

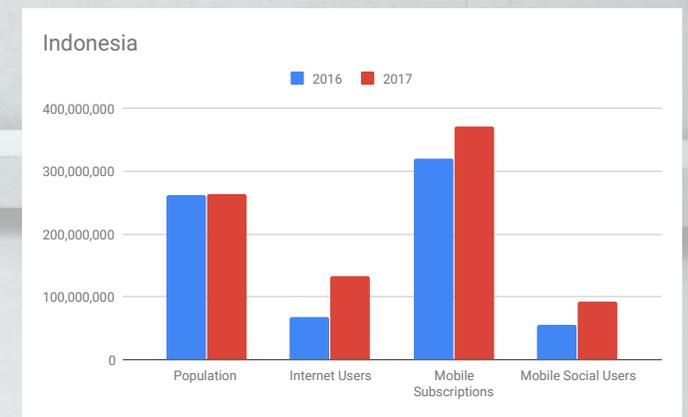
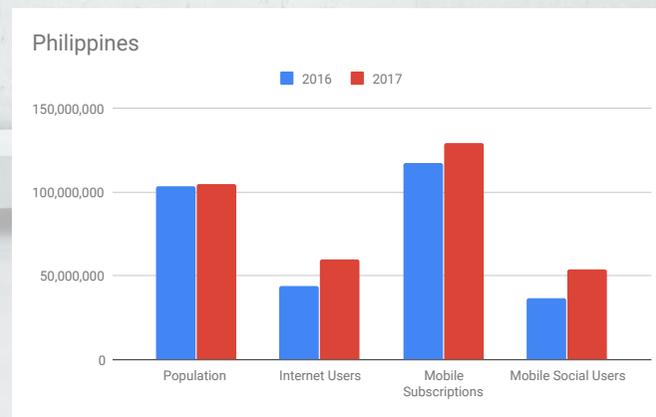
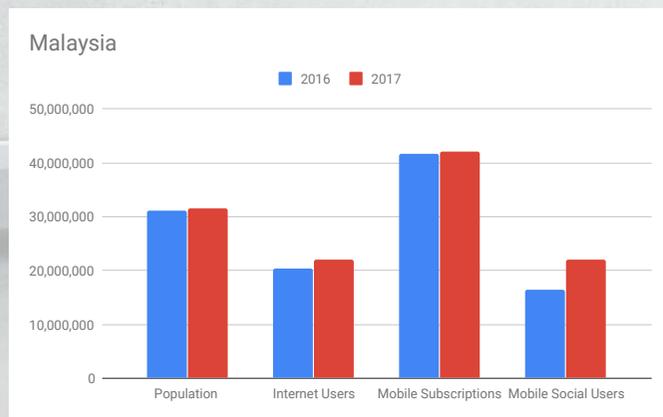
eWallets IN SOUTH EAST ASIA

A report by Jacob Harris-Bashir

Current standing for mobile usage:

Mobile phone usage and exposure throughout SEA is on a rapid climb. With this increase, it opens the doors for many different services to reach a wider audience and further integration across the region. One industry that benefits from being able to reach a high percentage of people is the eWallets industry. China is currently dominated by **Alipay** and **WeChat** as the options for mobile payments.

These 2 companies combined have over **1.4 Billion monthly users**, the vast majority of which are Chinese nationals. Indonesia is currently standing at a very low market penetration (3% as of 2017). Mobile payment is not a market that will grow strongly without key enablers such as infrastructure, usage behaviour and regulatory/government support. Local preferences weigh heavily on whether a system will take off in the local market.



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ROADBLOCKS:

Companies such as Tencent (WeChat) are looking to expand across SEA but there are issues with getting permission to operate within other regions. The fear of government obstruction and the struggle to gain the right to operate as an eWallet in many SEA countries acts as a speed-bump in the road to becoming a dominant force.

Many Chinese companies are strongly tied with their government and this raises the question of their ability to function and stand without that level of backing and support. In addition to this, they must compete with the start-up local eWallet companies. While the growth in popularity of local eWallet companies is good as it helps increase the number of business owners and vendors that support mobile payments.

It also becomes an issue for travelers as they are forced to download multiple applications for payment depending on the city or country they are in, this could act as a deterrent and stunt the expansion of eWallets. An industry expert that we spoke to stated that he believed that a large number of start-up companies will die as time progresses leading to a number of defunct payment options.

FACTORS FOR SUCCESS :

China is a golden example of country that has gone seamlessly towards becoming cashless. The foundation for a successful shift towards mobile payments and eWallets is ensuring that there are supporting infrastructures in place to support. We can see such foundations succeeding inside Malaysia, throughout the country the Bank Negara Malaysia has issued the ICTF (Interoperable Credit Transfer Framework).

This allows for free and fair access to an open shared payment infrastructure, enabling simple and easy transfers between banks and non bank eWallets and payment solutions, it also eliminated one of the earlier specified roadblocks of having to use multiple applications with multiple balances in each wallet by increasing interoperability.

By having this infrastructure in place, alongside government backing and support, it allows new customers and vendors to feel safer and more secure when adopting this new system of payment.

TOURISM:

Tourism plays a big role in a lot of SEA economies, payment options centralized around mobile devices can make travel a lot easier. China is very well placed within the region and contributes towards a large portion of tourism throughout SEA. Larger numbers of Chinese tourists traveling throughout SEA have both pros and cons.

Many countries are banning tourists from visiting certain areas or attractions due to the environmental impact that this influx of tourism is causing. A benefit is the contribution that they make to the country's economy through commerce.

Benefits and negatives aside, there are clear signs of the influence that this is having on SEA, a large number of vendors are now displaying QR codes in order to accommodate customers looking to use WeChat Pay or Alipay. This adoption from vendors initially was solely for the purpose of enticing tourists to the business, however many residents are in possession of smartphones capable of making use of this service, causing it to become a big driving force in terms of marketing the service to potential users.

WHAT THIS MEANS FOR TALENT

With competition coming from both China and the US, both fighting over dominance in SEA's steadily growing payments industry we cannot be sure as to which will succeed however what we can tell is that there is a high demand for talent across various roles as start-ups look to gain traction and well-established companies look to expand their reach. From compliance and legal experts to developers and marketers, when such a big opportunity becomes apparent and so many businesses jump into it, it is only natural that the need for talent will skyrocket throughout many departments.

The experts within the industry have unanimously pointed out that nearly all department are lacking in talent since there are so many simultaneous expansions and new players to the market, however the main high priority roles consist of legal roles, innovative developers and government relations professionals.

POST DISCUSSION ADDITIONS:

GDP

Malaysia - 314.5 Billion (2017)
Philippines - 313.6 Billion (2017)
Indonesia - 1,016 Trillion (2017)

COMPARISON

Global - 80.6838 Trillion (2017)
USA - 19.3906 Trillion (2017)

ALIBABA INVESTMENTS

- Tokopedia (e-Commerce)
- Lazada (e-Commerce)
- GrabPay (In the process, also in the process of being invested in by SoftBank)
- Tencent investments
- GoJek (Biggest eWallet in Indonesia also invested by google)