The Ever-changing Retail Payment Ecosystem

Presentation at HKRMA Retail Summit 2019

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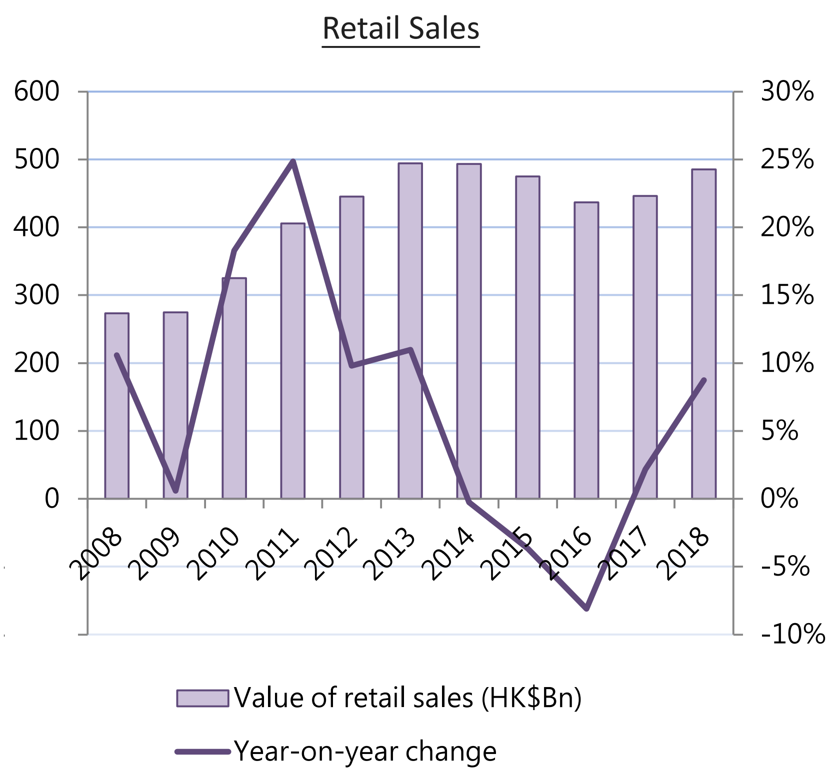
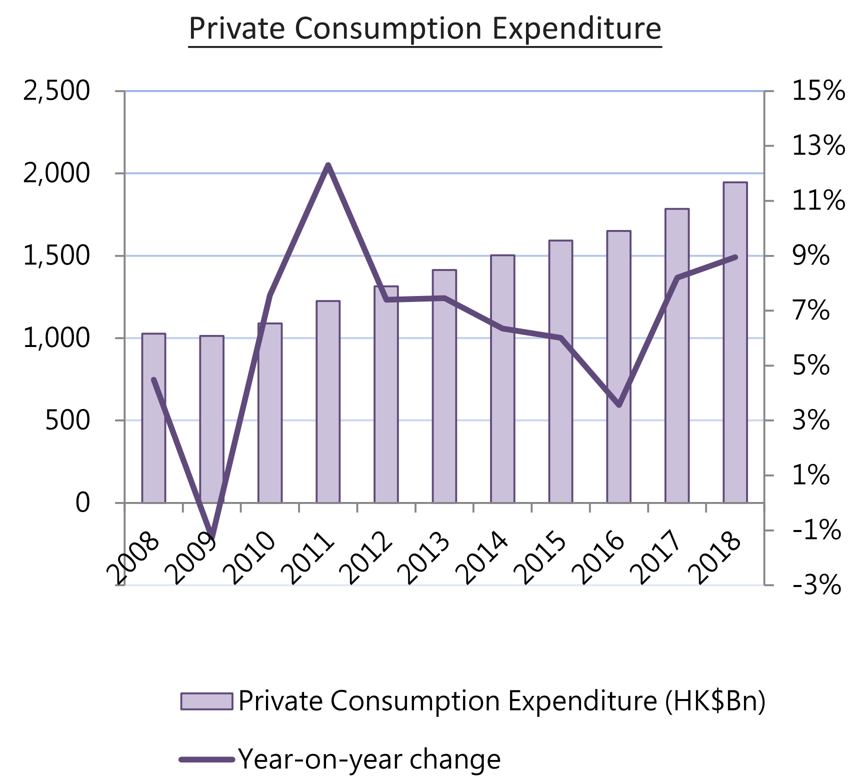
HONG KONG MONETARY AUTHORITY
香港金融管理局

Retail landscape

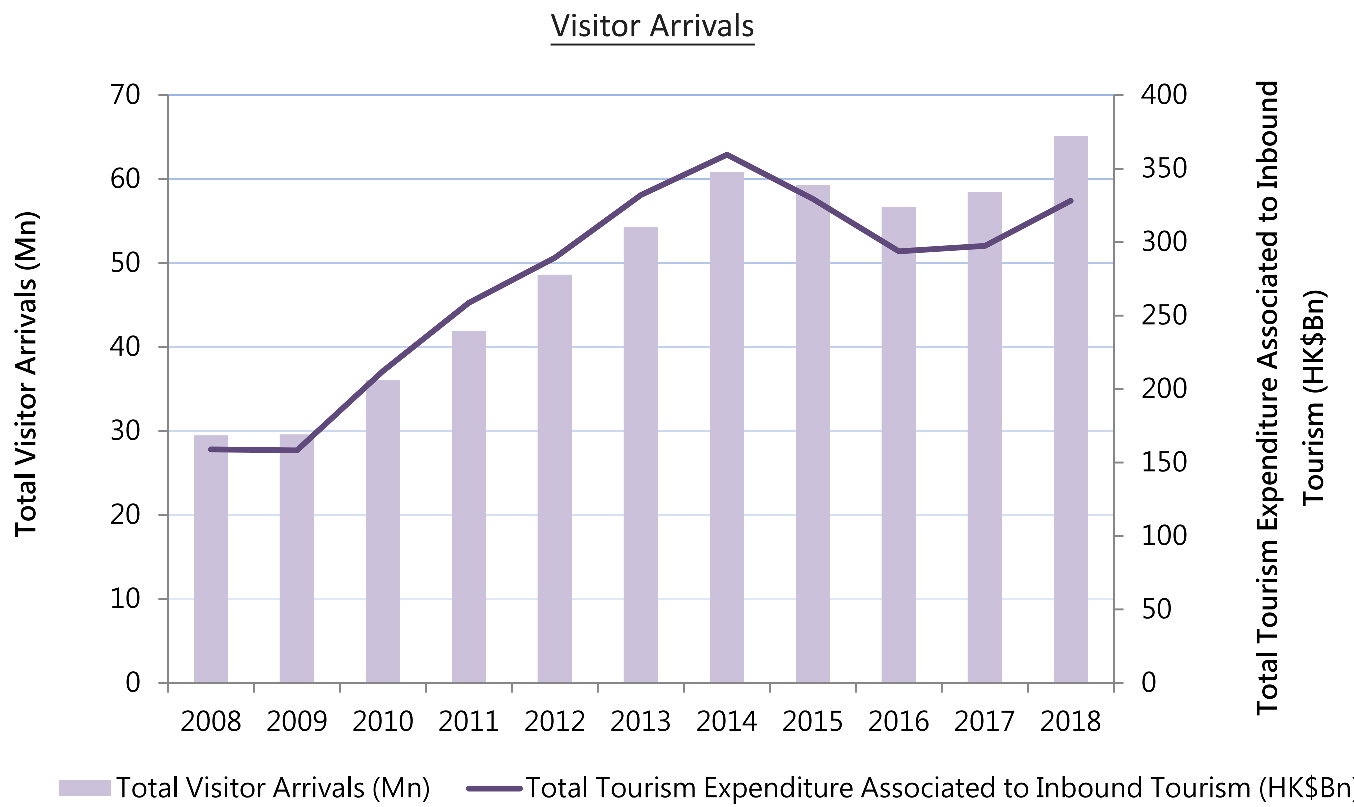
Retail sales: bumpy road despite healthy trend growth





Source: Census and Statistics Department

Tourist arrivals an important driver

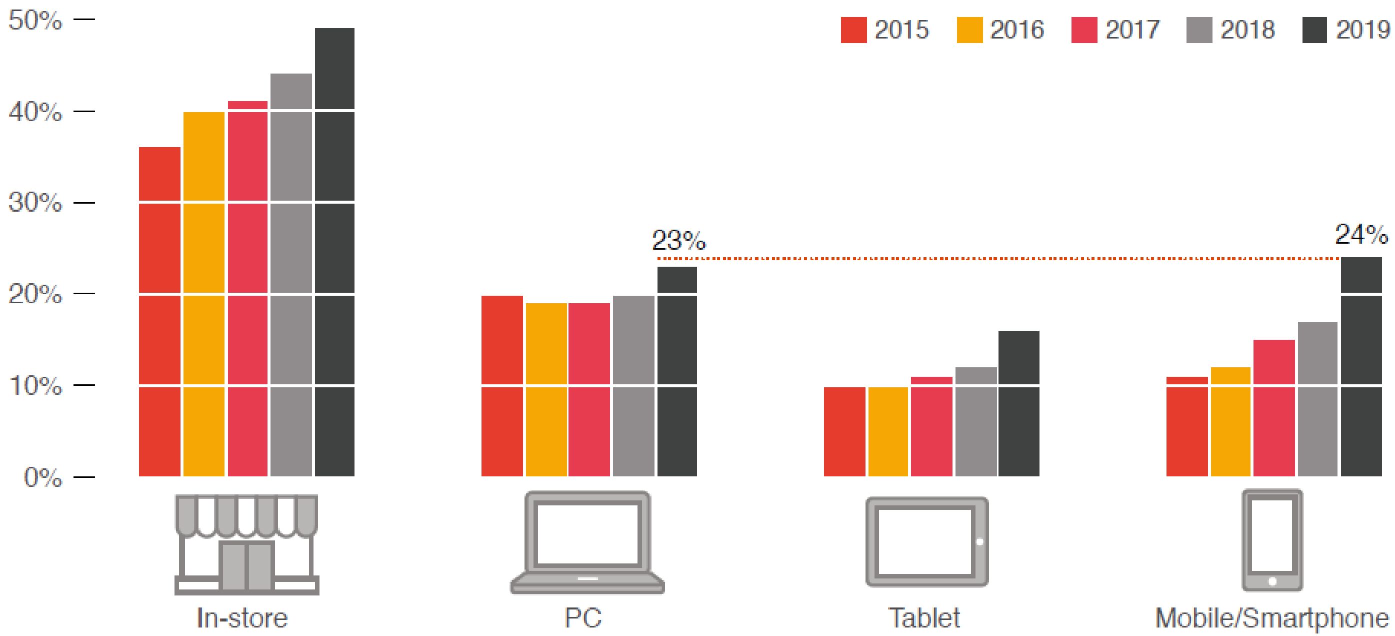


Source: Hong Kong Tourism Board

Customers' shopping preferences are changing

E-commerce an increasingly important channel

Percentage of respondents using the following channels to shop at least weekly



Q: How often do you buy products (e.g. clothes, books, electronics) using the following shopping channels? (Excluding grocery shopping)
21,480 respondents (Note: Chart combines daily and weekly shopping)

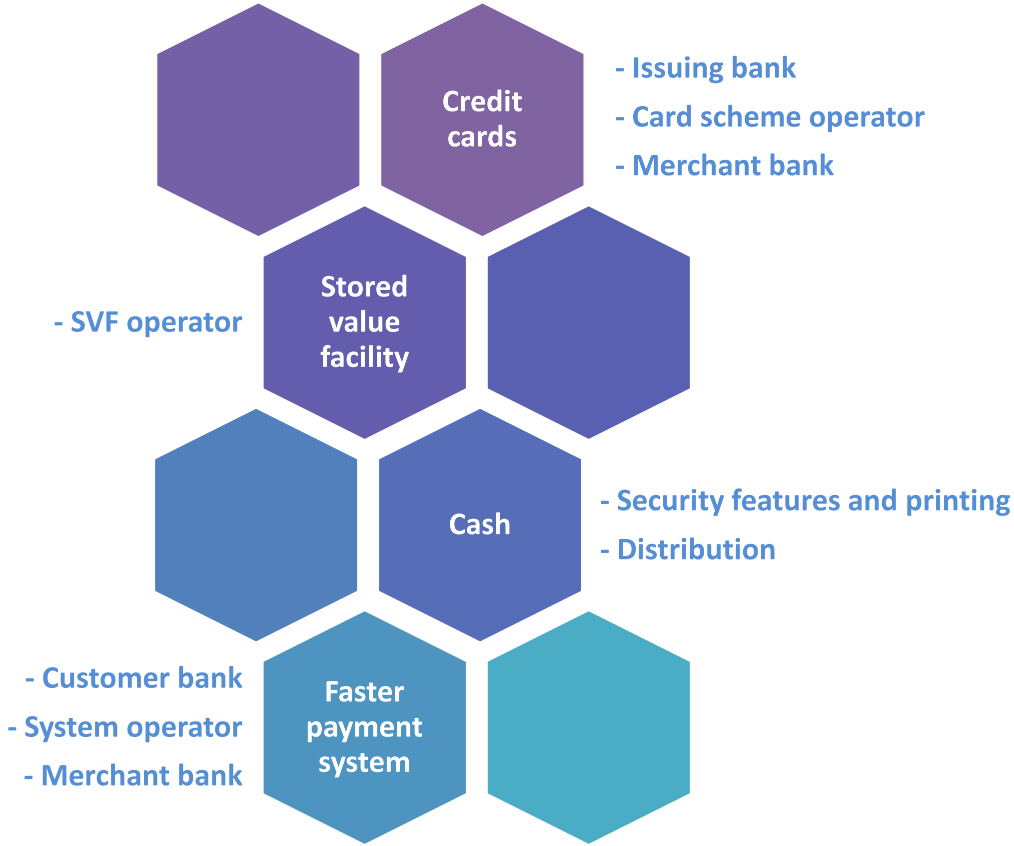
Source: PwC Global Consumer Insight Survey 2019

Proliferation of different e-payment options

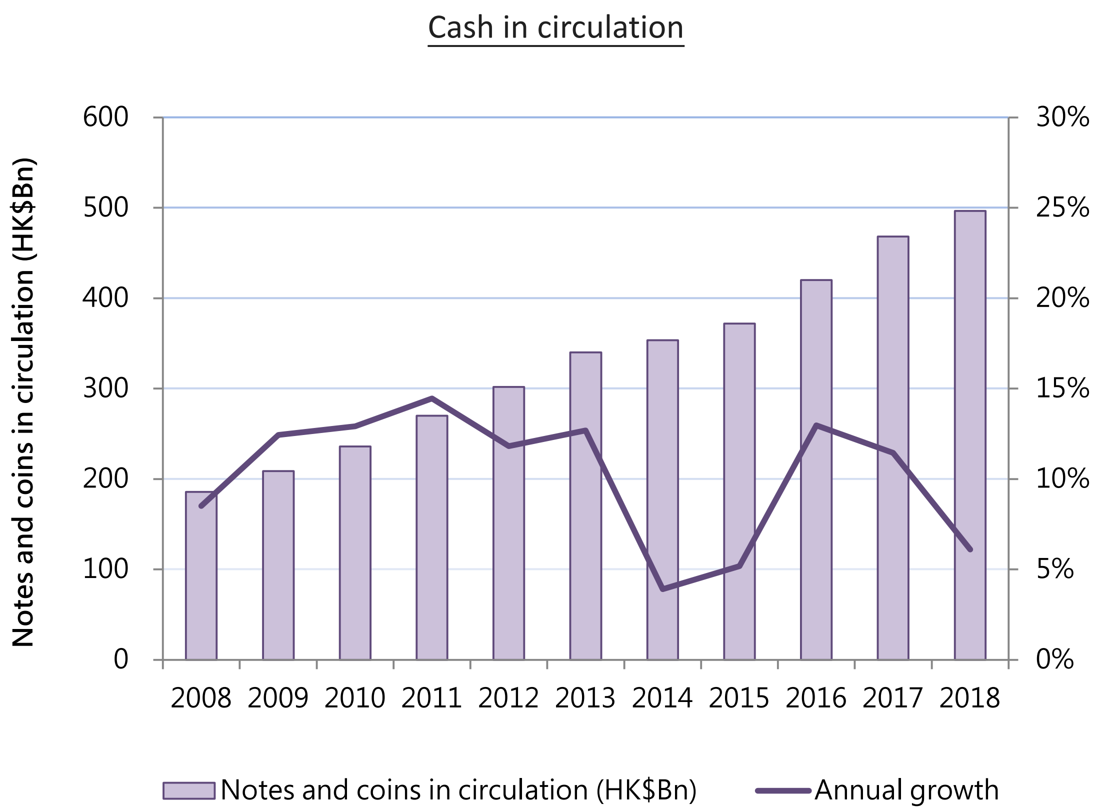
Point-of-sale

Online

HKMA has supervisory role in all common payment means



Cash demand still growing despite popularity of e-payment



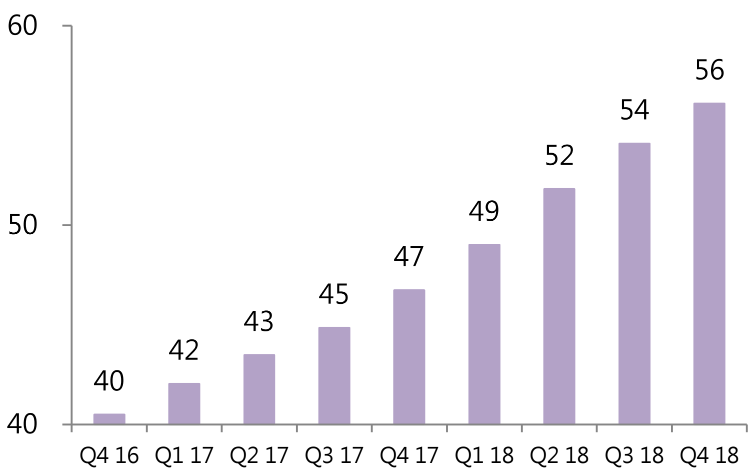
Source: HKMA

Common reasons for not using e-payment

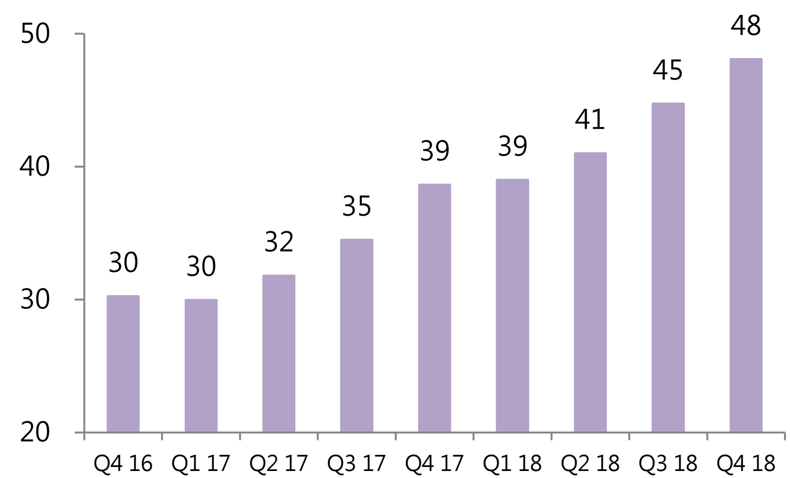
- IT requirements
- Transaction fee
- Cash flow
- Difficulty in getting a terminal
- Cost of handling cash ignored

SVF proving a viable alternative

Total number of SVF accounts in use (mn)



Total value of transactions (HK$Bn)



Source: HKMA

Faster Payment System (FPS) brings a new ecosystem

Deal-by-deal real-time settlement

Mobile number/
email address as
account proxy

Round-the-clock
7x24

HKD & RMB

Full connectivity

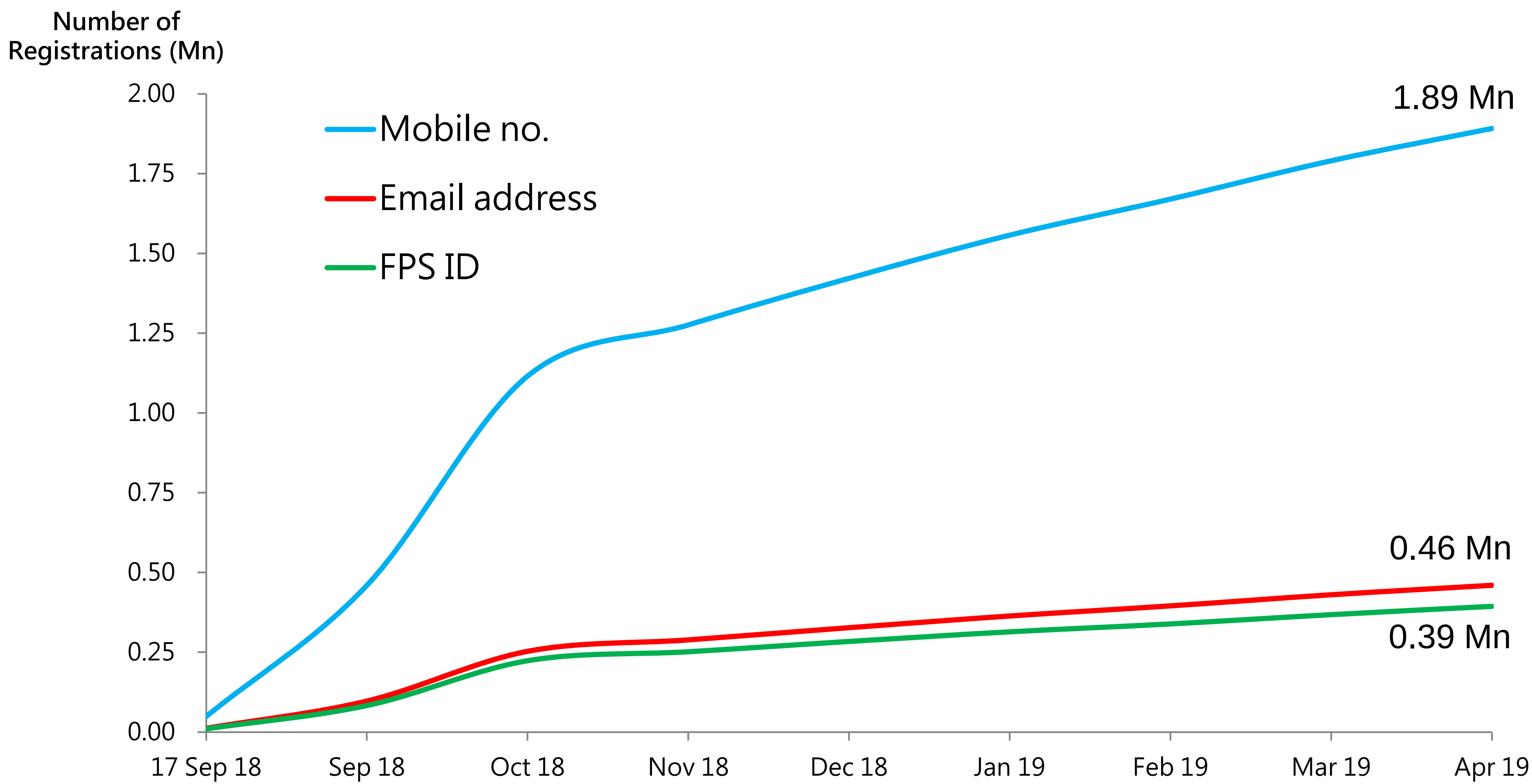
Free of charge
for P2P payment

P2P, SVF top-up,
business payment,
merchant payments

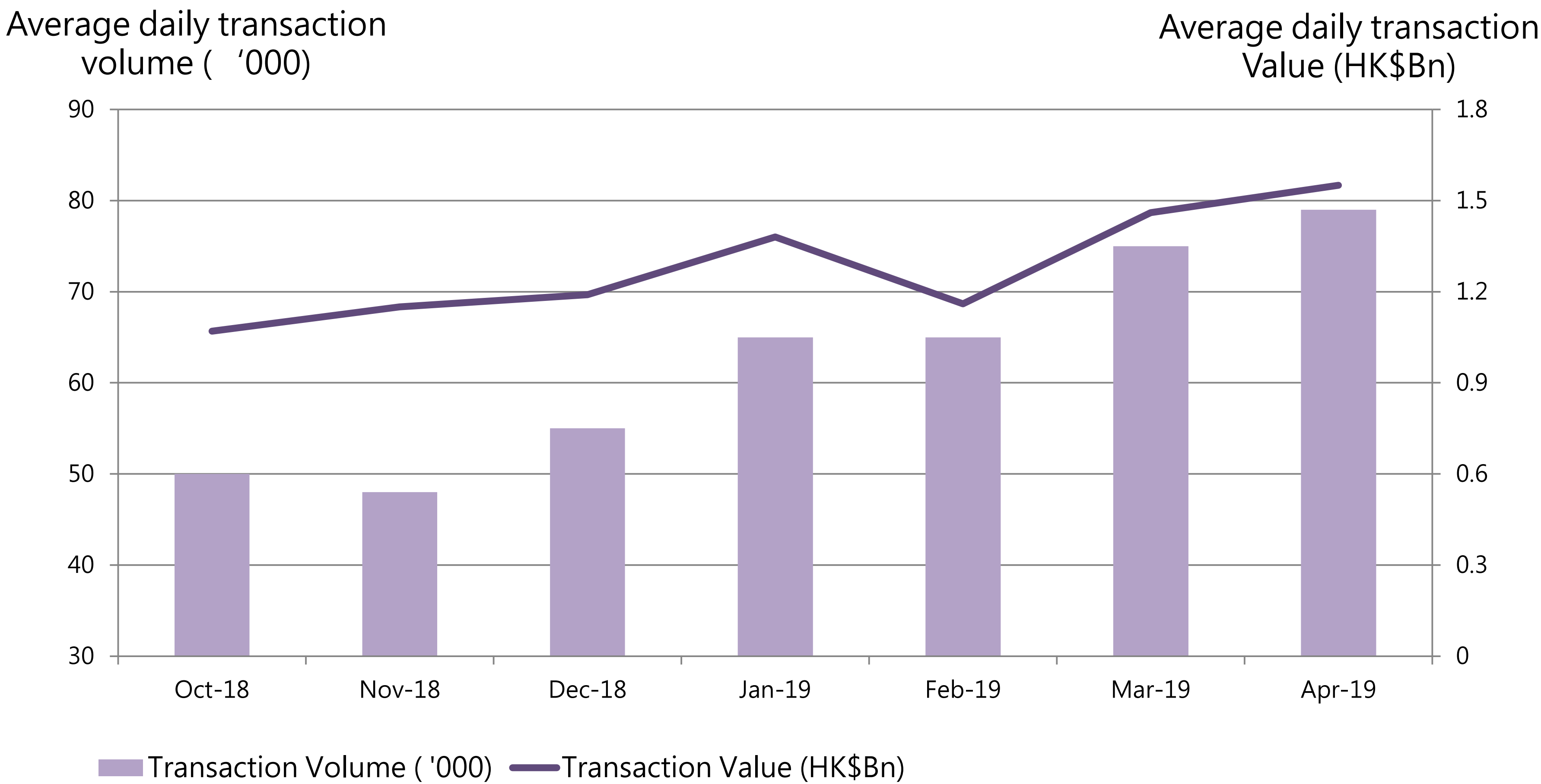
Designated system under PSSVFO

Registration of FPS proxy identifiers growing fast

Total number of registrations (as of 30 Apr 2019): 2.74 Million



Turnover of HKD real-time credit transfer increasing



Versatile FPS merchant payment scenarios

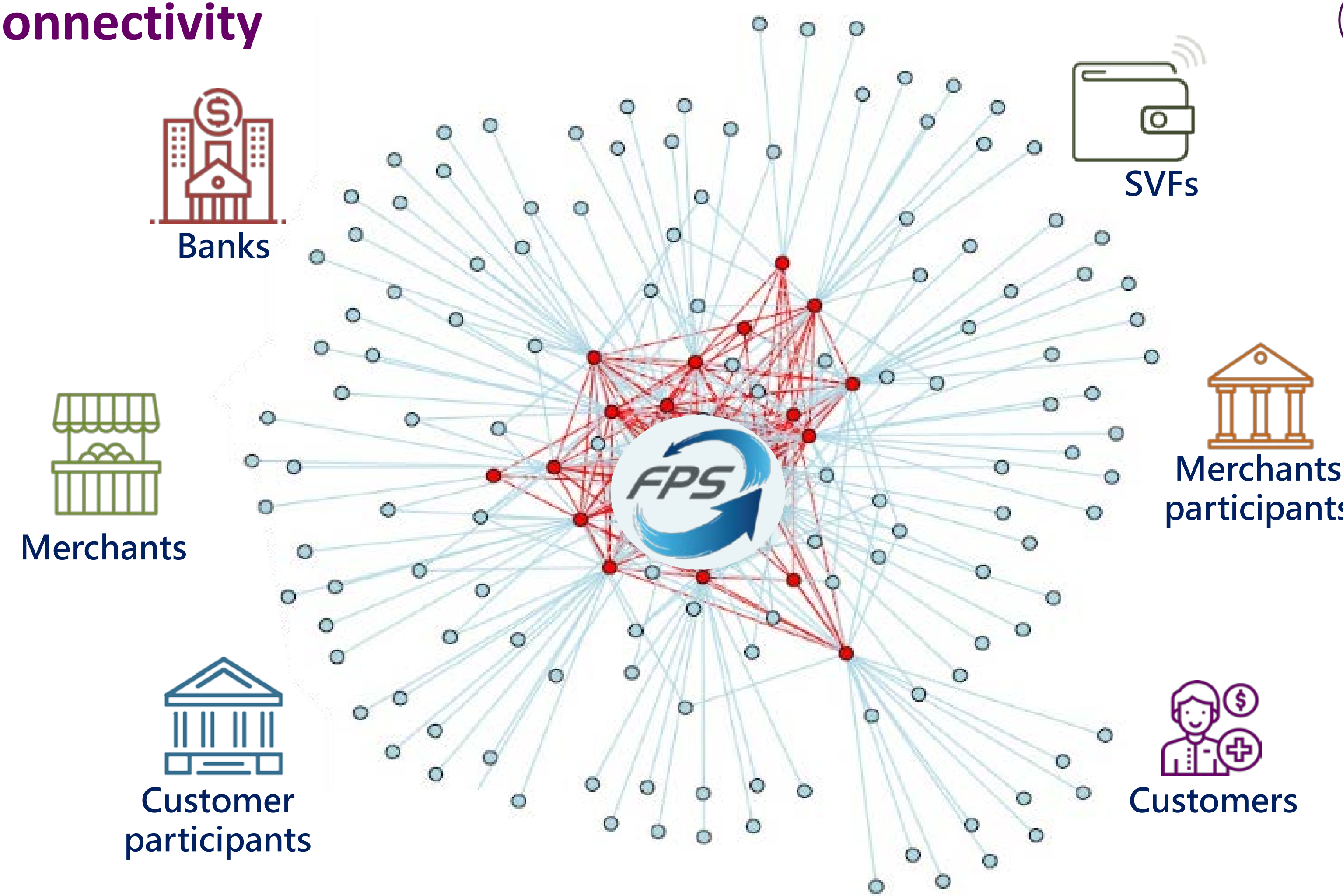
Bill payment

Online shopping

Point-of-sale (POS)

App-to-App

Full connectivity



Helping the smaller merchants

Enhance financial infrastructure - Common QR code

- Enable merchants to use <u>one</u> QR code for accepting payments
- A new mobile app for Android & iOS "**Hong Kong Common QR Code**"
- Available at Google's Play Store and Apple's App Store

Helping the smaller merchants

Government funding schemes

Technology Voucher Programme (科技券)

https://www.itf.gov.hk/l-tc/TVP.asp

Retail Technology Adoption Assistance Scheme (零售業人力需求管理科技應用支援計劃)

https://www.retaas.hkpc.org/tc/

Concluding remarks

E-payment is growing in acceptance

Wide range of options to meet different business needs

Some further food for thoughts :

- Acceptance by small merchants including taxis
- Transparency of merchant fee
- Pay-at-the-table in restaurants

Thank You