In-Depth Research and Forecast of China Third-Party Payment Market, 2013-2017

(Sample)

Huidian Research

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4. Development Status of China’s Third-Party Payment Industry

4.2 Market Status

4.2.1 Market Size, 2012

After ten years’ development, China’s third-party payment industry is developing from an emerging industry to a mature and growing industry compliance with industry standards. With future expansion of business areas and innovation of payment products and service, it will provide users with more safe and convenient means of payment, promoting China’s retail consumer market for further development; optimize capital and information flow of China’s e-commerce industry chain so as to promote e-commerce industry; meanwhile, upgrade the internet process of traditional industries by virtue of multi-industry, informatization and internet technology.

Fig.2 Transaction Scale of Third-Party Payment Industry in 2009-2012 and Prediction in 2017

Unit: CNY Trillion

Source: Huidan Research

4.2.2 Transaction Structure of Third-Party Payment Industry, 2012

In 2012, transaction scale of China’s third-party payment registered CNY 12.9 trillion, maintaining a good growth trend with growth rate of 54.2% compared to 2011. Growth will slow down and market will maintain a sound and stable development trend. From the perspective of transaction scale, offline acceptance business occupied the largest proportion of 68.8% in 2012; the secondary was internet payment accounting for
28.3%; mobile payment accounted for 1.2%.

**Fig. 3 Transaction Structure of Third-Party Payment Industry, 2012**

China's e-payment industry is a late starter, and there is gap between China and developed countries. It is still on development stage, and traditional bank card payment dominates the main position as before.

### 5. Market Segment of China’s Third-Party Payment Industry

#### 5.2 Internet Payment

##### 5.2.1 Development Status

With increasing domestic cyber citizen and rapid development of e-commerce, China’s internet payment market achieved rapid growth. In 2012, transaction scale of China’s third-party internet payment was worth CNY 3660 billion, year-on-year growth of 66%. Traditional e-commerce industry application, represented by online shopping and airline ticket, is to be saturated gradually, and it is more difficult than before to expand traditional e-commerce. Market growth will continue to down, and this industry entered into a relatively stable and mature stage.
5.2.2 Competition Pattern

Internet payment industry is a relatively concentrated industry. Nearly ten operators occupy more than 90% of market shares, and there is a phenomenon that the one powerful operator holds the most market shares. Among the top ten internet payment companies in terms of transaction shares, they compete fiercely with each other whether in client-side or user-side, and some small companies have problems to survival.

In market shares of major enterprise, Alipay has an absolute advantage and takes a lead by occupying about half of total market shares, while Tenpay, Unionpay and 99Bill rank on the second, third and fourth.
5.2.3 Growing Trend

Rapid development of future e-commerce, increasing cyber citizen and distribution of bank cards will promote fast growth of internet payment transaction scale. In addition, regulatory policies are implemented and internet payment will be diversified, which will create a broad market for this industry, and industrial structure will be optimized.

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