

MOBILE PAYMENTS IN CHINA

Content

Market Overview

A New Revolution

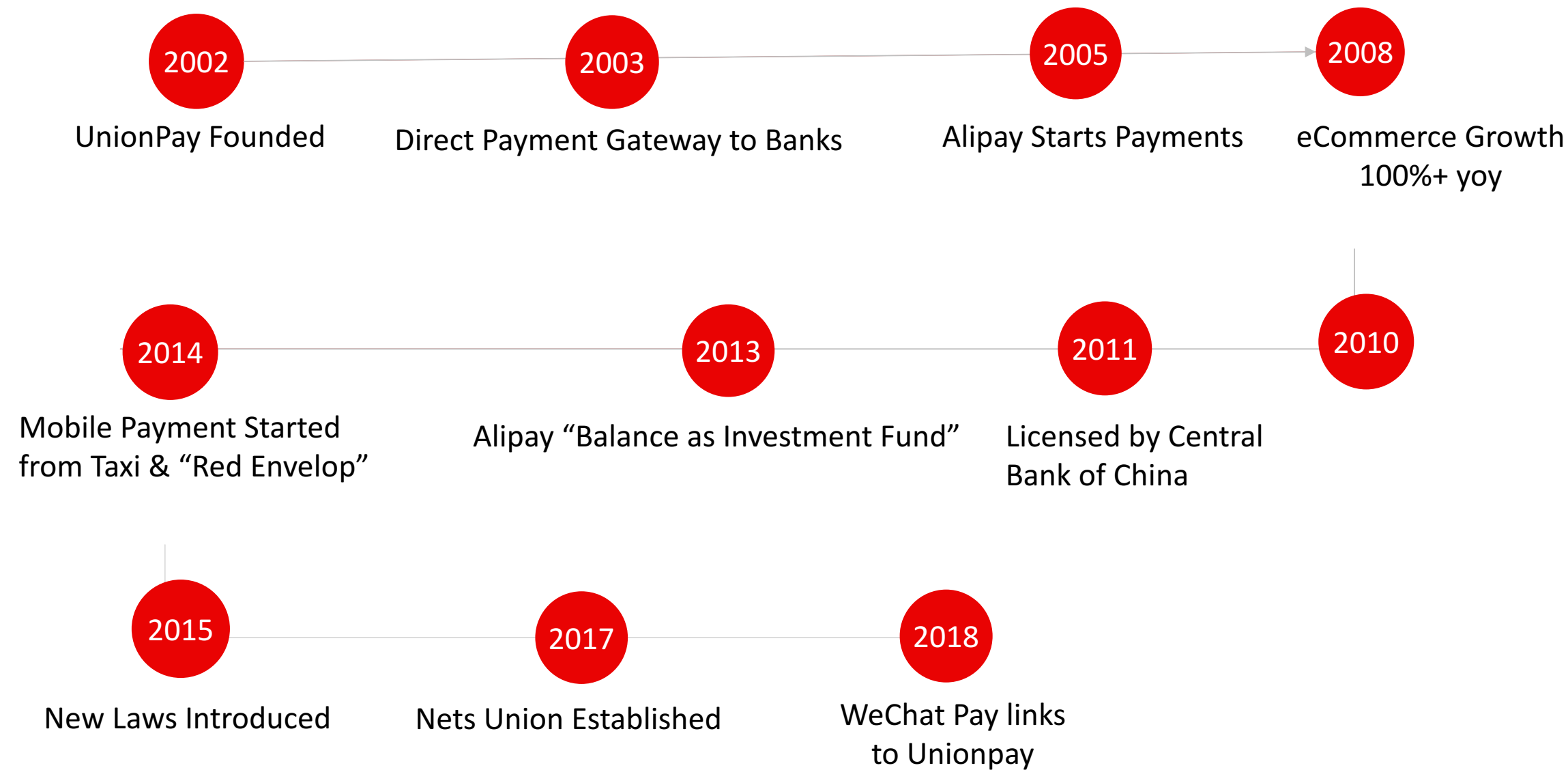
Challenges & Opportunities



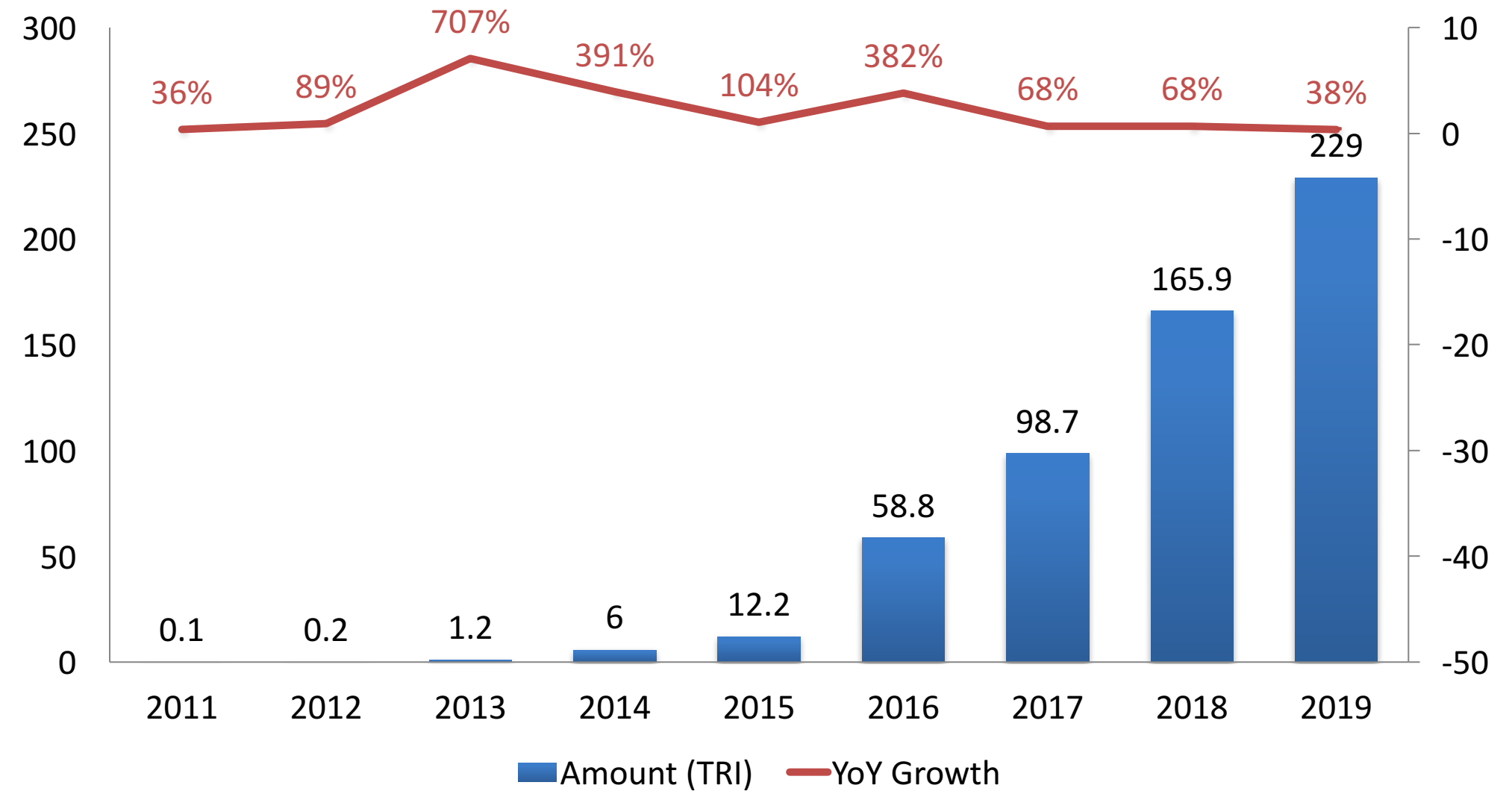
Market Overview



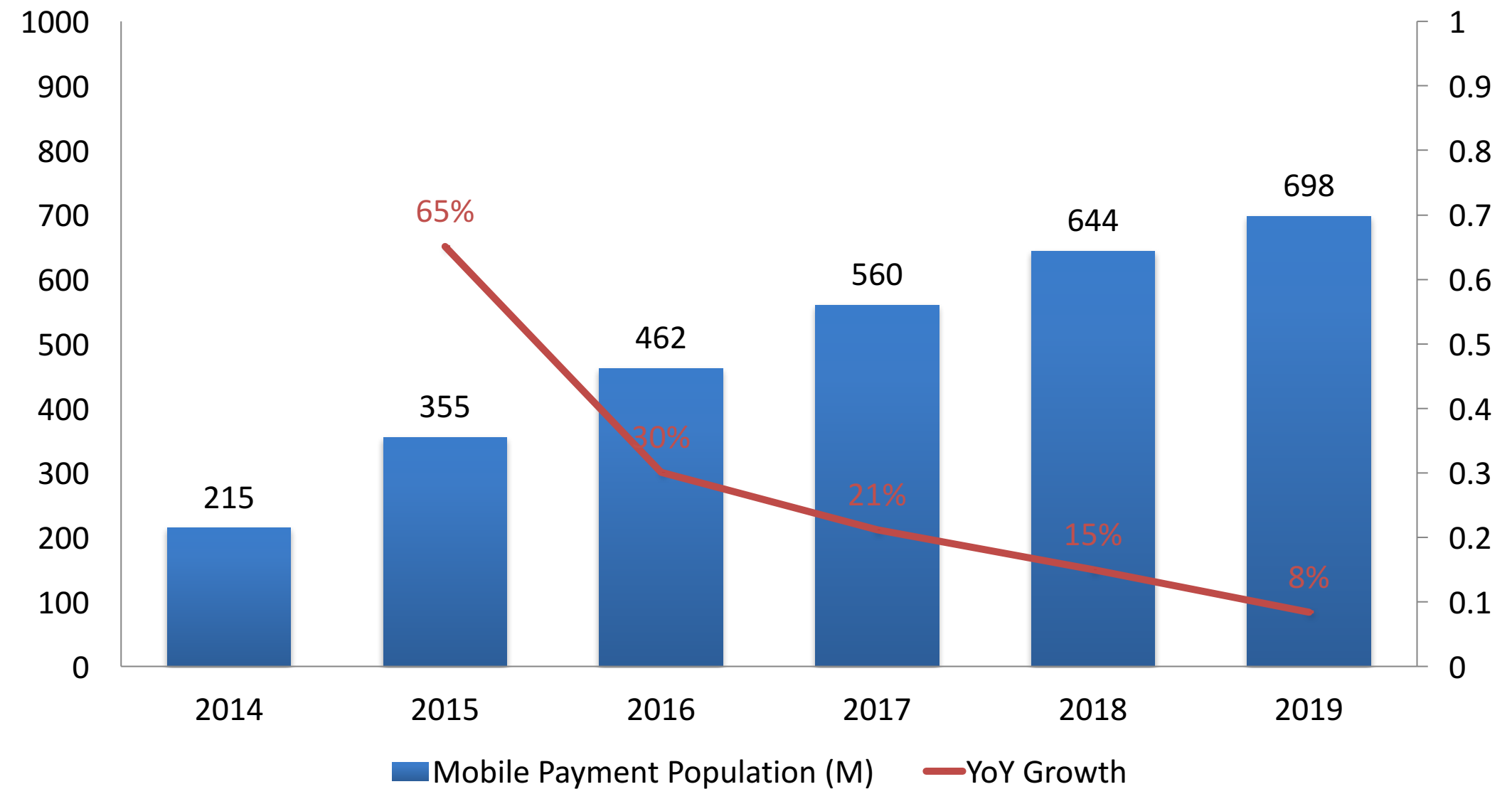
Non-Bank Payment Milestones



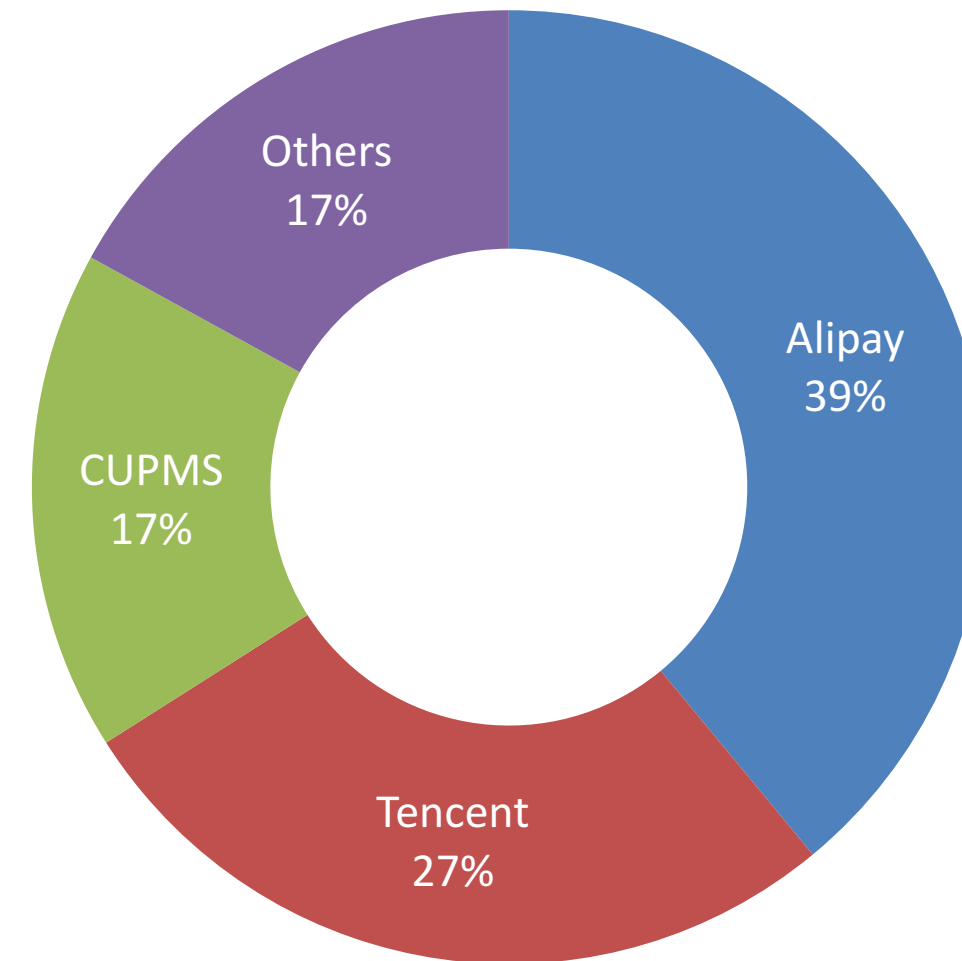
Mobile Payments in China



Mobile Payment Population



Non-Bank Payment Market Share



Data until Q2 2017

Mobile Payment Timing



Payment Gateway to Banks



Fast Growth of E-commerce



Smart Device Penetration



Incentives from Two Major Players



Authority Approval

A decorative horizontal banner with a wavy, undulating shape. It features a color gradient from a muted blue on the left to a vibrant teal on the right. The text "A New Revolution" is centered within the banner in a white, bold, sans-serif font.

A New Revolution



Mobile Payment Technology

NFC

- Fast & fluent, perfect user experience but heavy device cost
- Pure payment
- App irrelevant

QR Code

- Fast, good user experience, low cost device
- App binding
- Easy business integration (loyalty, promotion, discount, targeting advertisement...)

Smart Terminals

- Merchant business integration

MPOS

- Mobile merchant solution for micro market (personal financing)
- QR code reader and generator

Why QR code over NFC?



- QR Easy integration with business applications
- QR Low equipment cost
- NFC long interest chain
- 4-side mode over 3-side model

Mobile Payment Revenue Generator

- Payment as a profitable business
- Classic business model, MDR
- Relatively low rate, but huge revenue
- Trillion-scale market

Mobile Payment O2O Infrastructure

Offline and online business merging;
Entry point to diversified consuming scenes;
Infrastructure for new consuming.

Mobile Payment closes the O2O loop



Mobile Payment makes the Entry Point



Mobile Payment builds the infrastructure



Business Model Migration

MDR

- The classic, traditional way
- Reliable but under challenge

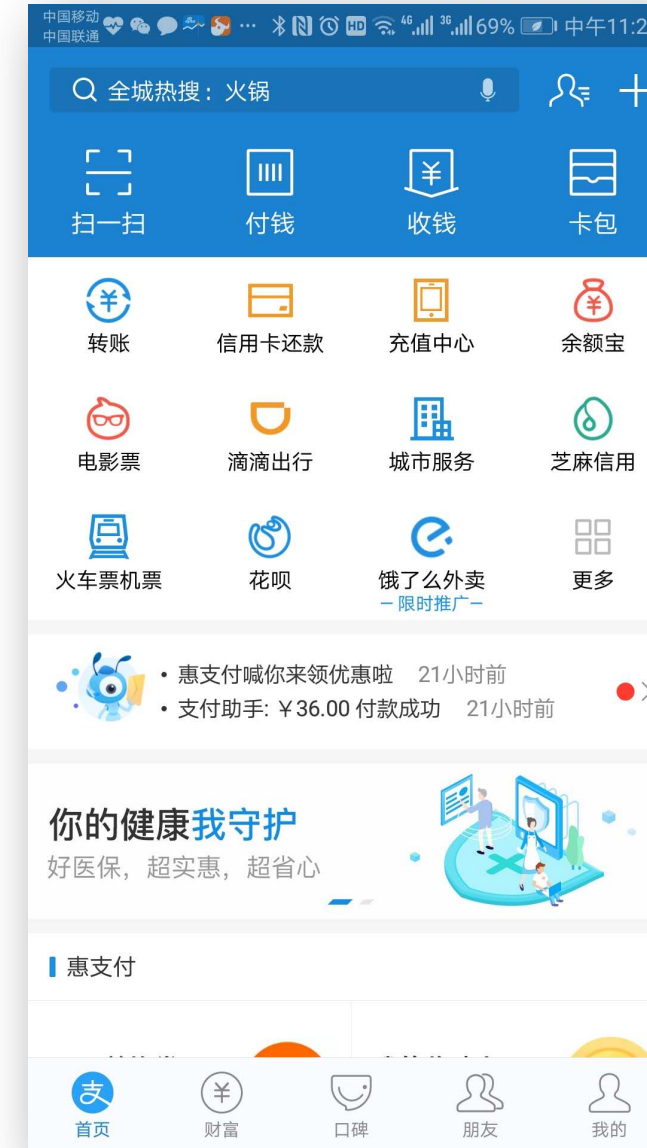
Software

- First level migration, ERP, business automation...

VAR

- Using payment as an entry point
- Big data application, loyalty, consumer behavior analysis...

Mobile Payment Access Point to a New Space

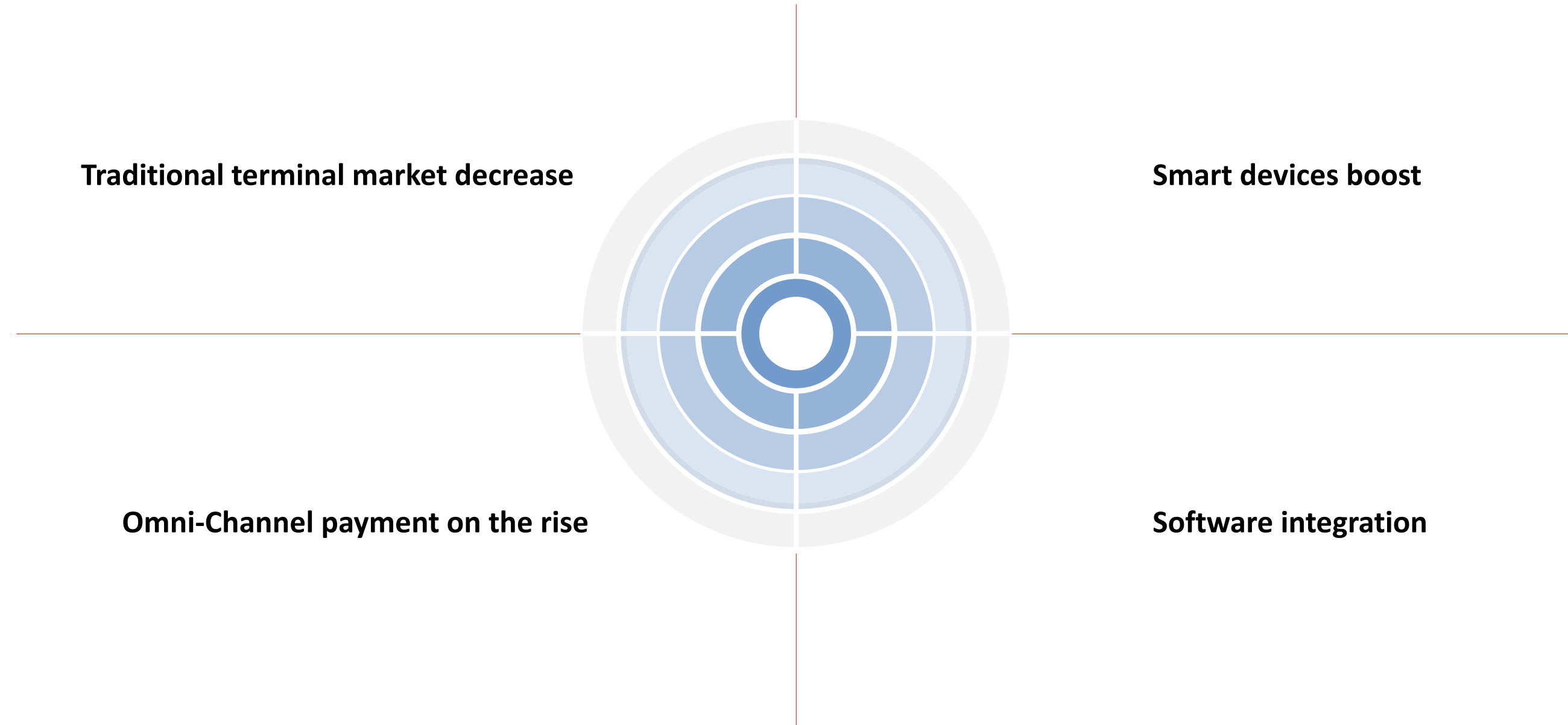


- **Payment**
 - Communication, tickets, credit cards
- **Big Data & Marketing**
 - Third-party service promotion
- **Security**
 - Facial recognition for payment
- **Investment**
 - funds
- **Loans & Financing**
 - Pay-day loans
- **Services**
 - Taxi, donations

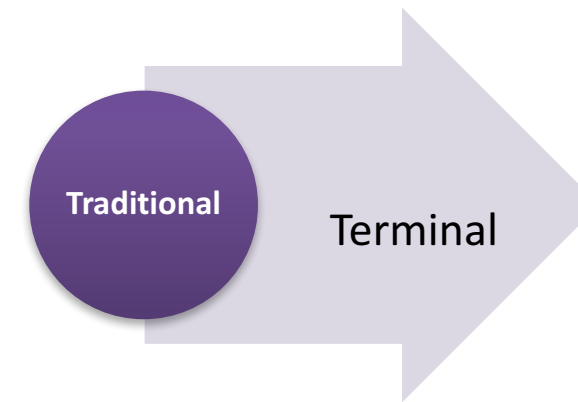
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Challenges & Opportunities

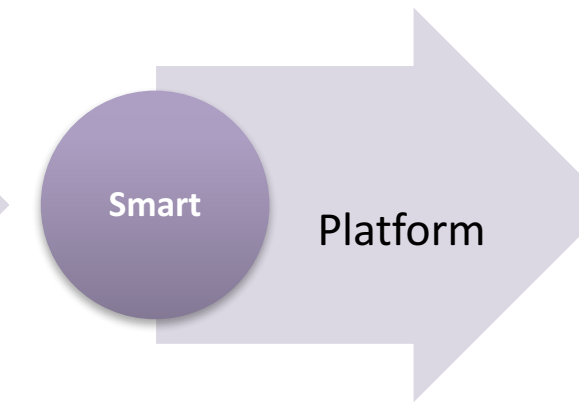
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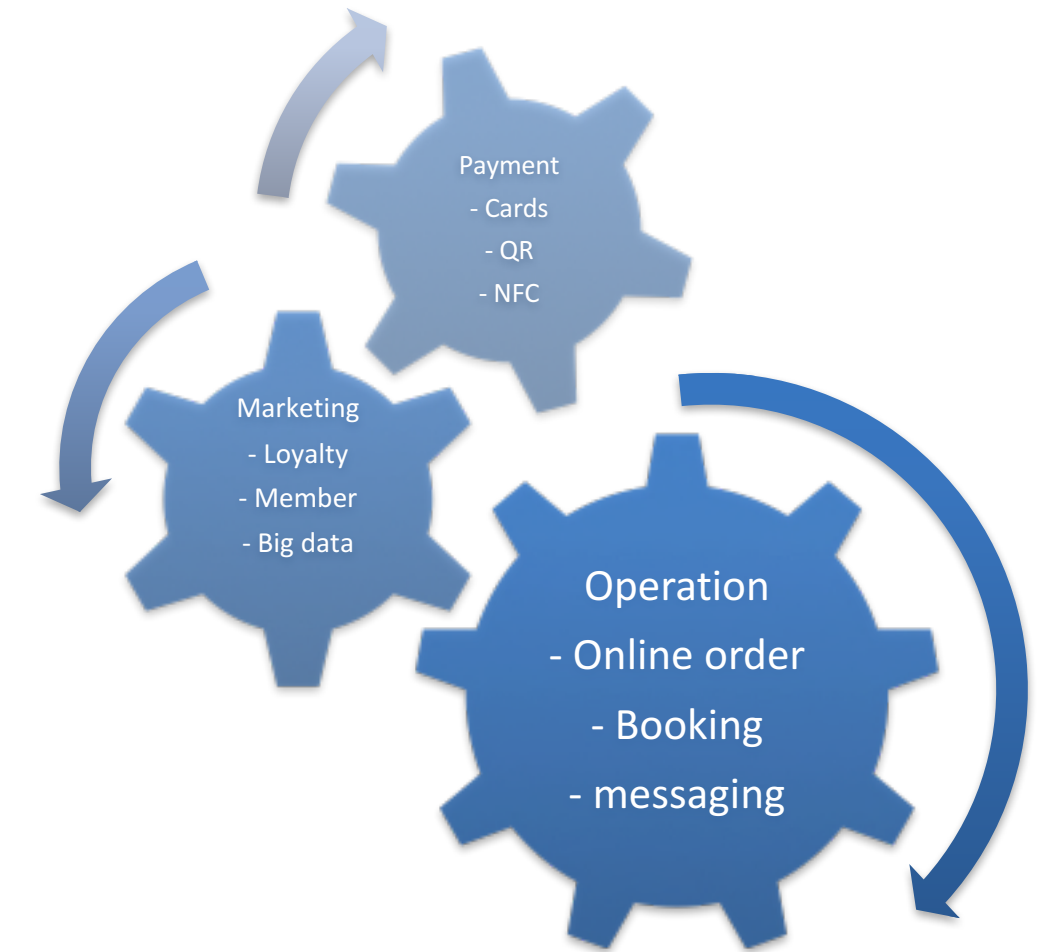
Payment Terminal Evolution



- Security
- Data capture
- Payment only



- Platform of APPs
- Solution to payment
- Solution to business



Independent Software Vendors A New Evolution

- Time for true added-value
- Omni channel payment as a must
- Value-added solutions needed
- New business model and new revenue sources
- Service quality is vital

The Next Wave

1

Biological identification?

2

Block chain?

3

Device free, everything on cloud?



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