

# Financial Inclusion and Social Network

China Experience

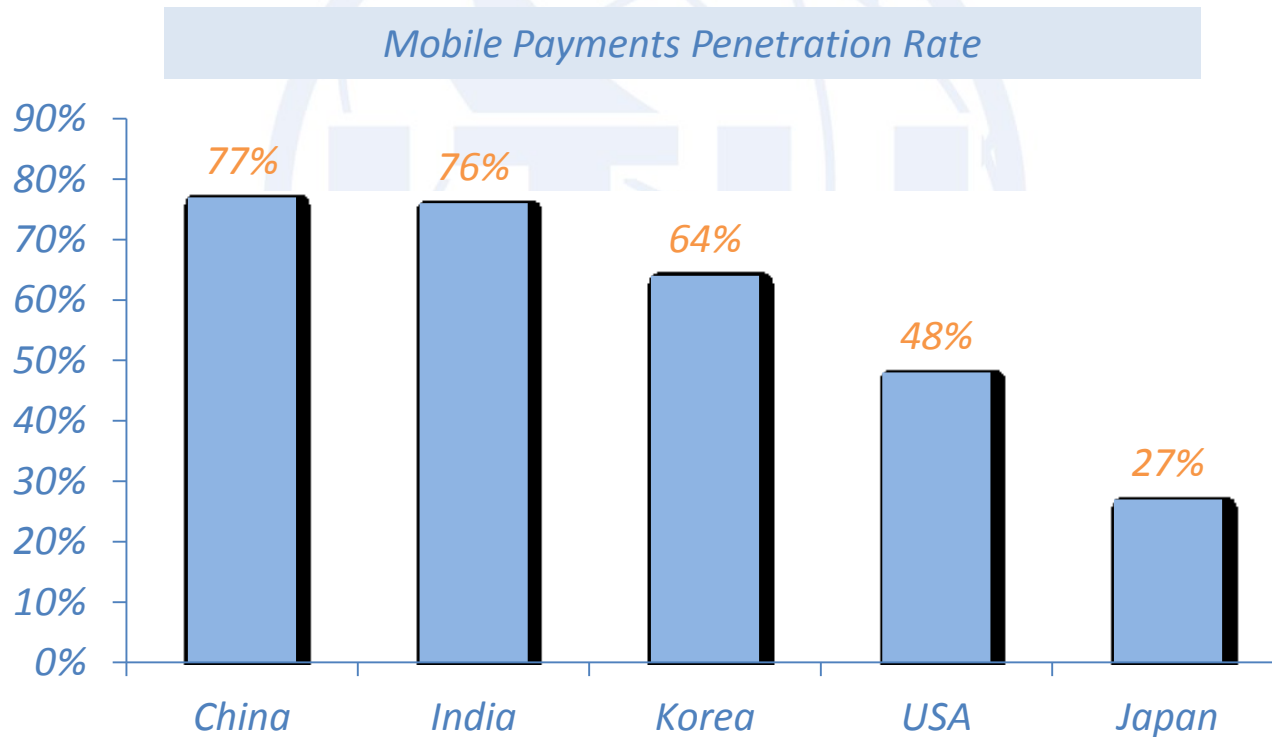
Young Jiang

**Tencent** 腾讯



# A Survey on Mobile Payments Penetration

*India and China are the top two countries with the highest mobile payments penetration rate*



Source: Ipsos; 18,000 customers surveyed

# Driving Forces

*The driving forces behind are similar*

*Huge Market Potential*



*High Smartphone Penetration*



*Strong Government Support*



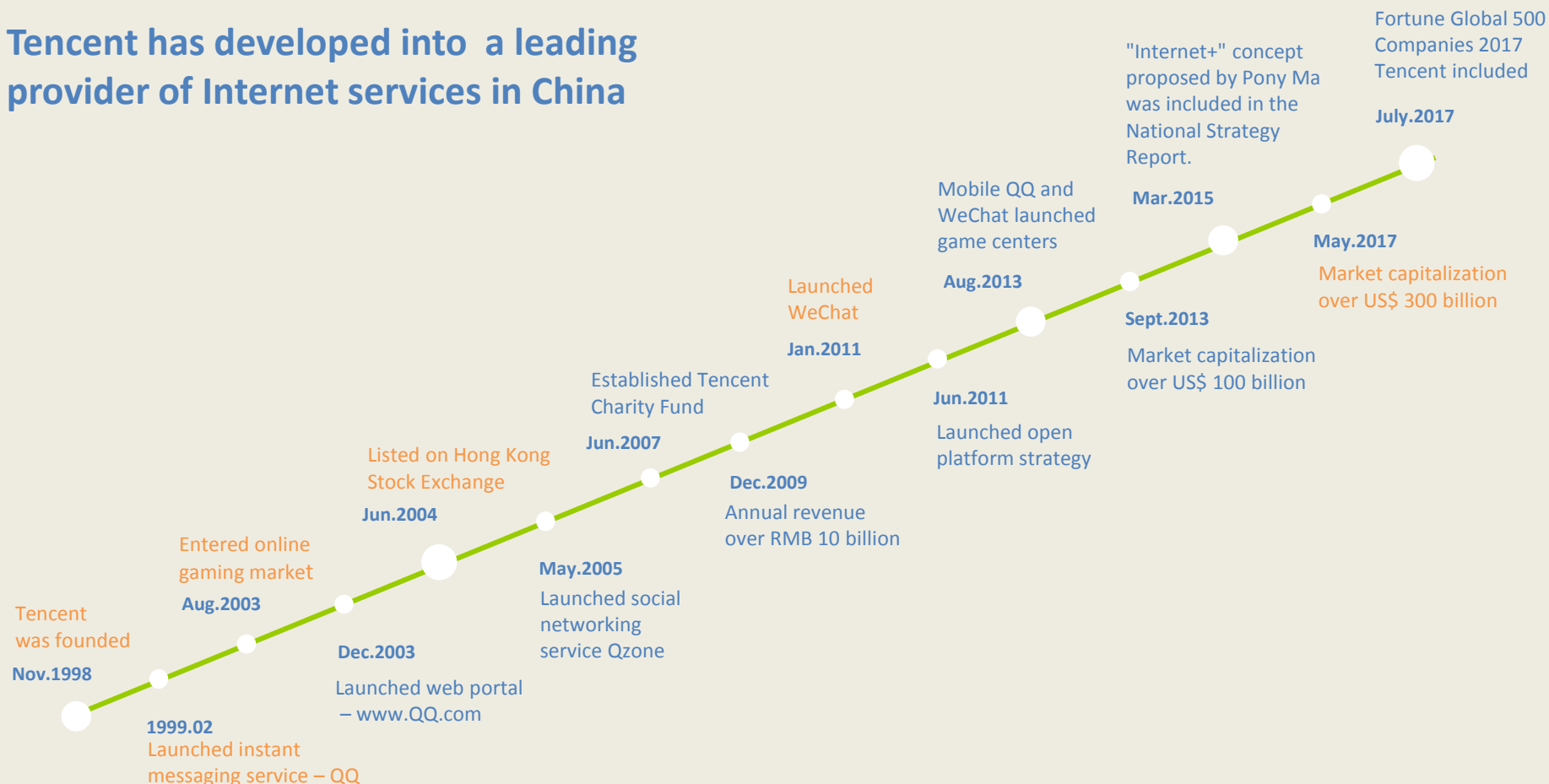
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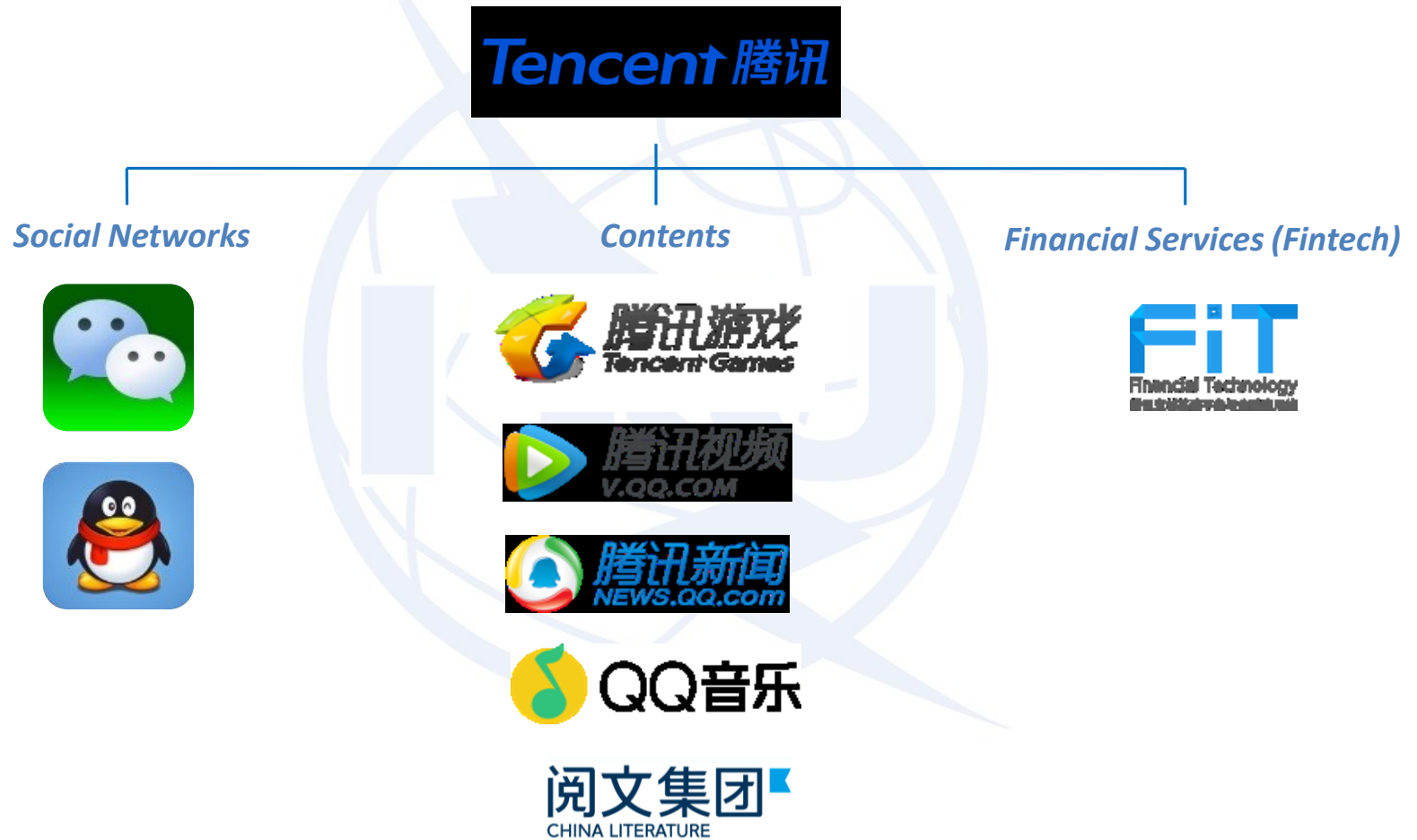
1. Tencent and Its Social Networks
2. Payment Service Based on Social Network: The Case of Red Packet
3. Other Financial Services at Tencent
4. Financial Service for the Underprivileged: We Remit

# Tencent: Milestones

Tencent has developed into a leading provider of Internet services in China



# Tencent: Business Overview



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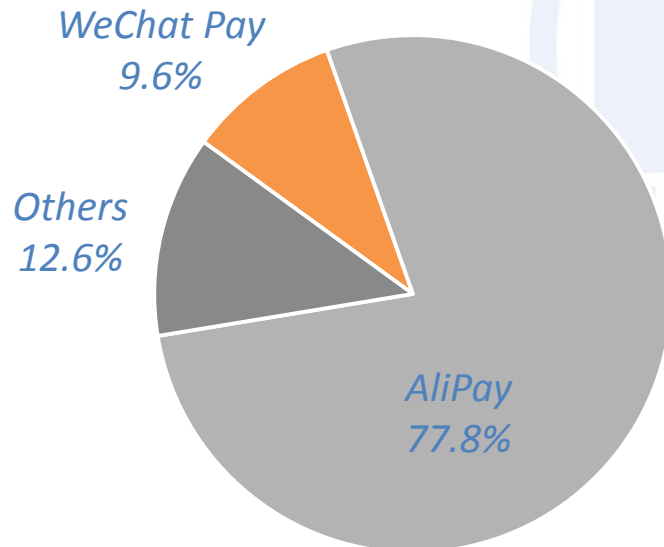
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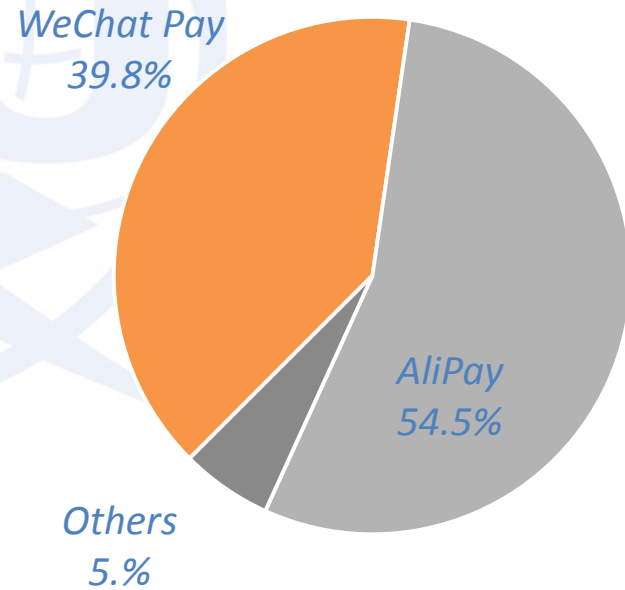
# Two Major Players: WeChat Pay & AliPay

*The market share of WeChat Pay increased fourfold in the past three years, showcasing the success of expanding financial inclusion through social networks*

*Mobile pay market share (2014Q1)*



*Mobile pay market share (2017Q2)*



Source: iResearch

Notes: WeChat Pay market share also includes QQ wallet

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# The Turning Point: WeChat Red Packet

- A “traditional” red packet is a red envelope with cash in it. It is a tradition in China – especially in Southern China – to give out red packets to children, lovers or subordinates during special occasions (e.g. the Chinese New Year) as gifts
- With WeChat, people can now send red packets in electronic form to anyone in their contact lists

*Tencent's founder & CEO Pony Ma gave out red packets to employees during the Spring Festival*

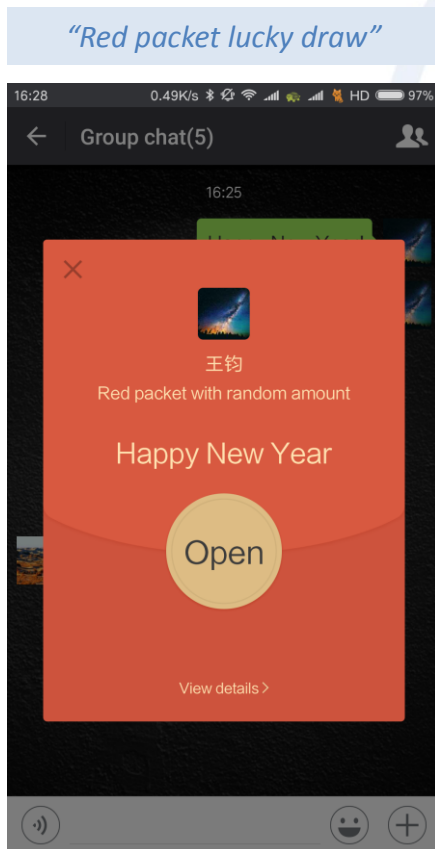


*Tencent Employee Queuing to Collect Red Packets from Pony Ma Outside the Company's Headquarter*



# Red Packets Go Viral

- People can also send red packets embedded with the “*lucky draw*” feature to any chat group on WeChat. In this case, each person in the group will receive a random amount from the sender. You have to be quick enough to “open” the red packet before the assigned amount of money is picked up by people in the group!
- The fun feature of “red packet lucky draw” makes it go viral quickly!



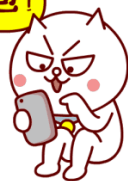
People created lots of animations to ask for a red packet!

QQfamily



抢红包!

戳



给~红包!

@酷酷瓜0r2



尽情的拿红包  
侮辱我吧!



再来一个



谢谢老板



我错过了  
几个亿  
是吗



我在等红包



谢谢老板!



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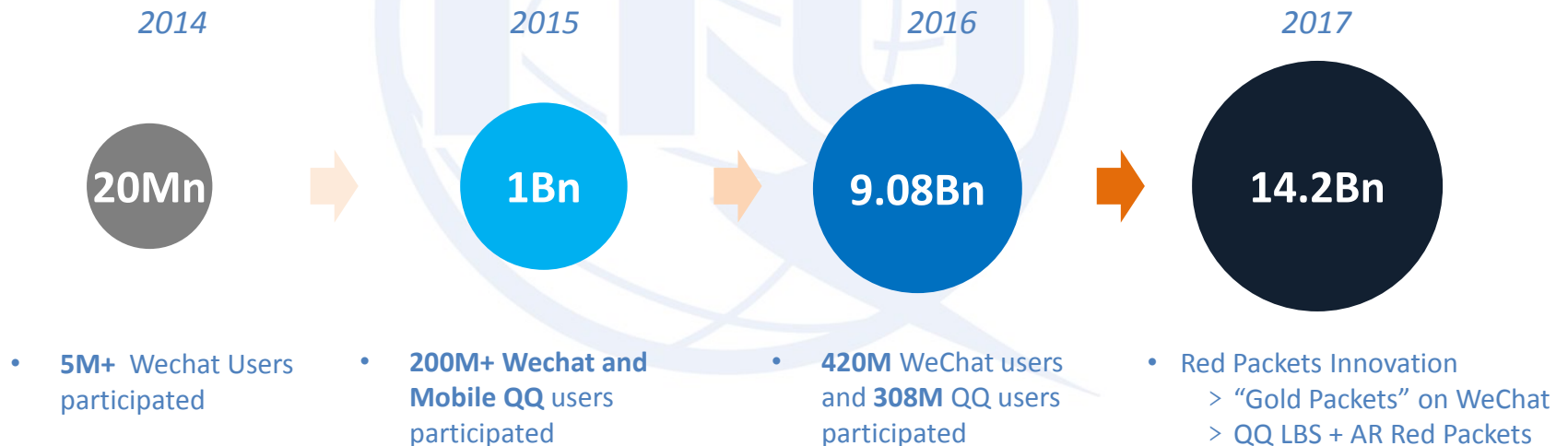
# Red Packets: A Social Phenomenon

*The total number of WeChat red packets sent on the Chinese New Year Eve has grown 760 times in three years!*

*Red packet is a way to educate and prepare users to use mobile payment in their daily lives*

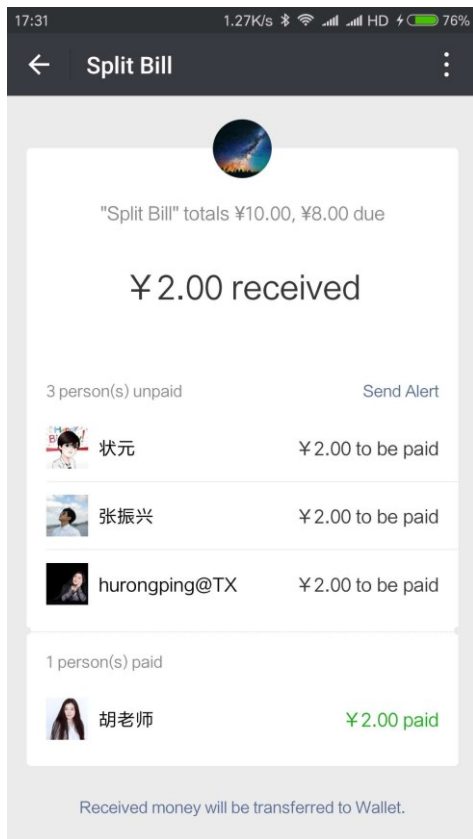
- Users need to link their bank accounts with their WeChat accounts in order to give away e-red packets. When a user receives a red packet, the money is directly transferred to the WeChat wallet*

## Total Number of Red Packets Sent on the Chinese New Year Eve (2014-2017)

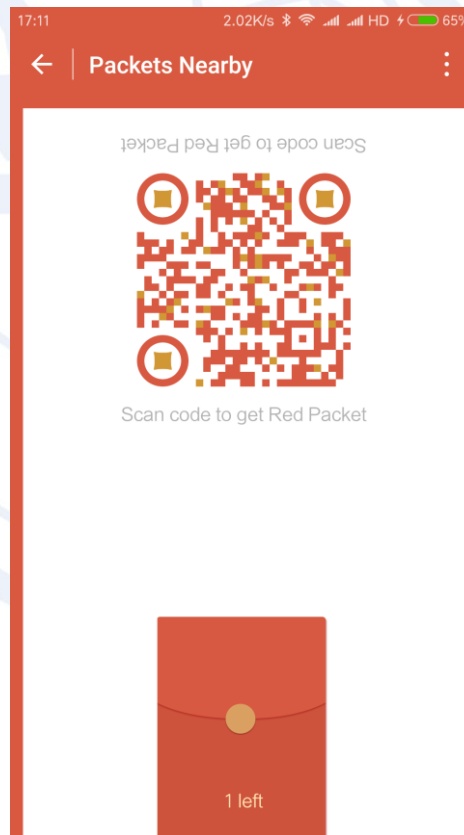


# Further Leverage the Social Network

## Split-the-bill



## Face-to-face Red Packet





# WeChat Pay Everywhere

*An unprecedented cashless era in China!*

## Shopping

E-commerce



Street Stalls

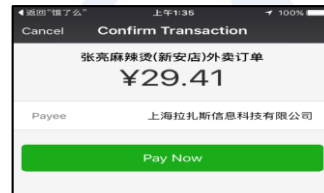


Convenience Stores



## Catering

Food Delivery



Restaurants

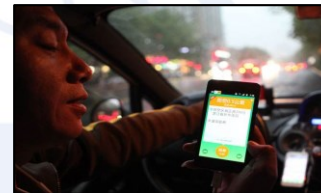


Cafés



## Travelling

Car-hailing Service



Hotel & Air Ticket Booking



Public Transportation



## Others

Mailing



Ticketing



Charity



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# Other Financial Services

## Other Financial Services

### Online Investment Platform: **Li-Cai-Tong**

- *Low investment threshold*
- *Strong focus on low-risk products, making it ideal for people with little investment knowledge*

### Credit Reference: **Tencent Credit Score**

- *Ranges from 300 to 850*
- *Based on big data from payment records, social chains and other external information*

### Personal Revolving Loans: **Wei-Li-Dai**

- *Credit limit ranges from 500 to 300,000 RMB (\$47,600) depending on user's credit history and Tencent Credit Score*
- *Maximum 15 minutes processing time; daily interest rate ranges from 0.02% - 0.05%*

# The Advantages of Financial Services on Social Network

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## Broad Coverage

- WeChat's penetration rate is close to 90%, while the total number of mobile Internet users in China is around 700M
- In recent years, the number of WeChat users continues to grow – particularly among elderlies and people from rural areas

## Quick and Easy Access

- According to statistics, users spend hours on WeChat on a daily basis
- The speed in generating QR codes is critical in providing frequently-used financial services, such as mobile payment

## Strong Technical Capability

- Large social network operators usually have the capability to build a robust infrastructure
- Peak number of WeChat payments per second: 208K
- Success rate of WeChat Payment: 99.999%

## Leverage Social Network to Expand Coverage

- The WeChat red packet case

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# Financial Service for the Underprivileged: We Remit

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*We Remit, a gift for Filipino domestic helpers in Hong Kong*

*A real-time remittance service that would save a Filipino domestic helper 120 hours on average in a year*









*Thank You*