

# China Third-Party Payment Industry Report, 2015

Apr. 2015

## STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

## REPORT OBJECTIVES

- ◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- ◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- ◆ To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- ◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- ◆ To help company to succeed in a competitive market, and

## METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

## INFORMATION SOURCES

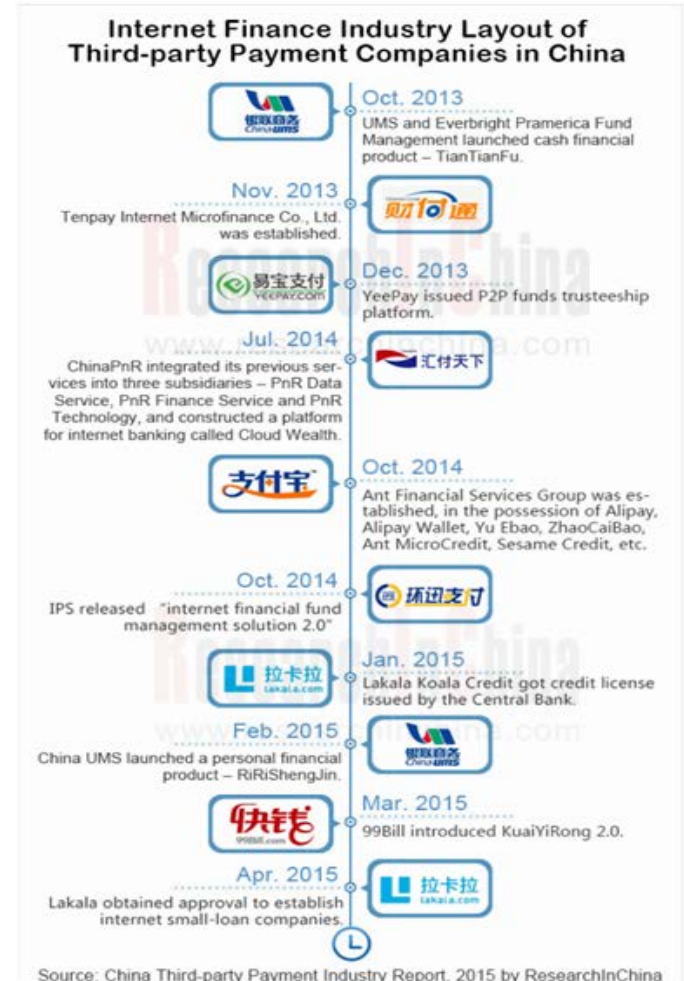
The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

## Abstract

The third-party payment industry led by internet payment, mobilepayment, prepaid card, POS (Point of Sale), etc. has continued to flourish since 2014, with market transaction scale hitting RMB23.3 trillion, a year-on-year increase of 35.47%, and 270 licensed companies (as of April 10, 2015), of which, Beijing has the largest number of 58. Third-party payment industry in China in the process of continuous development characterizes the followings:

⇒ Market segments perform differently: offline acquiring market shrinks while mobile payment market booms. In 2014, China's third-party offline acquiring market transaction scale dropped by 11.65% year on year, to RMB9.1 trillion. The tightening of regulatory policy towards third-party payment advanced the rectification of traditional offline acquiring market – a primary cause of shrinkage in the offline acquiring market. In the same year, China's third-party mobile payment market size reached RMB5.99247 trillion, soaring by 391.3% year on year, accounting for 25.72% of total transaction scale of third-party payment market (1.30% in 2009).

⇒ Third-party payment companies deepen the internet finance industry layout: represented by Alipay. On October 16, 2014, Zhejiang Ant Small & Micro Financial Services Group (Ant Financial) was established, in the possession of Alipay, Alipay Wallet, Yu Ebao, ZhaoCaiBao, Ant MicroCredit, Sesame Credit, etc.



⇒ More acquisitions will happen in third-party payment industry: there are 270 licensed companies in China's third-party payment market – a relatively saturated state no matter from the regulator's attitude in licensing or from the competition pattern. We can expect that acquisition will be an important way to break the pattern of market competition in the future.

At the end of 2014, China Wanda Group and 99Bill signed a strategic investment agreement, the former purchased a 68.7% stake in the latter at a price of USD315 million (about RMB2 billion) to step into internet finance.

The report highlights the followings:

- 1.Environment for the development of third-party payment industry in China, including policy environment, economic environment, technical environment, and social environment;
- 2.Analysis of user attribute and user behaviors in internet payment and mobile payment markets;
- 3.Development history, market scale, market structure and competition pattern of third-party payment industry in China;
- 4.Analysis of third-party payment market segments e.g. offline acquiring, internet payment, mobile payment and cross-border payment;
- 5.Analysis of 6 group-operated third-party payment companies in China, covering their development history, operation, business layout, partners, development strategy, etc.;
- 6.Analysis of 9 independently-operated third-party payment companies in China, including their development course, operation, business layout, partners, development strategy, etc.;
- 7.Analysis of 3 third-party payment companies owned by telecom operators in China, involving their development history, operation, business layout, partners, development strategy, etc.

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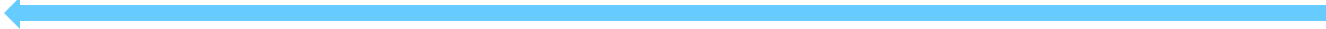
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