



Fintech in China: The Future of Finance?

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Super-Apps Fuse Finance and Tech

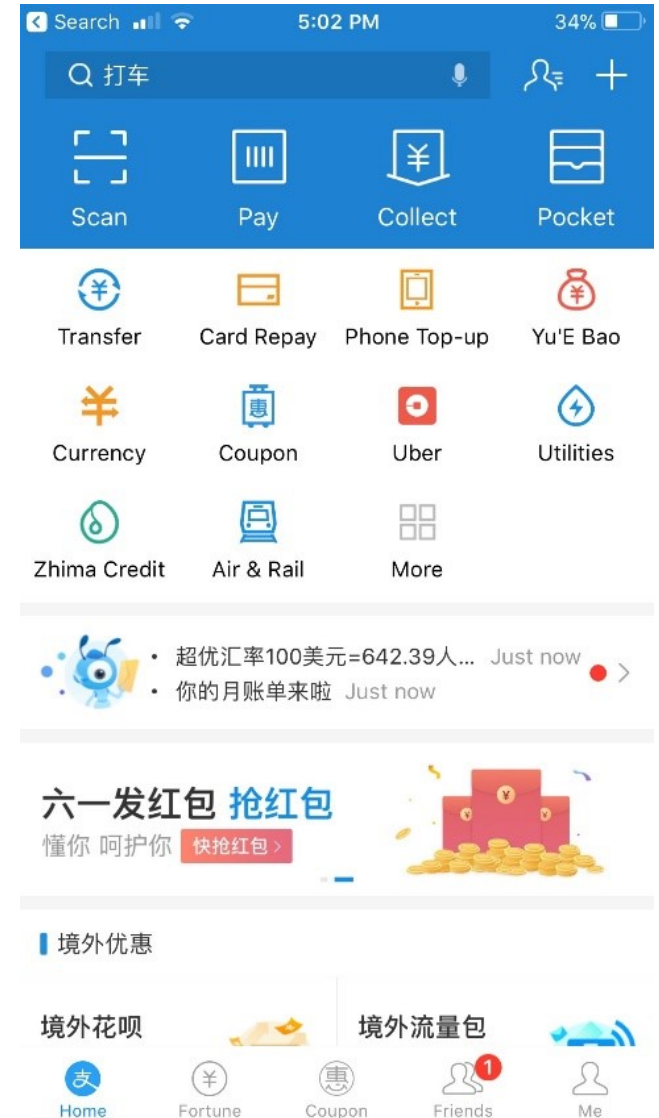
"It blurs the line between your life and the Internet" –Alibaba CEO Jonathan Lu



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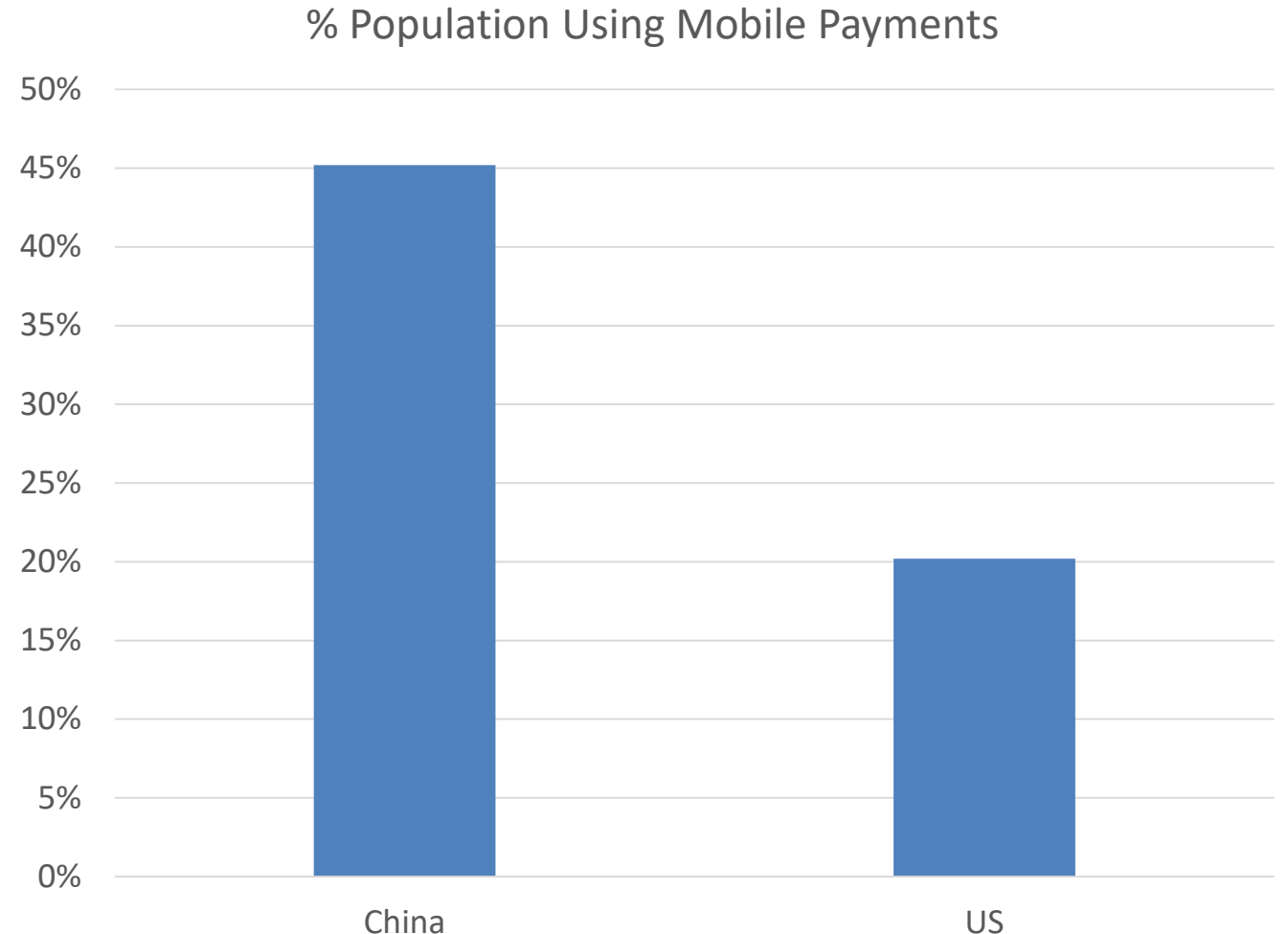
微信
WECHAT





How Big Is It?

- 588m users, 1/3 of China's population, invested in Alibaba Yu'E Bao
- P2P Lending: Peak of 1 trillion RMB in mid-2018
- Online Payments Q3 2018:
 - Paypal \$143b
 - China Nonbank: \$7.6 trillion (52 trillion RMB)



Source: eMarketer



How did China Do It?

Two Track Regulation

- Financial Repression/Gov Service for Banks
- Free reign for fintech starting in 2002

Internet Firms Build Own Financial Infrastructure

- Imagine if Facebook & Visa entered payments at same time
- Couldn't just accept credit cards
- Trust issue

Right from Cash to Mobile,
No Rewards Lock-In



International Considerations

Convenience versus Privacy

- Two platforms with more data than any US firms
- Privacy legislation coming

Market Power

- Central bank worried about monopolistic practices
- Forced data sharing to level playing field?

Risk versus Innovation

- Lax consumer protections to develop fast sensible in CN
- Less so in developed economies