customer generates a one-time QR code on their smartphone.

2



The merchant uses a small device to scan the QR code given by the customer to process payment for the purchase of goods or services.

3



In Australia, funds are in the merchant's account within two business days after the date of transaction.



AUSTRALIA'S ONLINE PAYMENT PLATFORM PROVIDERS



Paybang (Alipay)

- › Used for online shopping transactions as well as every day transactions like train tickets, groceries, utility bills and topping up phone credit.
- › MoU with Commonwealth Bank of Australia to develop payment solutions for Australian and Chinese consumers and retailers.
- › Users benefit from a host of Alibaba promotional events, including the singles day and Chinese New Year sales promotions.



RoyalPay (WeChat Pay)

- › The payment wallet is incorporated into WeChat – a widely used social mobile app that can be described as a combination of Facebook, Twitter and WhatsApp.
- › Strategy in Australia focuses on tourism operators including airports, major retailers, hotels, restaurants and major attractions. Secondary market includes Australian based retailers popular among the Chinese community.

There are other online payment platform providers in the market, including Baidu Wallet, Union Pay Flash, Apple Pay and PayPal.

USING ONLINE PAYMENT PLATFORMS FOR BUSINESS

According to these online payment providers, adoption of their platforms can provide businesses with:

- 1 Access to Chinese consumers:** over 70% of Chinese nationals use online payment platforms on their smartphones and this number is expected to grow. Integrating online payments into your business provides increased access to high-spending customers.
- 2 Competitive transaction fees:** using online payment platforms to receive funds from customers can incur lower transaction fees when compared to traditional methods.
- 3 Low cost and minimal set up:** some payment platforms have low cost and low hassle set up and installation requirements, compared with traditional point-of-sale systems.
- 4 Fast transaction settlement time:** usual settlement time with online payment platforms is T (transaction) + 2-3 business days, providing businesses with quick access to revenue.
- 5 Opportunities for merchant presence and promotion:** some payment platforms integrate location services that show the user nearby merchants who accept their chosen payment platform.

MORE INFORMATION ON ONLINE PAYMENT PLATFORMS

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