

The payment industry review

[Business](#), [Industries](#)



Alipay is an electronic payment system launched by Alibaba in 2003. Initially, alipay developed as an online payment platforms of online shopping website Taobao. Alipay acquired its first Payment Business Permit in 2011 distributed by People's Bank of China. It allow users to make payments through mobile phone. Currently, Alipay application have more than 270 million active users who can make payment to more than 200, 000 offline retail stores in China.

As shown in figure 1, Alipay supports variety of money-pertinent functions. For instance, fund transfer between end users, expeditious pay via Quick Response Codes (QR codes), flexible top up, paying services and in application payment using third-party application such as Asia United Bank Paymate (AUB Paymate) (Hugginghorizons, 2017). The Alipay application is free to install for consumers and transactions are free of charge while merchants are debited 0. 6 percent per transaction fee. However, big player merchants belongs to a distinct industry like gaming, and computing debited 1. 2 percent fee per transaction. Moreover, both consumers and merchants allowed to withdraw money free of charge from their alipay account to defined bank accounts.

Wechat app was launched by Tencent Group in China in 2011. Originally, it was designed to as a mobile instant messaging application which afford to deliver services similar to other instant messaging apps like voice and video chat, group chat, location sharing among many others. It also include functions like facebook such as posting a status updates and online games. Intertingly, Wechat is the most popular instant messaging app in China with more than one billion monthly active users (Statista, 2018). In 2014, Wechat launched its mobile payment system called Wechat Wallet combined into its

IM platform. The payment schemes are similar to Alipay such as quick pay feature via QR codes and in application payment third party apps such like AUB Paymate which uses the Wechat Wallet SDK.

Similarly, as shown in figure 2, the app also include features like Alipay such as mobile phone bill and municipal services payments. In 2015, a year after the launching of the app, it has more than 400 million users. Moreover, the charger and fees are akin to the Alipay which charges 0. 6 percent to merchants per transaction and two percent for the merchants belongs to a specific industry like computing or online gaming. However, on March 1, 2016, Tencent made changes to their terms and conditions of use. The transfer of funds up to 1000 yuan from their Wechat Wallet account to their specific bank is free of charge. But users will be charged 0. 1 percent withdrawal fee.

Asia United Bank PayMate (AUB PayMate)

AUB PayMate developed and debuted by Asia United Bank on November 2017. The main driving factor why AUB PayMate was launched in the Philippines was that, according to country's tourism department report, China is the second largest foreign visitors in the Philippines. The Tourism Secretary Wanda Tulfo-teo stated that they will extend welcoming Chinese tourist in the country as component of the enhanced political relationship to between the two country China and Philippines. The result is staggering because Chinese tourists who come to visit the country dramatically increased. This brought opportunities to merchants and related industries which experienced sales are increasing and multiplying. In this, several merchants partnered to AUB PayMate to cater the needs of Chinese tourist to

make payment using their electronic wallet such as Wechat Wallet and Alipay (Abadilla, 2017). AUB Paymate is a mobile application that accepts Wechat and Alipay payments from Chinese tourist in the Philippines. It allows payment schemes from several merchants in the country such as for dining, shopping, hotel and other tourist associated activities. The main interesting feature of AUB PayMate is that it permits transfer of fund of Chinese tourists in the philippines without the need of converting their cash into Philippines Peso because the application itself will do the real time currency conversion. Currently, main tourist destinations in the Philippines are integrated with AUB Paymate such as Boracay, Bohol, Cebu and Palawan. Also, the Robinsons Retail Holdings' department store, supermarket, handyman, appliances, Toys " R" Us and Daiso Japan which located in Ermita, Manila is capable of accepting payment from Chinese tourists through AUB PayMate.

Coins. ph

In 2014, Ron Hose and Runar Petursson launched the coins. ph in the Philippines. Coins. ph is mobile application platform that uses blockchain framework "Blockchain and Financial Inclusion" defined blockchain as a structure that allows transaction of properties via internet and has the possibility to make world a more translucent, efficient, secure and auditable place. Blockchain can address some problems by providing economical and convenient financial access. Further, blockchain structures information in a chain of blocks which associated together by a hint from the preceding blocks, assembled as a chain. Coins. ph' objective is to serve the unbanked or underbanked. It has over half a million user and piled as one of the world's best applications of bitcoin and blockchain ("Blockchain and Financial

Inclusion”, 2017). Furthermore, the first service offered was for remittances of overseas Filipino workers. Today, Coins. ph offers a variety of services such as direct wallet transfers, payment of bills, mobile top-ups, remittances and online shopping. It also partnered with pawnshops, banks, payment centers to offer cash delivery services across the country.

SWOT Analysis of AUB PayMate and Coins. ph

Instantly process Alipay and WeChat Pay payments from Chinese tourists in the Philippines. Opening an account is convenient. Access to real time daily payment transactions. It will automatically record all the transactions made. This will allow the consumers to know where their money goes. Real-time currency conversion. Chinese tourists are need not to convert their currency to Philippine Peso.

Opening a Coins. ph account is easier. Registration in coins. ph was made easier by providing your basic information using the application installed in the smartphone. There are no minimum cash-in amounts or monthly fees. When serving low-risk individuals, they can take advantage of reduced due diligence for those individuals. The “ Know Your Customer” policy is done through selfie together with their government issued identification. It supports a variety of services from different partners such as telecom, cable channel provider, Coins exchange, credit card, donation, government, home credit, insurance, educational institution and utilities.

Decreasing fixed overhead costs. By not relying to bank infrastructure, this may turn into efficient and affordable pricing. Blockchain supports Coins. ph to decrease the transaction cost incur by the banks. Access to real time daily

payment transactions. Coins. ph will keep all your transaction history.

Regulated by Bangko Sentral ng Pilipinas (BSP). Availability of mobile top-ups. Coins. ph have partnered with payment centers, banks, pawnshops and 7-eleven connect to serve consumers for cash-in.

Weaknesses

Available for Chinese tourists only. AUB PayMate is limited to Chinese tourists which may hinder their national and global expansion. Limited number of outlets available. Services are available to Boracay, Cebu, Palawan, Bohol and to Robinsons Retails Holdings stores located in Ermita, Manila. Safety and Privacy Problem. Bills payment is not included. Unlike other electronic payment methods, AUB PayMate does not offer these services.

Security and Privacy problems. In registration it will require the user to take a selfie with the government issued identification card with your ID number exposed. There is no guaranteed protection for customers in blockchain.

Opportunities:

Attract more Chinese tourists.

Open new business ventures to locals.

Increase economic stability.

The omnipresence of smartphones and mobile applications: Online transaction and payments are generally accepted by younger generation.

Bitcoin opportunities are starting to shape. Bitcoin miners will start to integrate their cash inflow to bitcoin.

Threats: New entrants. Since the AUB PayMate is just eight-month old.

There's a possibility for new entrants to arise providing similar or more sophisticated services. Competition to traditional bank's online services.

Traditional banks in the Philippines are starting to revise their business and financial model to online services which offers similar services to coins. ph

Restrictions and regulations from traditional bank and government.