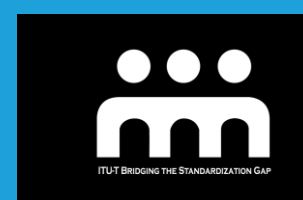


REGIONAL STANDARDIZATION FORUM (RSF) FOR ASIA

Xi'an, China, 27 August 2018



Regional Standardization Forum
Emerging Economic,
Regulatory and Policy Trends
in a Fast-Changing Digital World

Xi'an, China, 27 August 2018

Mobile Financial Service: Current Situation and Future Direction

Wang Juan

Associate Professor & Academic leader

XUPT

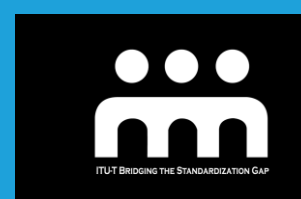
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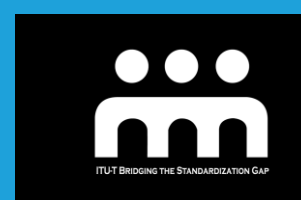




Index 目录

- 01 Background
发展背景
- 02 Current situation
发展现状
- 03 Pilot Exercise
示范应用
- 04 Trend Analysis
趋势分析
- 05 New Form
发展新形式





PART

Background

ONE



Changes in the social external environment

Changes in the social external environment have changed the way institutions and customers connect, including the formulation of policies, the expansion of market size, changes in consumer habits and the updating of technology.

Policy Formulate

- 《 Guidance on promoting the healthy development of mobile financial technology 》
- 《 Promoting the development plan of inclusive finance (2016-2020) 》

Market Expanding

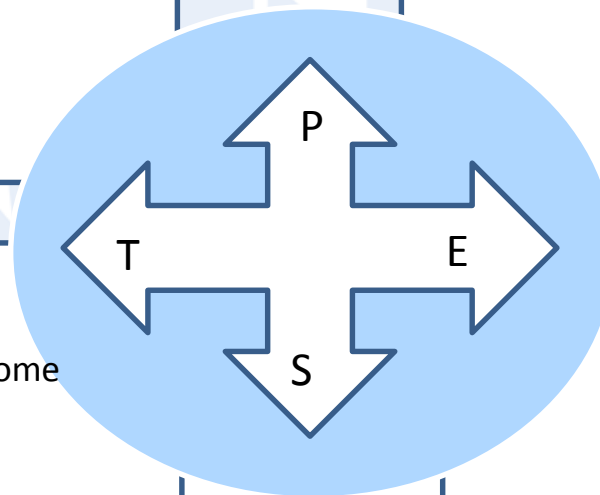
- China's mobile Internet market reached 3 trillion RMB in 2015, up 129.2%. It is expected to reach 7654.7 billion RMB in 2018.
- In 2016, the average income of Chinese households was 1.034 million RMB, and the total amount of investable assets of Chinese households was 147.5 trillion RMB.

Habits Changing

- The Internet and mobile Internet have gradually become the main consumption force of the new generation.
- The infrastructure of mobile Internet is constantly mature, and users' information acquisition and consumption demands show casual and real-time features.

Technology Updating

- 4G has become the core network. Wireless broadband technologies such as WLAN、WIMAX、RFID and ZIG-Bee have emerged and expanded their application range.
- In terms of financial mobile payment in 2016, payment labeling technical specifications were implemented to ensure the security of users' sensitive data.

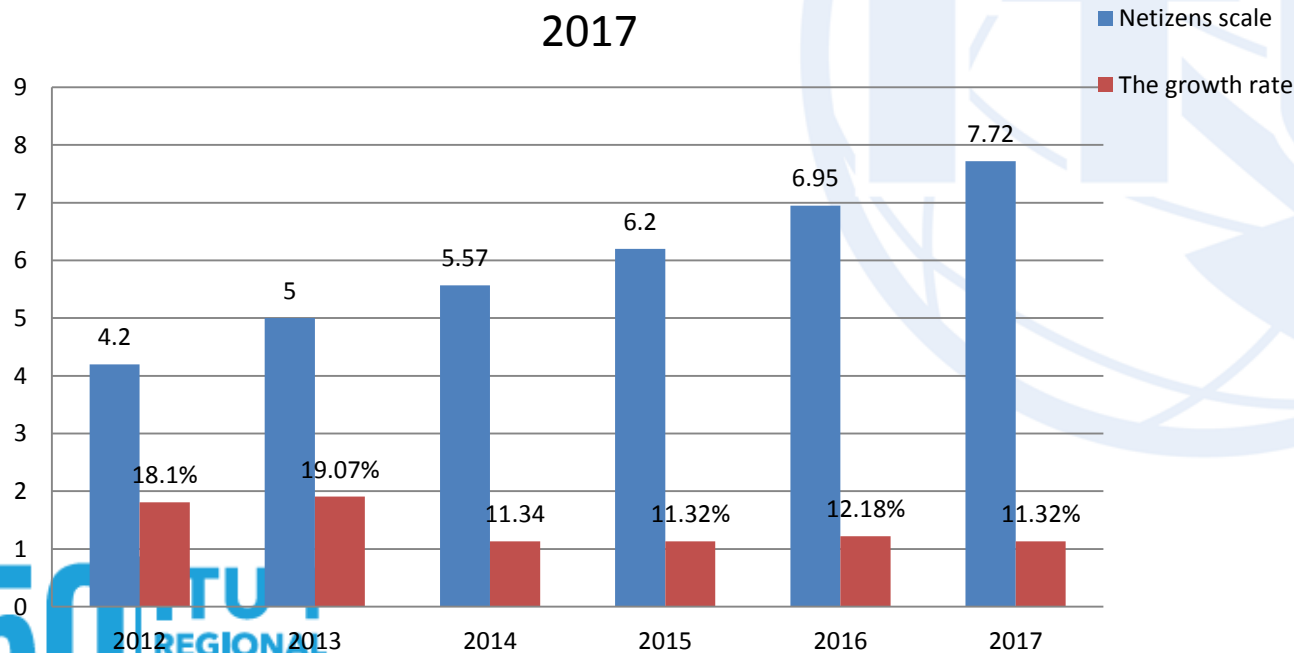




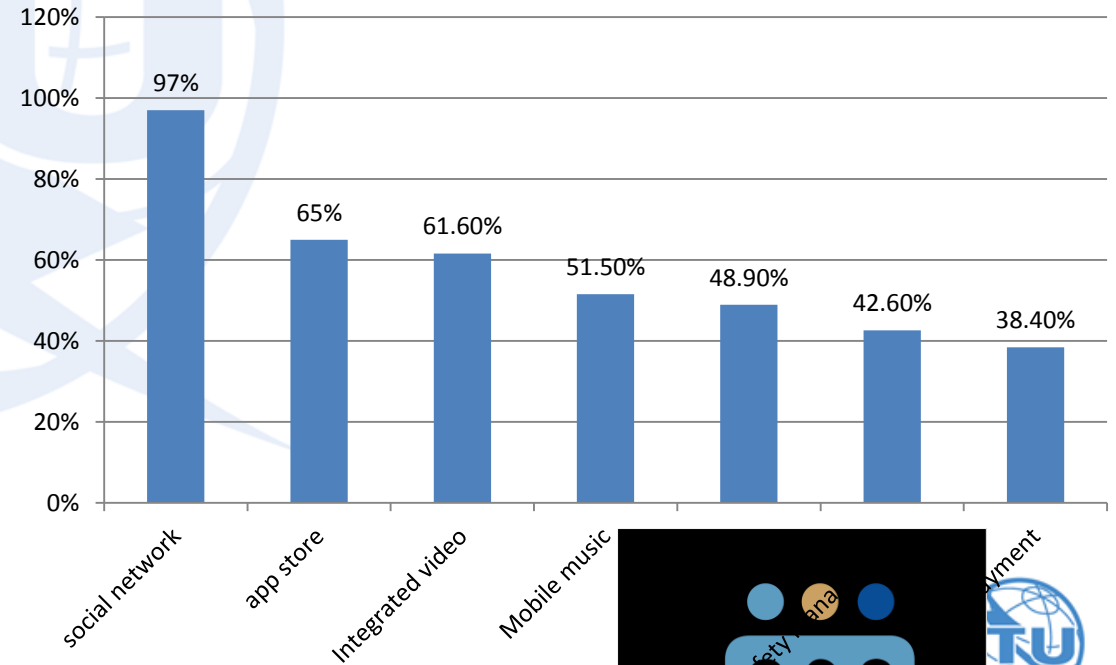
Mobile financial users is upgrading

By the end of 2016, the number of mobile Internet users in China reached 690 million, with a growth rate of 12.18 percent. From the perspective of active sectors, they are mainly distributed in social networking and app stores. The absolute activity rate of mobile finance is only 38.4 percent, with huge market potential.

The size of China's mobile Internet users from 2012 to 2017



permeability



Financial infrastructure has been gradually improved

After more than a decade of development, mobile financial infrastructure construction is relatively complete. With the improvement of mobile social network, communication and payment technology, mobile social network and consumption begin to become normal, and new demands are derived from financial consumption

Mobile financial carrier

The transformation and intelligent transformation of traditional financial network is a terminal/application form that integrates communication, calculation and technology.

Global IP network

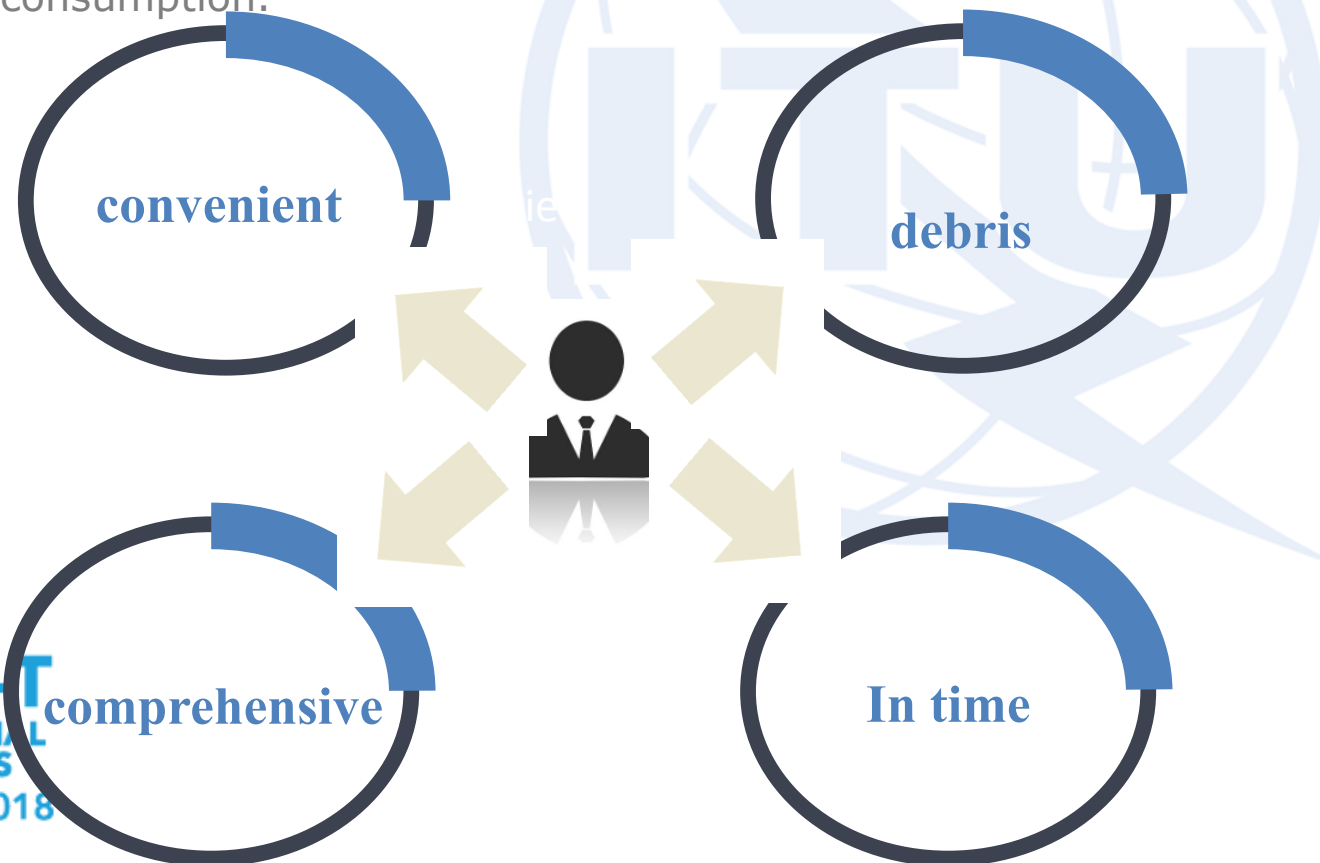
The full-ip network, which supports multiple access methods, effectively ensures the efficiency and quality of fragmentation and continuous data transmission and processing.

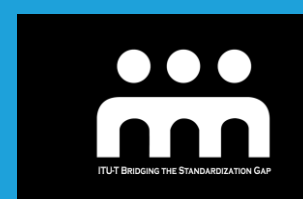
industry standard

Taking the near-field mobile payment standard as an example, in 2012, the institute of electronic technology standardization of the ministry of industry and information technology launched the national mobile payment standard, and the market was unified.

Change of consumption demand

After more than a decade of development, mobile financial infrastructure construction is relatively complete. With the improvement of mobile social network, communication and payment technology, mobile social network and consumption begin to become normal, and new demands are derived from financial consumption.





Development of Pratt & whitey financial

At the end of 2017, the total amount of domestic broad money was 167.68 trillion, and the total national GDP was 82 trillion, which was relatively high in the international community. In the future, the focus was to solve the structural equilibrium problem behind the high economic and financial depth, and to strengthen the extension of financial breadth through mobile technology.

China's economic and financial level from 2012 to 2017

	2012	2013	2014	2015	2016	2017
M2(One hundred trillion)	0.97	1.11	1.23	1.39	1.55	1.68
GDP(One hundred trillion)	0.54	0.60	0.64	0.69	0.74	0.82

- **Financial depth:** an indicator that reflects the degree of financialization of a country or region.

The monetary amount of financial assets or M2 is measured and calculated as $M2/GDP$

- **Financial breadth:** the availability of users' financial services reflects the richness of products and the innovation strength of financial instruments

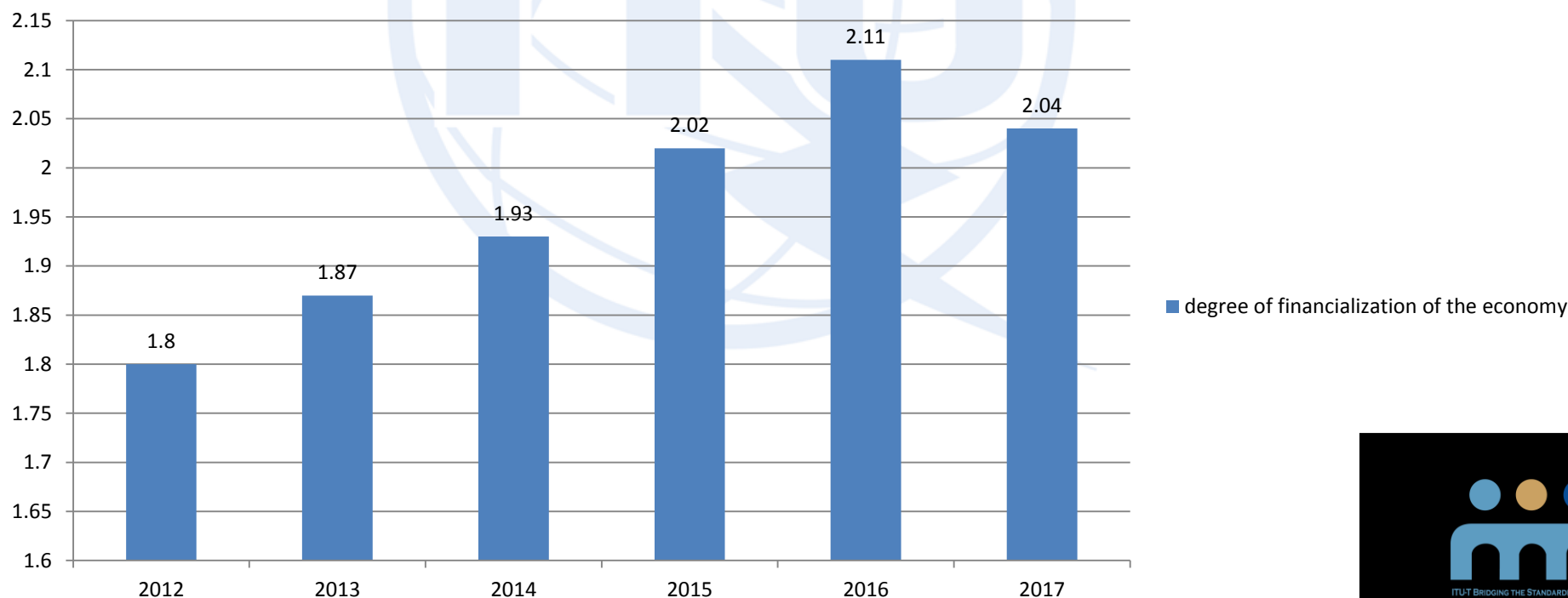


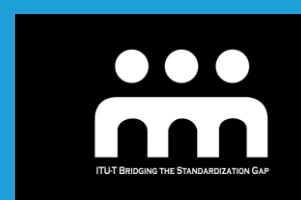


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degree of financialization of the economy





PART TWO

Current
Situation



Overseas mobile finance development experience

Developed countries in Europe and America started early but developed slowly

The United States

- Driving subject: emerging technology companies
(Square, apple)
- Regulatory focus: specific payment business itself rather than related qualifications

The European

- Typical representatives: Sweden, England
- Features: relatively perfect payment means and financial services, slow development of mobile payment

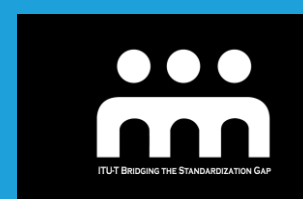
Japan, South Korea mobile payment industry are more developed

Japan

Japan's mobile payment regulation is under the jurisdiction of the ministry of economy, trade and industry.

South Korea

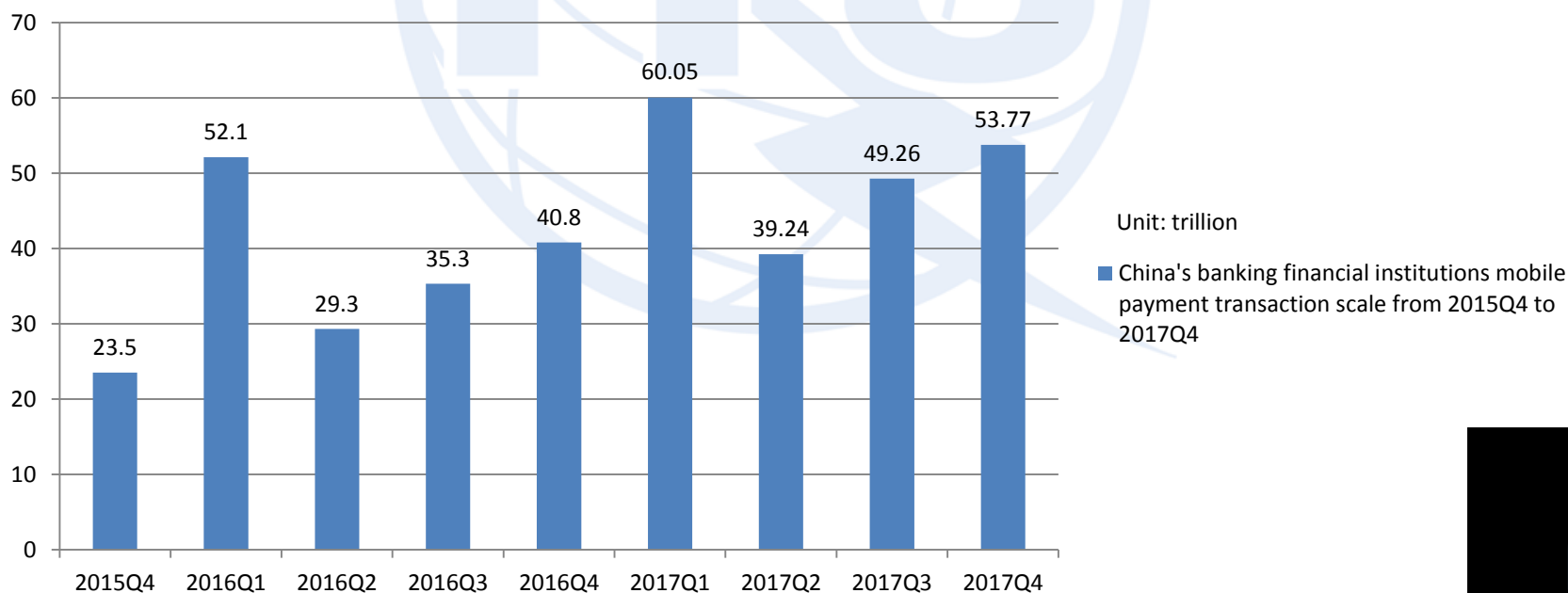
- Mobile payment dominant: south Korean gateway service provider
- Cell phone usage: 82%
- Market access: strengthen the permission of access conditions and accept the supervision of the financial supervision committee
- System safeguard: made clear, detailed legal provision

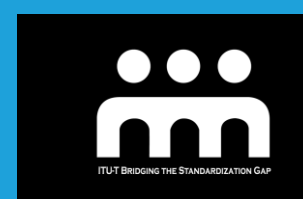


China's current situation---The size of the market

From the transaction scale of banking financial institutions and third-party payment institutions, the scale of mobile payment reached a new high in 2017. The third-party payment transaction scale is 32.6 trillion, reflecting the growth of the overall mobile payment market.

China's banking financial institutions mobile payment transaction scale from 2015Q4 to 2017Q4

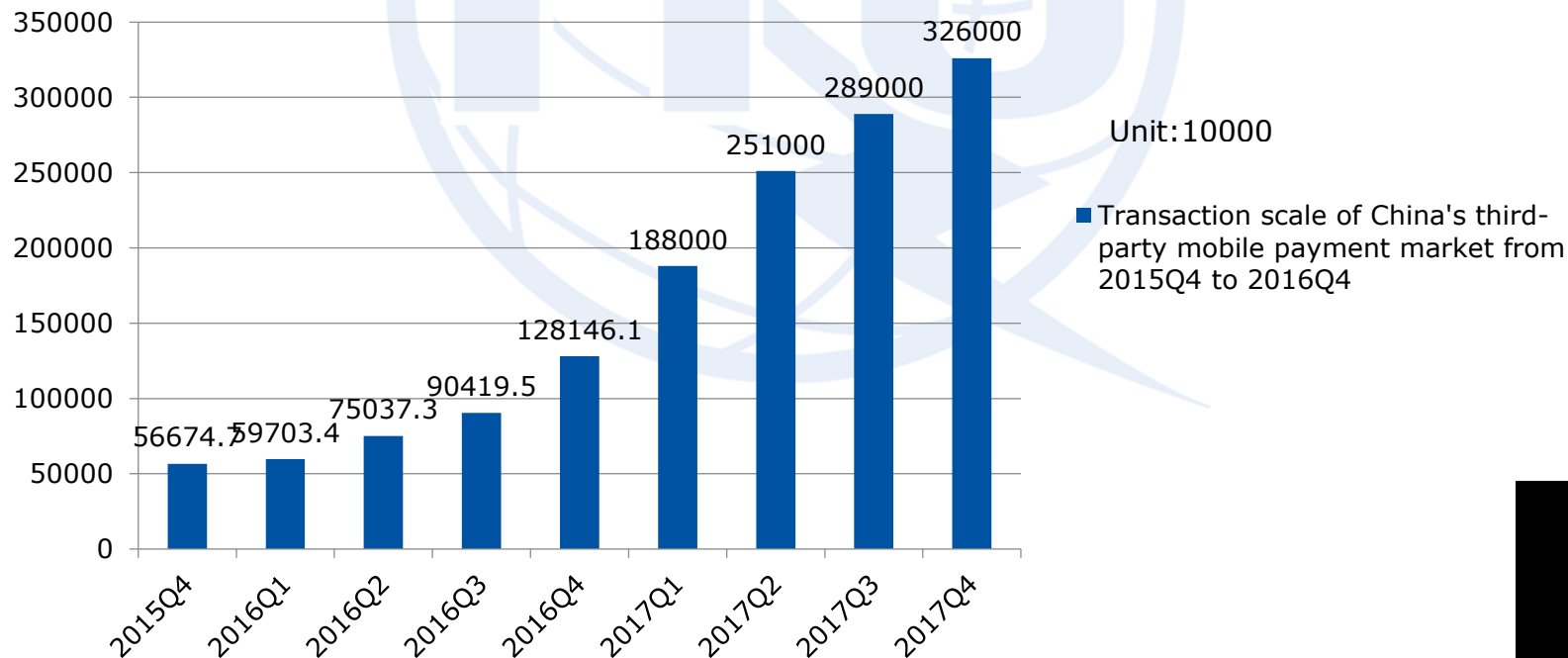




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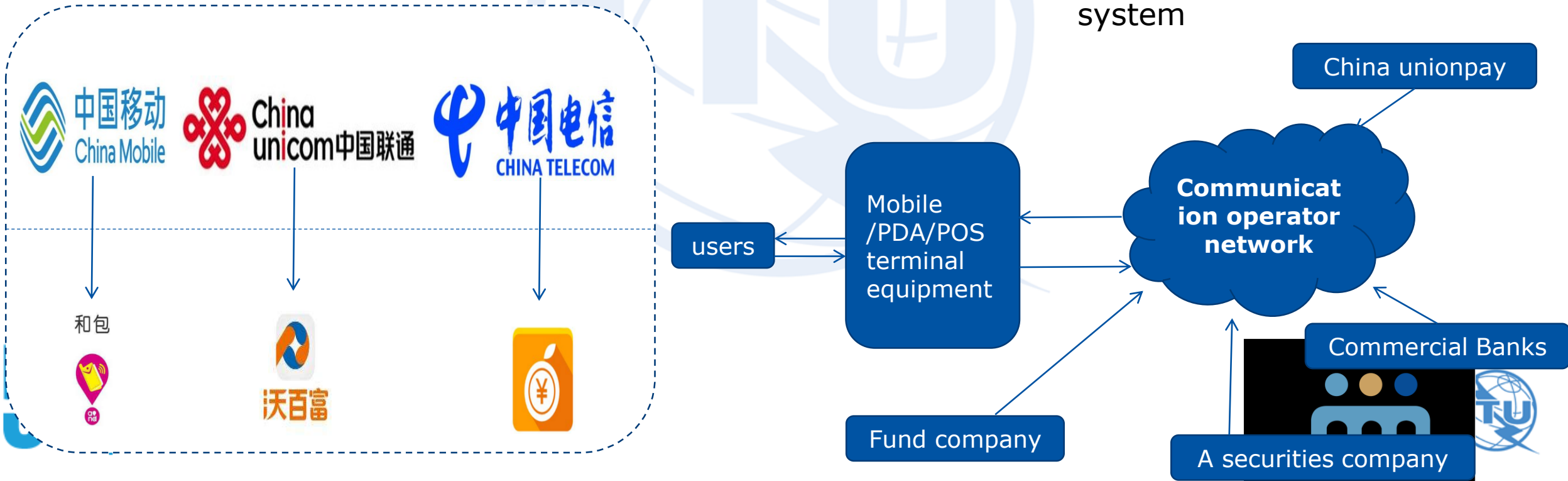
Transaction scale of China's third-party mobile payment market from 2015Q4 to 2016Q4

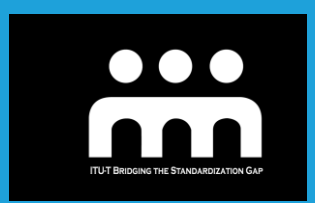


Mobile payment ecology of communication operators

The continuous optimization and improvement of the network environment has laid a foundation for communication operators to build a self-ecology. Based on the advantage of user scale, operators will further build mobile financial business platforms for individuals/businesses, families and communities.

Communications operators financial services system





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Financial services

Account management

Account opening, inquiry, message notification, loss reporting, support enterprise account, personal savings account, credit card account, etc

Instant money transfer

Make the safe and fast transfer between accounts, and borrow money to repay with the smart terminal

The agent to pay

Authorized by the organization, support user payment, inquiry agent payment details and so on

Instant wealth

Connect with providers of insurance, funds, Banks and other financial products, and provide current and fixed financial services

others

Collect a series of value-added information services such as finance and economic market and foreign exchange, support account opening and commission transaction

Third-party payment diversification scenario is expanding

The premise foundations

◆ The transaction scale of third-party payment market keeps increasing, especially the transaction scale of mobile payment market grows rapidly.

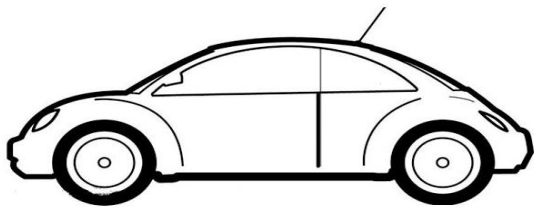
◆ Subdivided derivative services based on historical transaction data, such as credit investigation and financial management, become potential direction at the same time,

◆ Mobile payment is rapidly increasing the coverage of business scenes, which has become the foundation of building online and offline integration



Third-party payment diversification scenario is expanding

Mobile payment coverage scenario



Travel



Medical



Food and beverage



Take-out



Rent a house



Beauty



Decorate



Education

Third-party payment diversification scenario is expanding

Value and impact

Cashless payment development

Cashless payments have become a national payment habit. After the release of QR code payment, the scene and dimension of mobile payment coverage are also followed Growth.

Business integration

The rise of mobile payment provides support for building the closed-loop business ecology of online and offline integration. Traditional offline businesses are reaching the net one after another, and new business models emerge one after another.

online finance

Internet financial value-added services help mobile payment improve user stickiness. At the same time, mobile payment has become an important entrance for Internet financial enterprises to obtain users.



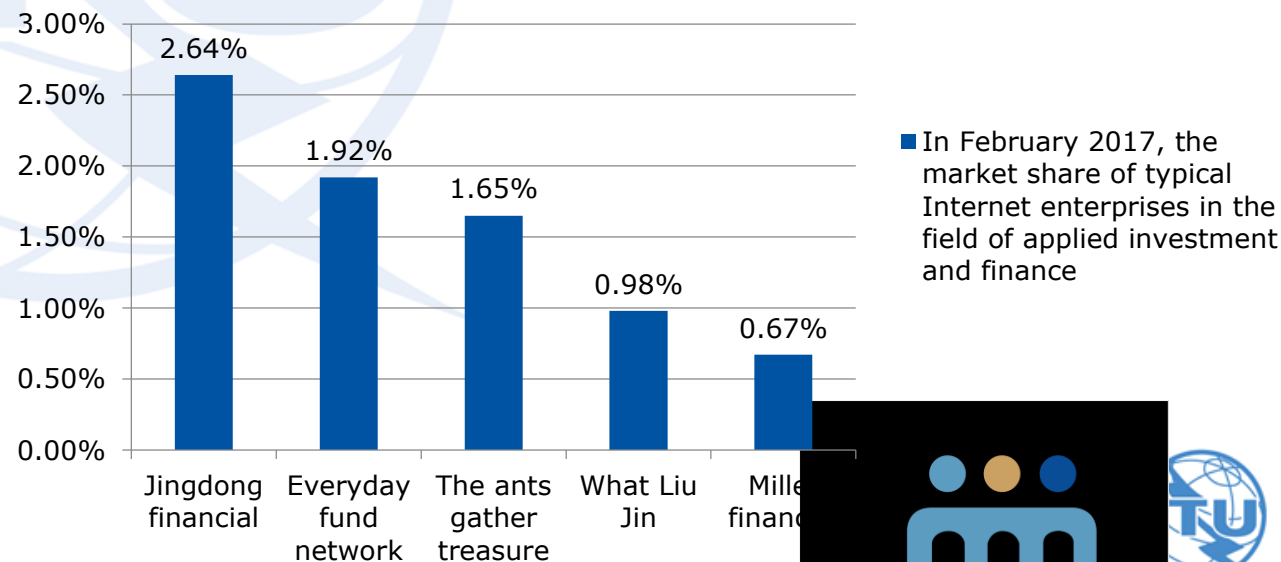
Third party mobile Internet financial services market development

Different from the traditional financial competition field, the users of mobile Internet platform have increased dramatically. From the accumulation and proportion of active users, jingdong finance, ant jubao and tiantian fund network have been outstanding, and the competition of mobile Internet market has been echelon.

Ranking of mobile Internet platform users in February 2017

1	Jingdong financial
2	The ants gather treasure
3	Everyday fund network
4	What Liu Jin
5	Millet financial
6	Treasure digging
7	Melt 360
8	Ping an wealth treasure
9	Constant daikin suit
10	Refers to the prosperous wealth

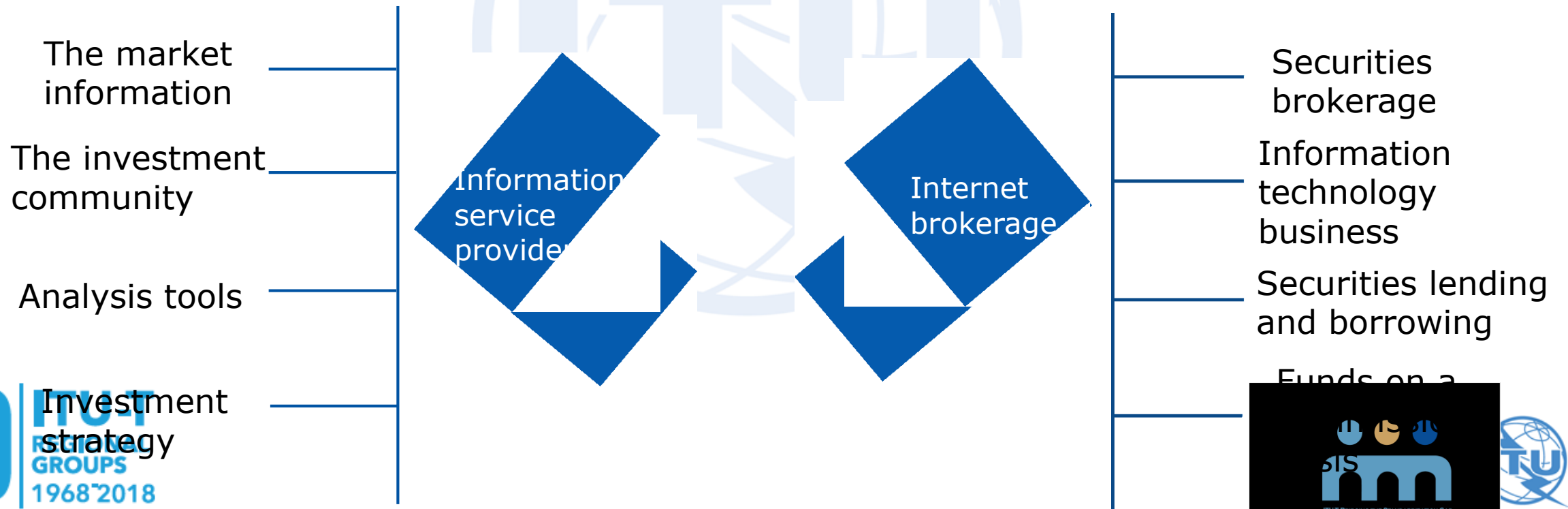
In February 2017, the market share of typical Internet enterprises in the field of applied investment and finance



Brokerages focus on derivative services

According to statistics, in December 2016, there were nearly 138 million active users of Internet securities. At present, Internet securities manufacturers are divided into information service providers and traditional securities brokers to provide users with market information, investment and financial services.

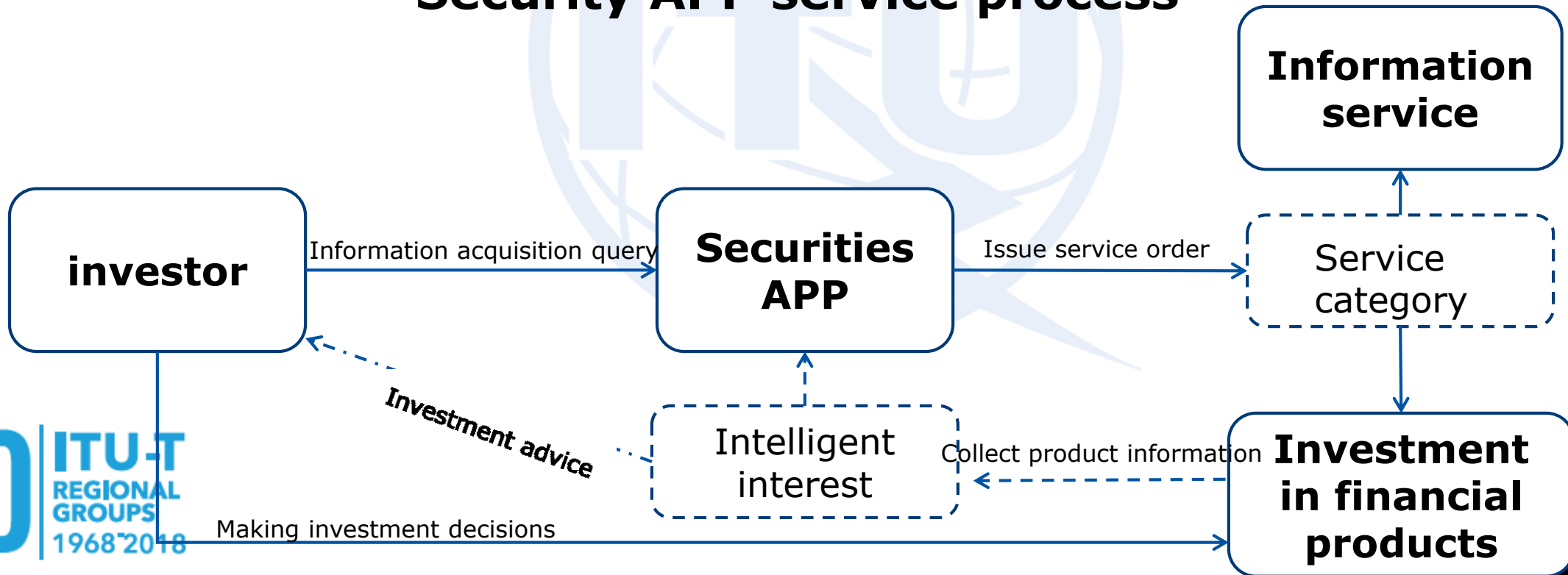
Security APP manufacturers category



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Security APP service process



Banking service mode transformation

The rapid development of mobile Internet promotes commercial Banks to speed up the construction of mobile finance ecology. The banking industry has changed from the product, channel and service mode. In the future, mobile finance of commercial Banks will become the mainstream financial service mode of Banks.



Mobile banking



Mobile payment



Mobile life

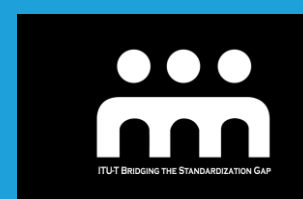


Mobile commerce



Mobile social





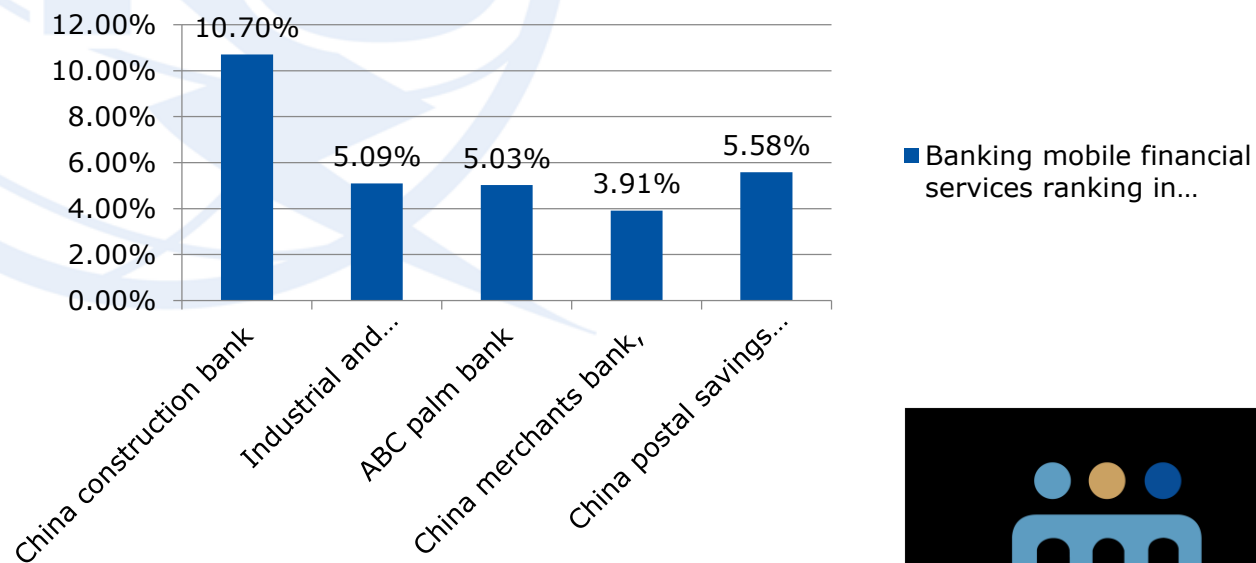
Development of banking mobile finance industry

Among financial institutions, the bank service application is taken as an example, and the user activity continues to increase. In February 2017, the overall activity was 158.855 million, among which, construction bank, industrial and commercial bank of China and China merchants bank performed well. In terms of domain exclusivity, the number of users of construction bank was relatively large, followed by industrial and commercial bank of China and agricultural bank of China.

Banking active users ranking in February 2017

1	China construction bank
2	Industrial and commercial bank of China
3	China merchants bank,
4	Agricultural bank of China
5	China postal savings bank
6	The bank of China,
7	Bank of communications
8	Minsheng bank
9	Pudong development bank
10	Internet commercial bank

Banking mobile financial services ranking in February 2017



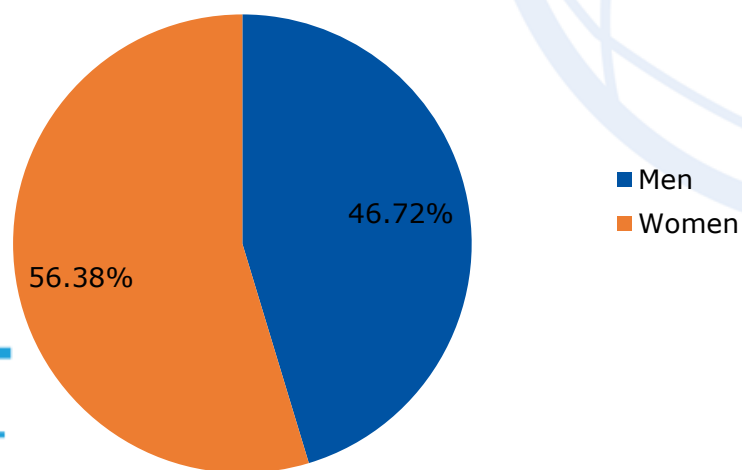
■ Banking mobile financial services ranking in...



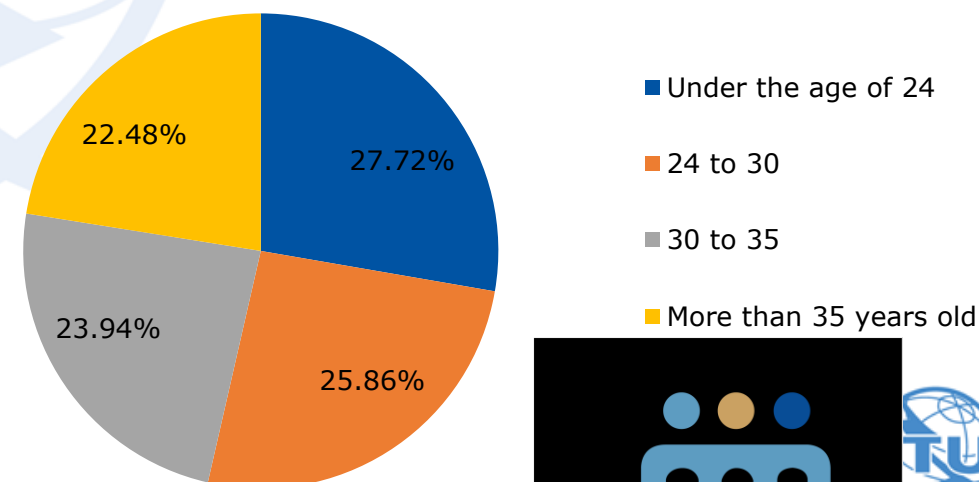
Mobile finance user structure

From the perspective of users, female users accounted for 46.72% of mobile financial users and male users accounted for 53.28% in 2017 according to gender. According to the age level, the number of users under 24 years old was the largest, accounting for 23.72%, followed by those between 31 and 35 years old, accounting for 22.94%.

Gender structure in China mobile finance in 2017



Age structure of China's mobile finance sector in 2017

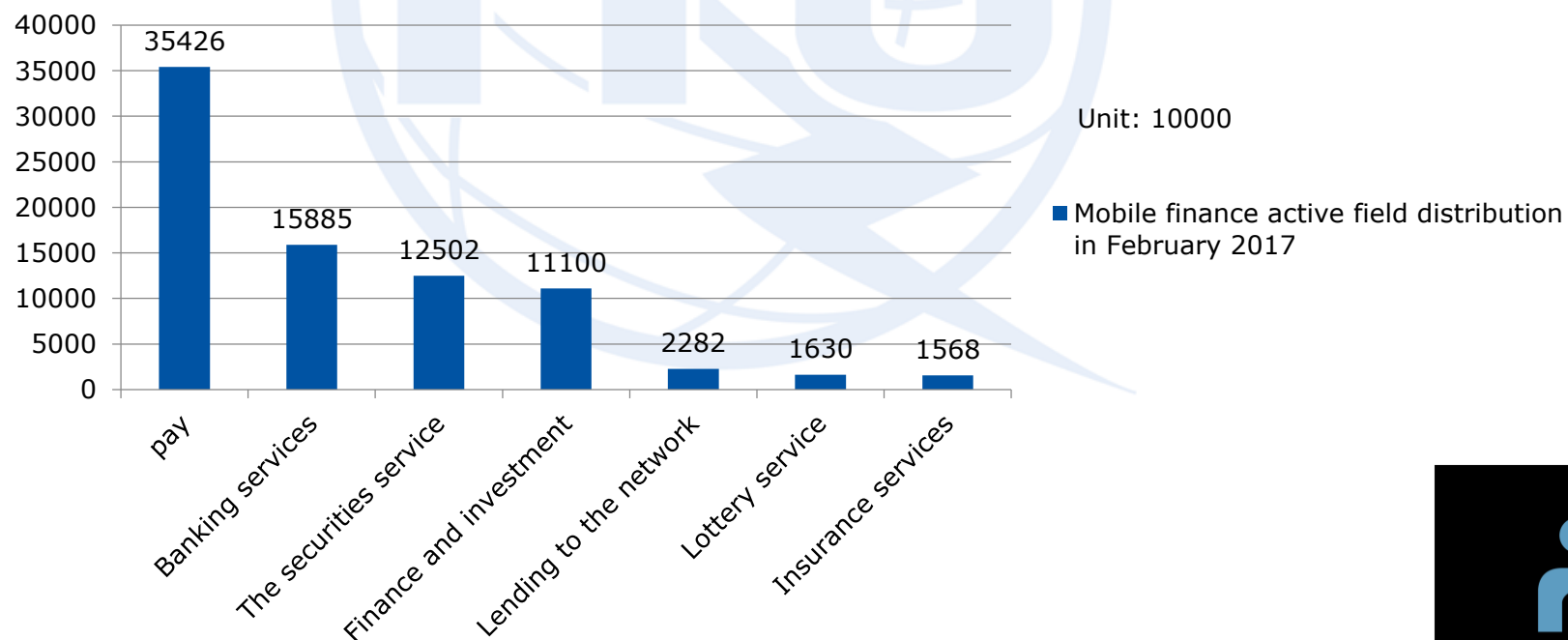


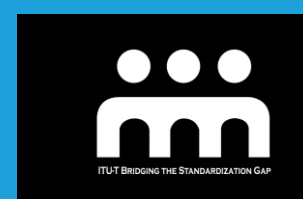


Mobile finance active time distribution

Mobile financial active users reached relative peaks at noon and 20 PM daily, with active users accounting for 5.44% and 6.05% respectively. In terms of the scale of different sectors, the monthly active netizens of mobile payment apps have been fixed at more than 300 million in the past half year of 2017.

Mobile finance active field distribution in February 2017

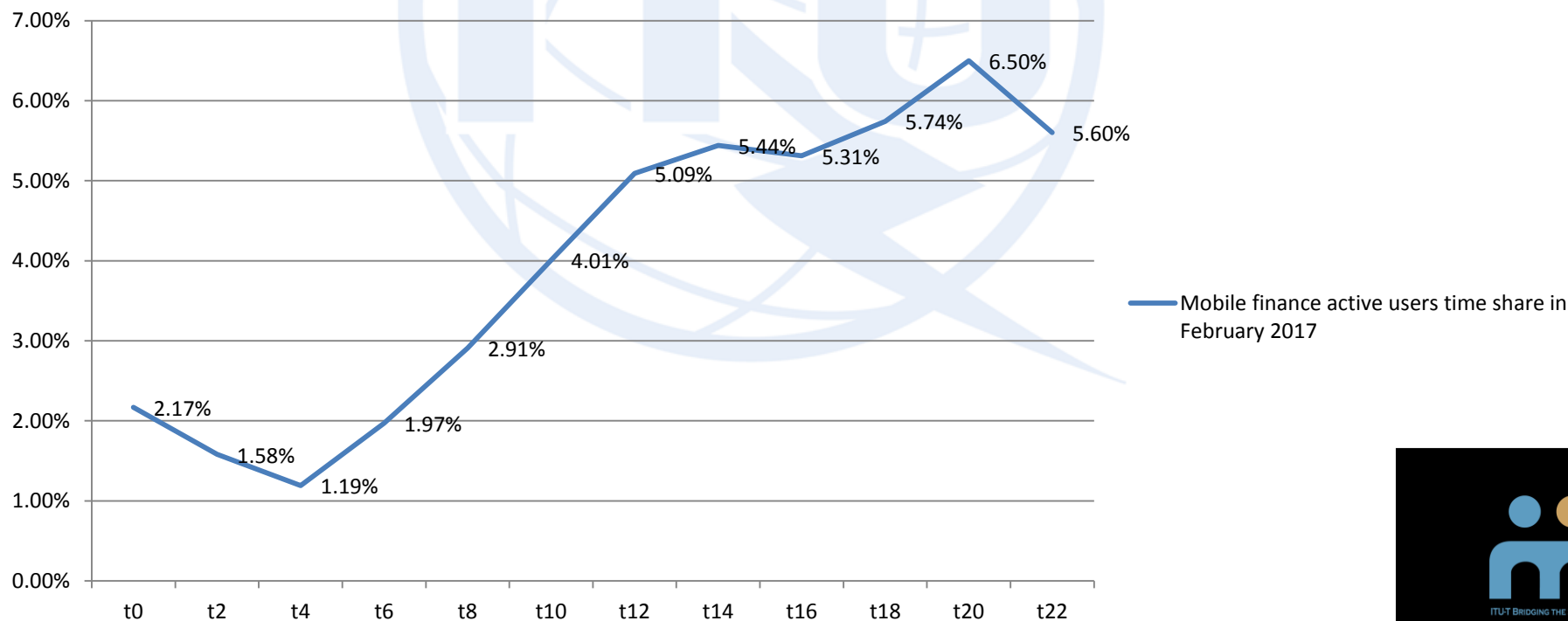


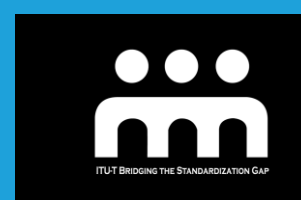


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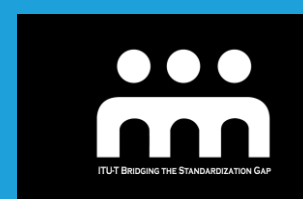
Mobile finance active users time share in February 2017





PART THREE

Pilot Exercise



Jingdong finance APP

Founded in 2013, jingdong finance APP is one of the earliest domestic platforms focusing on integrated finance, consumption and life services. It is oriented to the new middle class that pursues experience and quality, and helps users to create a lifestyle that "makes money and understands life".

The core service content of Jingdong finance APP

●wealth

Jingdong xiaojinou, fund, regular financial management, basic wisdom account, stock, wealth of the owner

●credit

White bar mall, white bar loan, gold bar, small white card, white bar flash payment

●Life

Crowdfunding, credit card repayment, insurance services, mobile phone recharge, hui refueling, living payment

●Interactive platform

Current affairs hot spot tracking, financial investment advice, topic interaction, third party entry

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Diversified user scenarios

●Life scenes

- 1.The raising of science and technology
- 2.The online payment
- 3.Credit card repayment
- 4.Life pay cost



●The financial scene

- 1.Solid charge money
- 2.Fund subscription
- 3.Buy insurance
- 4.Jingdong xiaojinku
- 5.Consumer finance

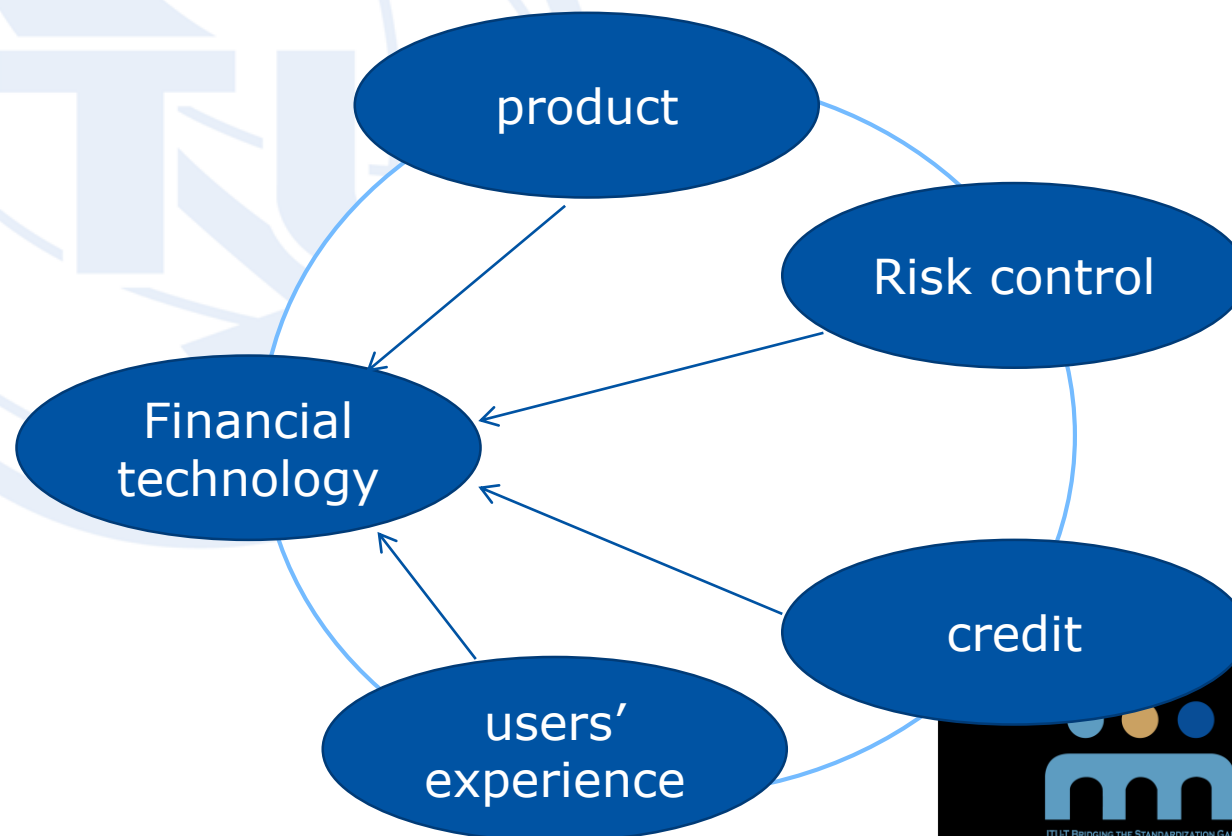
Comprehensive application of financial technology to improve intelligence and security---Jingdong finance APP

Application advantages

➤Take users as the center, open up the financial service platform of each scene of life.

➤Technology as a means to enhance user service intelligence and security.

➤" go shelf" "content recommendations, a" "more informed and easier" "user experience.



Ping an Group ---One Wallet

Founded in September 2012, yiwallet is a mobile financial service platform owned by ping an insurance (group) co., ltd. of China. It is dedicated to providing diversified third-party payment innovation services such as Internet payment and mobile payment for individual consumers and enterprise customers.

Data applications

User portrait, marketing management

Smart marketing

Financial innovation

Financial management (flexible balance appreciation, fixed term), consumer financial services (pre-sale), and lending (loan of asset amount)

Risk sources, risk management, fraud management, financial mode

Risk control services

Payment service

Ability to pay based on user consumption data and support multi-asset and multi-marketing



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●Spare money treasure

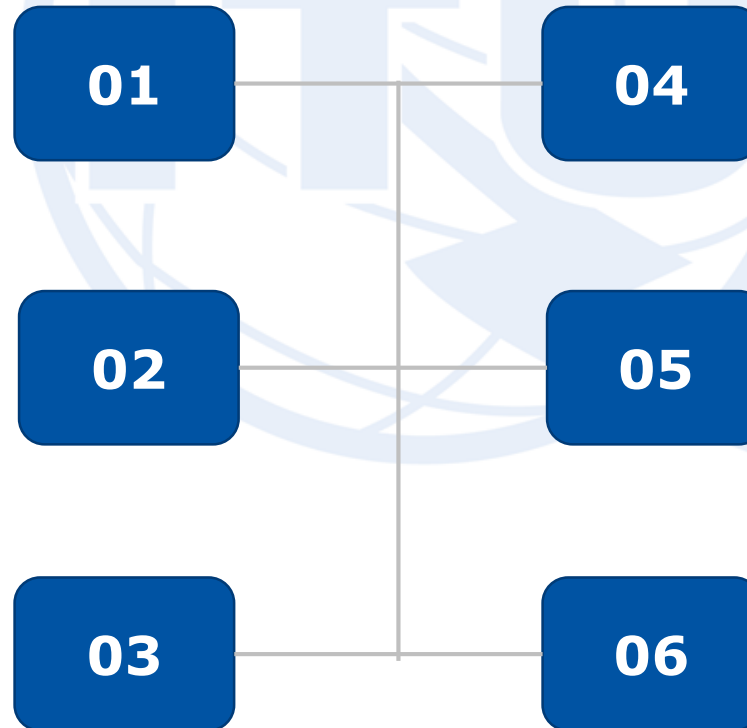
Income robust cash value-added services, support instant payment, can be used for one wallet merchants consumption.

●Integral management

Based on the combination of technology and product, the account system of wanlitong and one wallet can be fully integrated to increase user stickiness.

●Renewal of treasure

Combining with ping an insurance service, we can realize customized financial planning for users and reduce premium cost.



●Credit payment

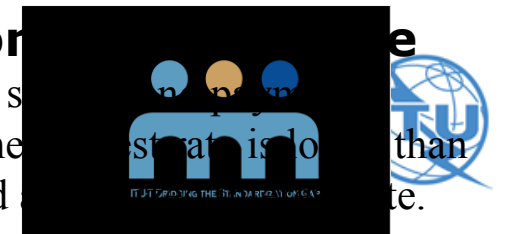
United ping an credit card launched, one key application credit limit, payment experience flexible.

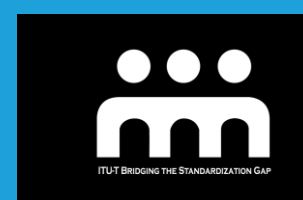
●Consumption/life

Support credit card repayment, expense recharge, payment, money transfer, consumption, etc., and layout of offline stores.

●Borrow money

Provide credit loan service for users, the service is more than the bank credit card.





PART FOUR

Trend Analysis





Mobile finance for operators is shrinking

Faced with the introduction of government regulatory policies, the impact of banking financial institutions, third-party mobile financial platforms and other Internet financial industries, mobile financial services of operators based on user scale advantages face great challenges.



Industry standards are becoming clearer, government regulation is strengthened and business compliance is challenged.



Banking financial institutions, third-party payment platforms, Internet finance and other entities have joined the competition, increasing market pressure and slowing down the advantages of user scale.



The mode of cooperation with the banking industry is not clear, the single operation is not in line with the current industrial development, and the integration of the industrial chain is to business operators. In the wa



Financial institution business innovation

Competition in mobile financial industry intensifies, all participants integrate resources, accelerate the innovation of financial science and technology, and form a multi-level leading innovative development situation.

Participate

- Mobile Internet financial platform
- Banking and securities institutions
- Communication operator
- Third-party payment companies
- Terminal manufacturer, TV data storage party
- Value-added content service providers

Trading data

Behavioral data

Asset data

The basic information

The location information

technical standards

Quantitative techniques

Real-name authentication

Phone anti-theft

Privacy protection

Financial technology

Intelligent interest



Medical

Diet

Live

Travel

Education

Financial

Play

Shopping



Third-party payment is booming

Competition in mobile financial industry intensifies, all participants integrate resources, accelerate the innovation of financial science and technology, and form a multi-level leading innovative development situation.

01

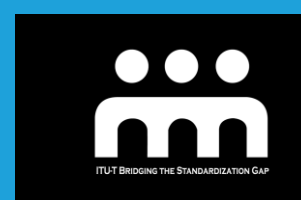
The popularity of smart phones has led to the migration of mobile payment from PC to mobile. Internet financial services such as shopping, online loan and online money market fund have been rapidly growing, and overlapping code scanning payment and NFC payment have been rapidly laid out offline.

02

The boom in mobile e-commerce has provided application scenarios for mobile payment. According to statistics, in 2017, the national e-commerce transaction volume reached 29.16 trillion yuan, up by 11.7% year-on-year.

03

The scale of the third-party mobile payment industry has expanded, with the number of mobile payment users in China reaching 562 million in 2017 and 22.7 trillion in Q1 in 2017.



PART FIVE

New
Form





strengthen oversight and management and standardize the innovative concept of mobile finance

- ◆ Taking risk prevention, healthy development and encouraging innovation as the basic conditions of the supervision and management system, the relationship between guidance and supervision should be well done.
- ◆ We will establish supervision and management institutions, establish joint mechanisms for the development and supervision of mobile finance, and provide organizational guarantee for the supervision of mobile finance.
- ◆ The establishment of relevant laws and regulations, combined with relevant foreign legislative experience, to provide institutional guarantee for mobile finance.



Diversify the payment and settlement system

- **Communication operator**

Mobile wallet,
mobile payment,
mobile financial management

payment and settlement

- **Traditional financial institutions**

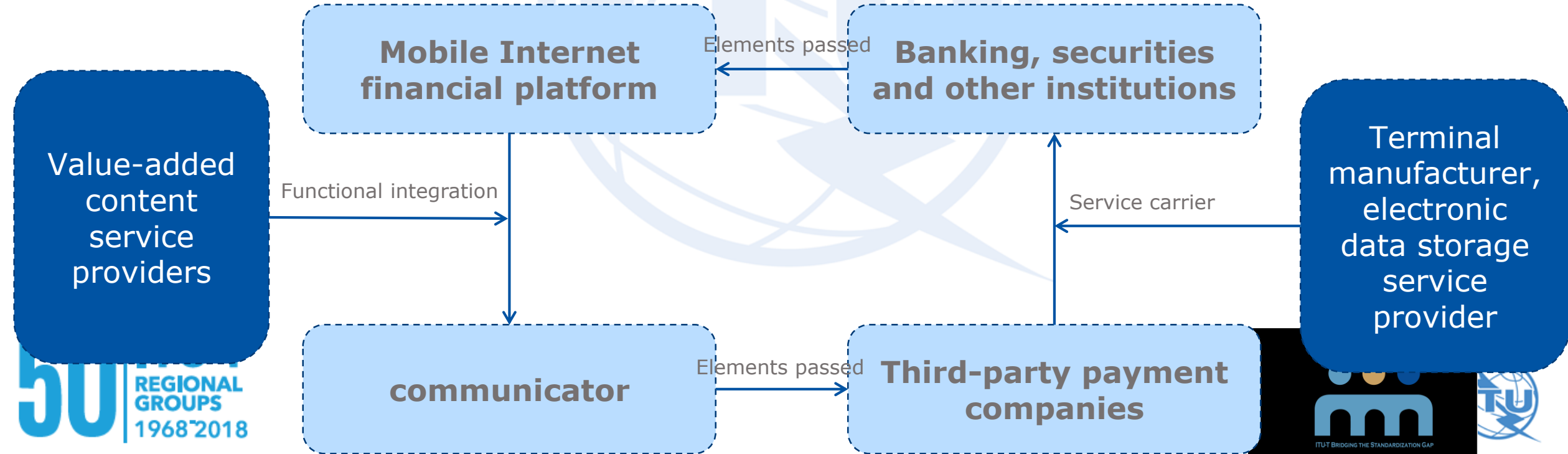
Mobile banking APP
WeChat bank
Mobile finance IC card

- **Internet companies and third parties**

Mobile finance,
Mobile loans,
Industry supply chain
finance

Multiple subjects participate, cooperation and competition coexist.

The mobile financial industry chain includes financial institutions, communication operators, payment companies, Internet enterprises, etc., and the transmission of capital flow, information flow and product and service flow by users is different from the traditional way. At the present stage, a development situation of multi-level leading innovation is formed.





THANKS

