



Chinese Fintech Goes Global



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“[Not accepting Alipay is] a bit like not offering air conditioning in a car. If you’re a serious player in the world of payments you cannot say ‘No, I won’t do that...’” -Jacques Behr, then-head of Europe and Africa for Ingenico, 2016

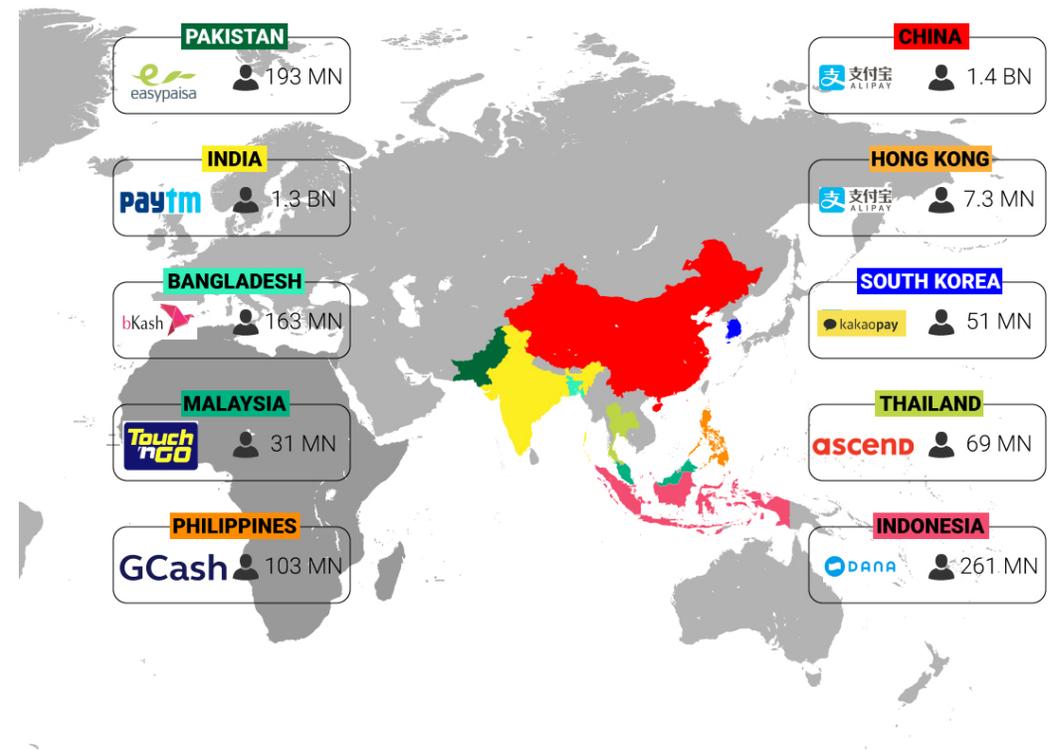


Chinese Super Apps Coming for Your Wallet

- Ant Financial has major stakes in 9 countries' local fintech firms.
- These “local versions of Alipay” have hundreds of millions of users in countries like India, Thailand, and Korea.
- Alipay is accepted in 56 markets outside mainland China and handles dozens of currencies. Tencent’s WeChat is similar.

DEVELOPMENT OF GLOCAL E-WALLETS

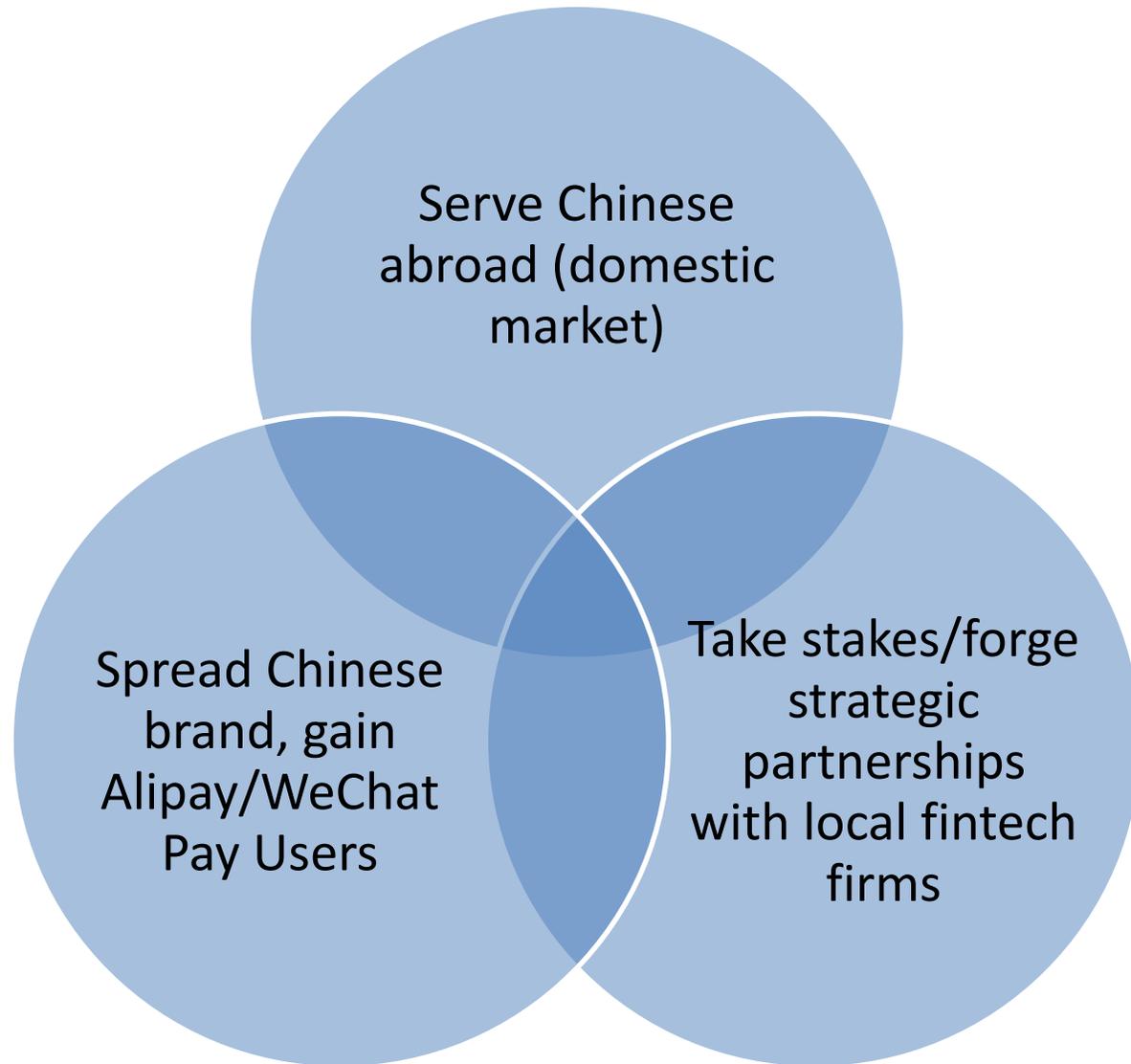
Ant Financial's local e-Wallets cover many of the world's largest markets and fastest growing economies



POPULATION



Internationalization Strategy



Advantages of Chinese Fintech Giants:

- Connection with Chinese tourist spending
- Compelling partners for local fintech companies
- Cutting edge technology for anti-fraud and large payment volumes



Challenges for Internationalization Strategy

Reciprocity and Protectionism:

- Chinese model means foreigners (even Chinese) kept out to protect local champions
- Worries of end-running local financial institutions and regulations (ex: Nepal)

Fintech and National Security

- Financial data is “sensitive” for CFIUS and other countries (ex: Ant purchase of MoneyGram blocked)
- Relationship with the Chinese state can lead to exclusion and limited trust abroad

Localization

- “Super app” model may not work outside China (ex: WeChat fails twice in India)
- Protection led to excessive adaptation for home market

Lack Advantages Key to Success in China

- Established user base and trust
- Market dominance in other niches



Implications

Not just data flows: banned Chinese P2P spreading criminal activity to Vietnam and Indonesia. One fraud funneled millions to Myanmar militias

Data from super apps abroad would be advantage to Ant Financial/Tencent in A.I. development, especially global applications

Alternative model of financial & tech development pitted against American payment companies. Watch intersection of tech and geopolitics in digital currency