

# SY Lau

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Senior Executive Vice President  
Chairman of Group Marketing and Global Branding



**HIGHER  
EDUCATION  
FORUM**

**MALAYSIA**



Tencent 腾讯

# REDESIGNING EDUCATION FOR INDUSTRY 4.0



5<sup>TH</sup>

# IMF Statistical Forum

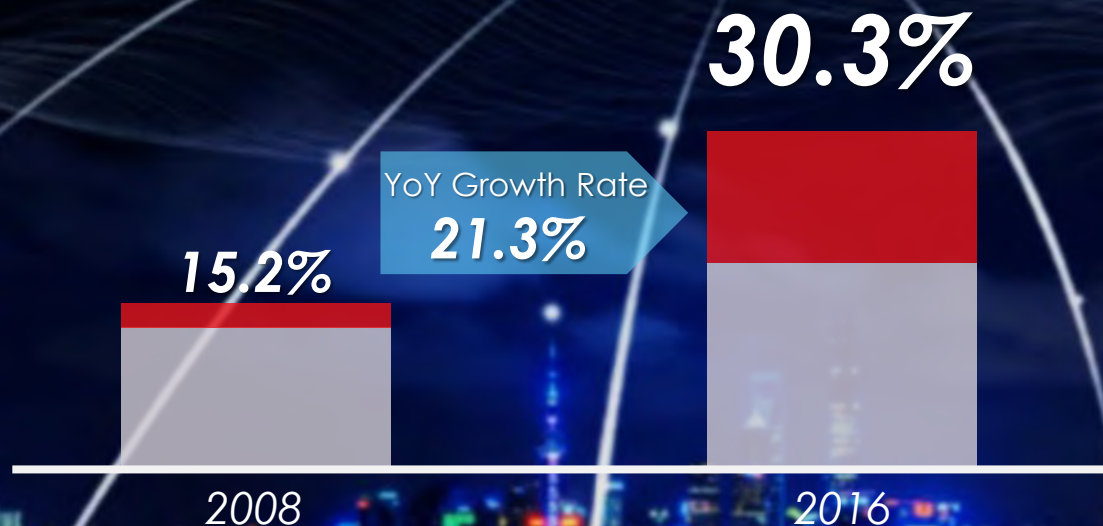
WASHINGTON, D.C.

# MEASURING THE DIGITAL ECONOMY



# DIGITAL'S PERCENTAGE OF CHINA'S GDP AND GROWTH RATE

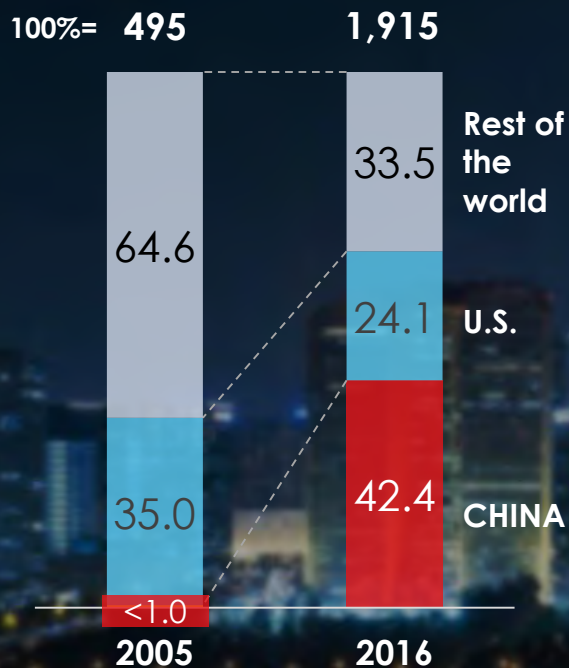
- Digital Economy
- China's GDP



# CHINA IS A LEADING COUNTRY IN THE DIGITAL ECONOMY

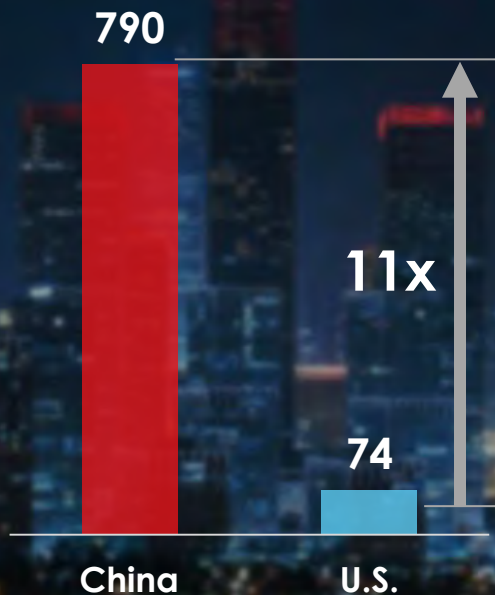
## Retail E-commerce Transaction Value

%, \$ billion



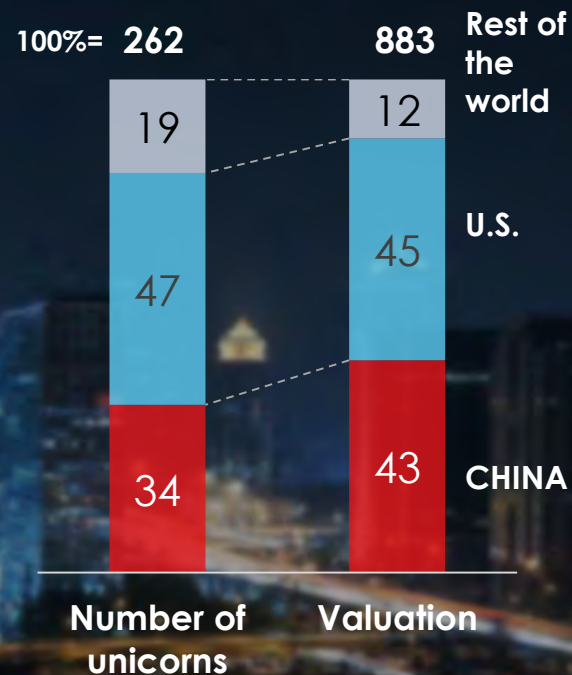
## Mobile payments, 2016

\$ billion



## Global unicorns, June 2016

%; number; \$ billion



# BEYOND PAYMENT

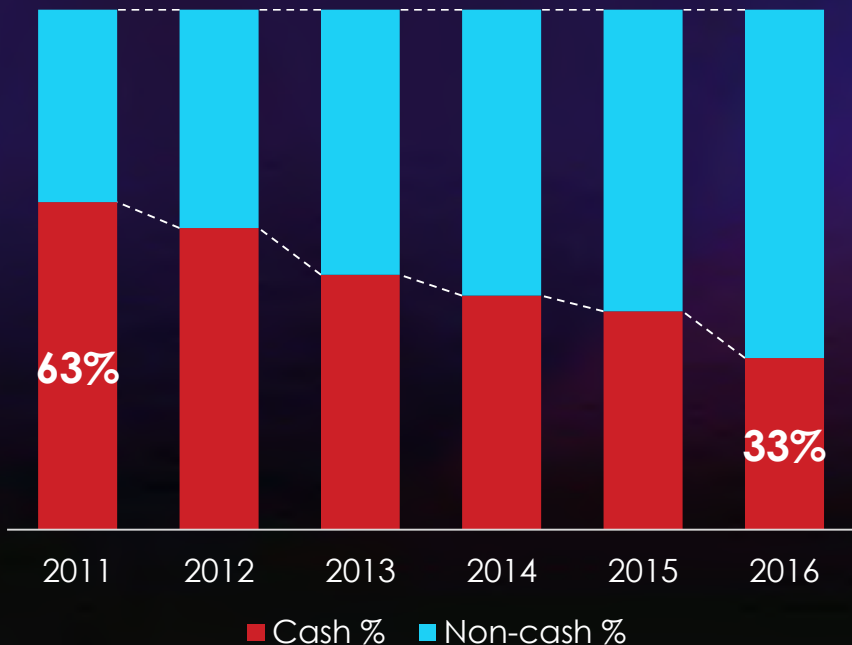
A NEW DIGITAL HORIZON

# 1 THE OVERVIEW OF CHINA PAYMENT LANDSCAPE

# THE OVERVIEW OF CHINA PAYMENT LANDSCAPE

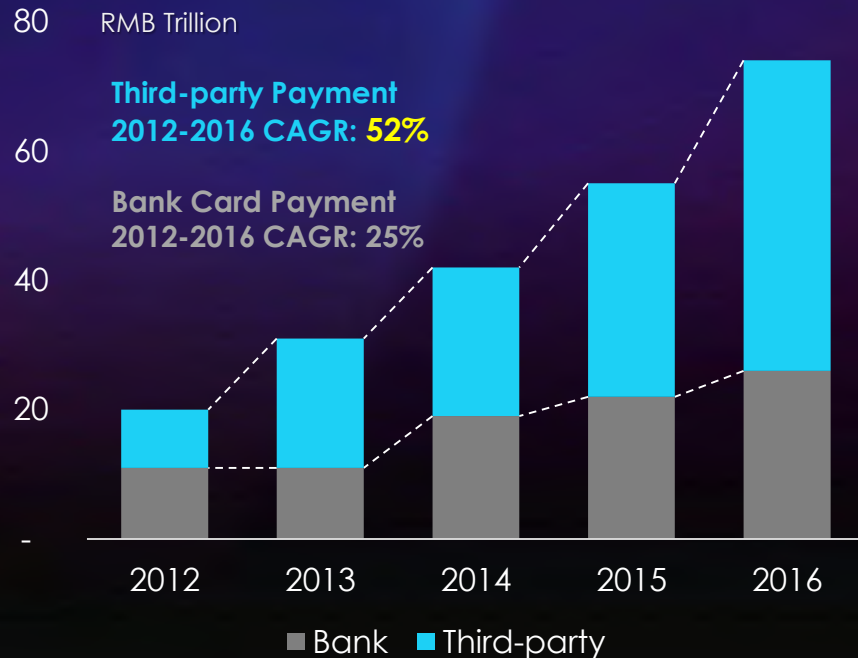
## The Decline of Cash Usage

Total consumption



## The Rise of Third-party Payment

Retail-related Consumption

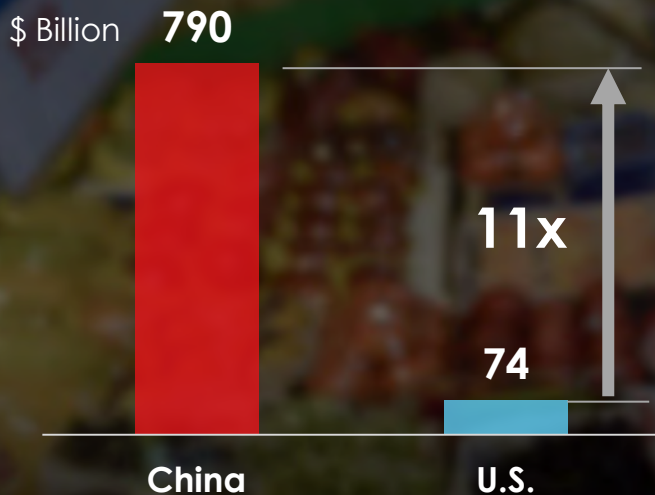


# BUILDING THE 3<sup>rd</sup> PARTY NETWORK ON HANDLING OF THE C2B OR SMALL ENTERPRISES B2B PAYMENT FLOWS

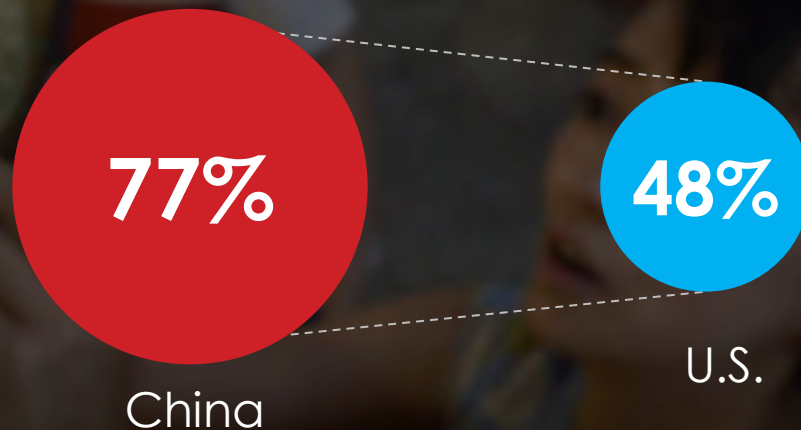
	Non-Cash Payment			
	Cash	Bank Cards	Bills	Debit Transfer
Customers				
Business		Small Business		
Financial Institutions			Large Corporate	
Government				

# THE OVERVIEW OF CHINA PAYMENT LANDSCAPE

## Mobile Payments, 2016



## Mobile Payments Penetration Rate, 2016



# ALIBABA AND TENCENT ARE LEADERS OF THIRD PARTY PAYMENT SEGMENT

2016

Combined Payments of  
**AliPay** and **Tencent Payment**

2.9

Trillion USD

2012-2016

Combined Payments of **AliPay**  
and **Tencent Payment**  
Increase by

33x

2012-2016

**AliPay Payment**  
Increase by

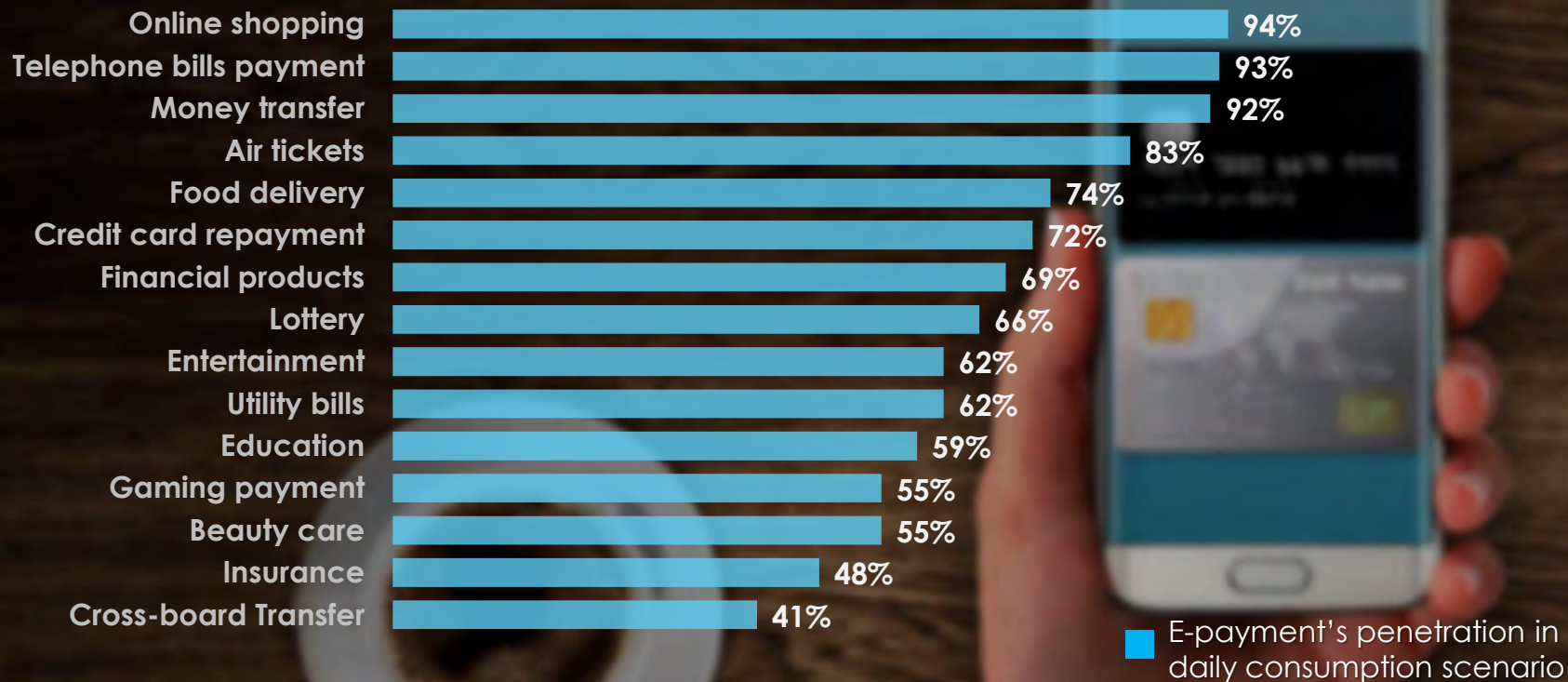
23x

2012-2016

**Tencent Payment**  
Increase by

85x

# THE EMERGENCE OF CHINA CASHLESS SOCIETY. A REALITY, NOT A MYTH.



**1 THE OVERVIEW OF CHINA PAYMENT LANDSCAPE**

**2 THE EVOLUTION OF CHINA CASHLESS SOCIETY**

# THE EVOLUTION TOWARDS A CASHLESS SOCIETY IN CHINA

**PHASE I: FROM 0 TO 1**  
Infrastructure Building

**Challenges**

**Consumer Adoption**

**Drivers**

**Digital Infrastructure**

**Digital Pioneers**

**Digital Users**



# GOVERNMENT AS A POLICY MAKER, INVESTOR, INNOVATOR, AND CONSUMER

**1994.4**

The National Computing and Networking Facility Project

**2000.4**

4 Major network: CSTNET, CHINANET, CERNET, CHINAGBNET realized interconnection

**2009.11**

The "Internet of Things" strategy

**2013.12**

The birth of the "4G" era

**2000**

The birth of China's Mobile Internet

**2009.1**

The birth of the "3G" Era

**2013.8**

The "Broadband China" strategy

# A MULTI-FACETED AND MULTI-INDUSTRY DIGITAL ECOSYSTEM

A ubiquitous network connection enabled the very first tipping point



中华人民共和国  
信息产业部

# A WORLD CLASS E-COMMERCE ECOSYSTEM

**Tencent 腾讯**

**Alibaba**

TENPAY.COM  
**财付通**

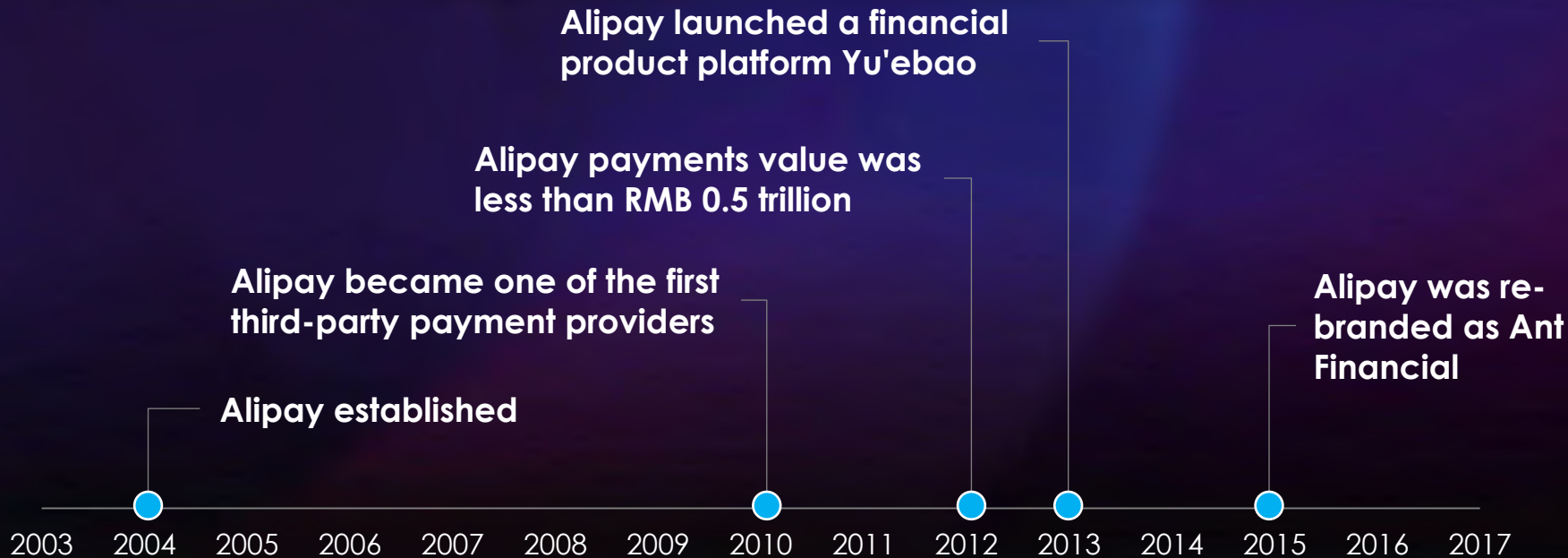
Launched in 2005

**支 Alipay**

Launched in 2004

中华人民共和国  
信息产业部

# ALIBABA'S MILESTONES IN THE EVOLUTION OF PAYMENT



# CHINA HAS THE WORLD'S LARGEST NUMBER OF MOBILE USERS



**724**

Million

**52%+** of China's Population Utilize Mobile Access

**733**

Million

Europe and North America's Utilization of Mobile Access

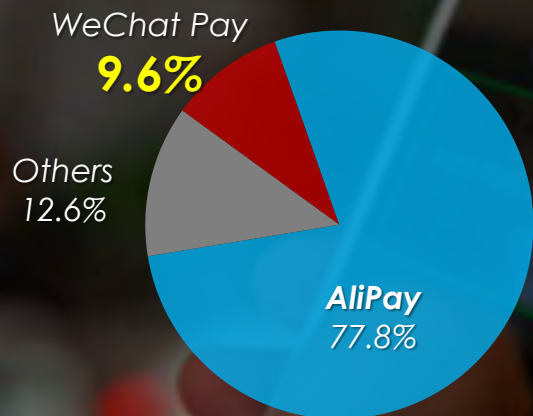
# THE EVOLUTION TOWARDS A CASHLESS SOCIETY IN CHINA

	PHASE I: FROM 0 TO 1 Infrastructure Building	PHASE II: FROM 1 TO N Flying Wheel Effect
Challenges	Consumer Adoption	Mobile Payment Adoption
Drivers	Digital Infrastructure Digital Pioneers Digital Users	Mobile Internet Open Platform Innovation Social Connectivity
Tipping Points	Ubiquitous Network Connection Ecommerce	

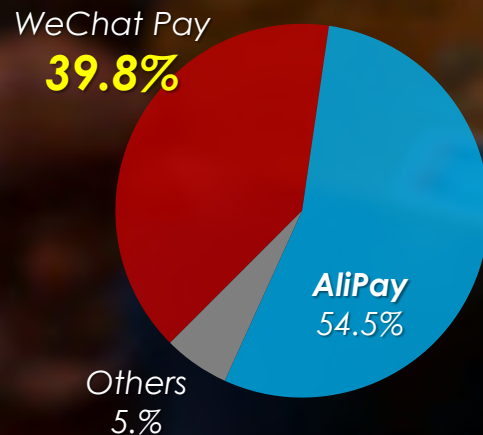


# WECHAT PAY ACHIEVED ALMOST 40% MARKET SHARE IN 4 YEARS

## Mobile Pay Market Share (2014Q1)



## Mobile Pay Market Share (2017Q2)



\*Notes: WeChat Pay market share also includes QQ wallet

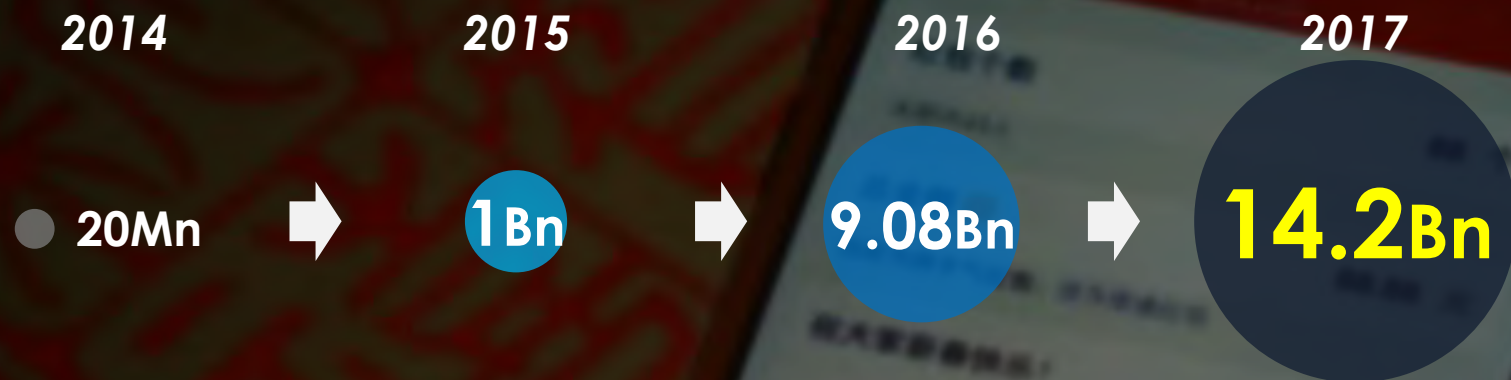


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Tipping Points	Ubiquitous Network Connection Ecommerce	WeChat "Hong Bao"



# WECHAT HONG BAO: COMBINES PAYMENT WITH LOCAL CULTURE



Total Number of Hong Bao Sent on the Chinese New Year's Eve (2014-2017)

\*Notes: Hong Bao, includes WeChat and QQ Platform Data

# THE MARKET SHARE WAR OF ONLINE TAXI HAILING

Million

600

500

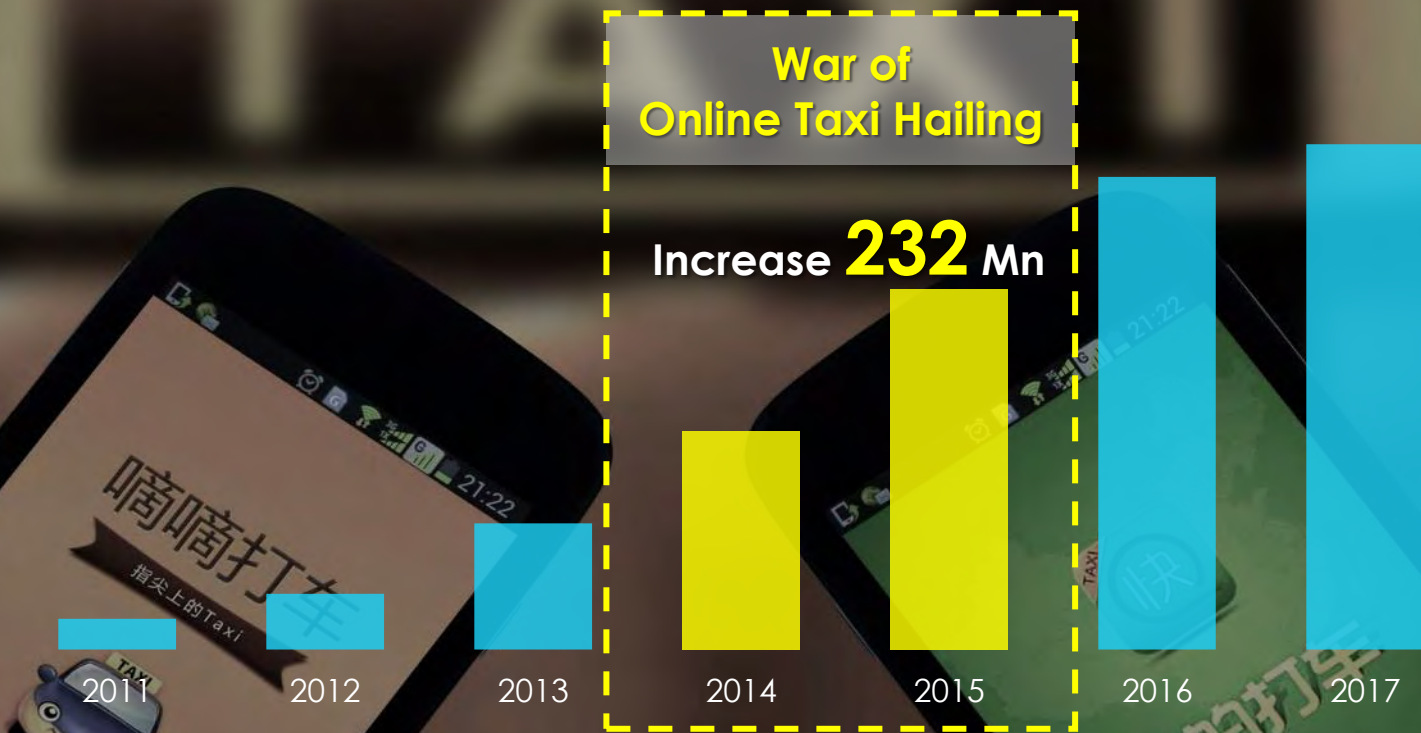
400

300

200

100

-



War of  
Online Taxi Hailing

Increase **232** Mn

The Growth of China Mobile Payment Users

# THE MARKET SHARE WAR OF ONLINE TAXI HAILING

Million

600

500

400

300

200

100

War of  
Online Taxi Hailing

Increase **232** Mn

People Completely Accepted Cashless Payment

2011

2012

2013

2014

2015

2016

2017

The Growth of China Mobile Payment Users

# QR CODE: VIRTUALLY CONNECTING EVERYTHING





真子 餅  
蛋下 蛋餅  
蛋下 煎餅  
外賣 麵點  
外賣 雪糕

林元成 張米小添蒜



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Tipping Points	Ubiquitous Network Connection Ecommerce	WeChat "Hong Bao" Taxi Mobile Wallet Warfare "Scan" QR-Code



# THE EVOLUTION TOWARDS A CASHLESS SOCIETY IN CHINA

	PHASE I: FROM 0 TO 1 Infrastructure Building	PHASE II: FROM 1 TO N Flying Wheel Effect	PHASE III: FROM N TO $\infty$ Digital Civilization
Challenges	Consumer Adoption	Mobile Payment Adoption	User Centric Ecosystem
Drivers	Digital Infrastructure Digital Pioneers Digital Users	Mobile Internet Open Platform Innovation Social Connectivity	
Tipping Points	Ubiquitous Network Connection Ecommerce	WeChat "Hong Bao" Taxi Mobile Wallet Warfare "Scan" QR-Code	

# “INTERNET PLUS”



Government

Big data



Health Care

Cloud Computing



Entertainment



Manufacturing Industry



Tourism



Transportation



Finance



Education



Business

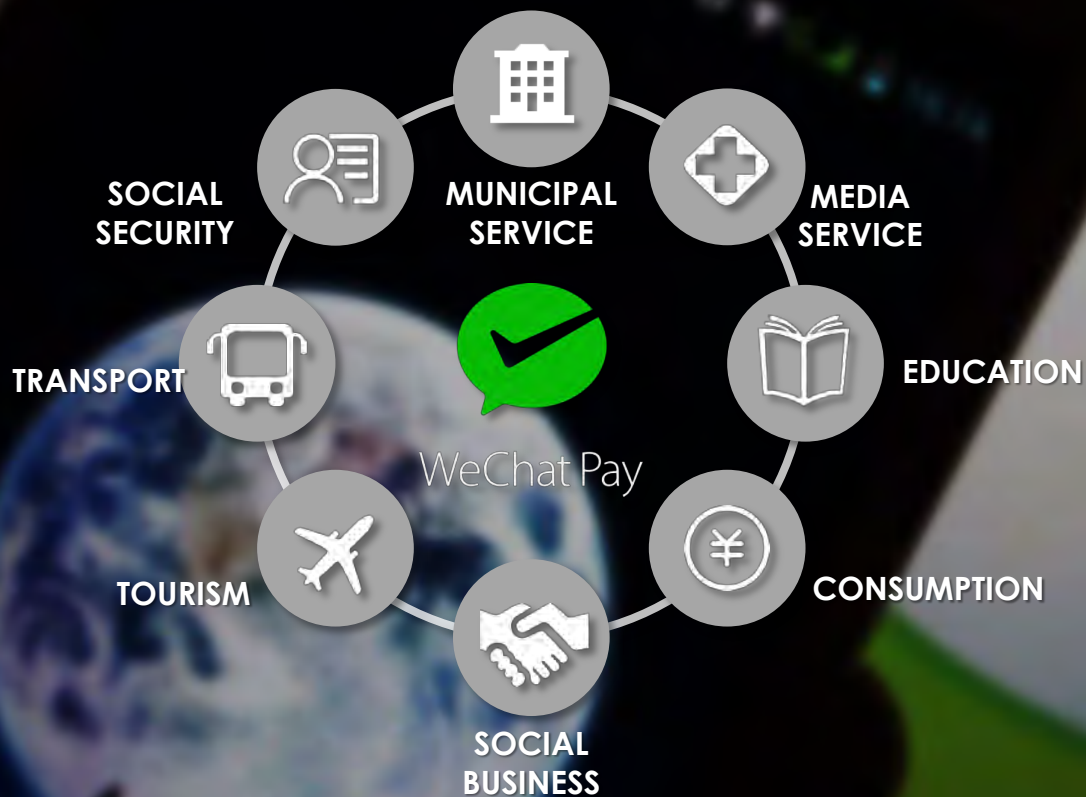
Internet of Things



Agriculture

Artificial Intelligence

# A WECHAT ENABLED SMART GALAXY



WeChat City Service

**362**  
Cities

**310**  
Million Users

# XIONG'AN: A CUSTOMIZED SMART CITY SOLUTION



Tencent Cloud



XIONG'AN  
NEW AREA



FiT  
Financial Technology

FinTech



Tencent Cloud-  
based "BaaS"



Tencent TrustSQL



Tencent Big Data



# THE EVOLUTION TOWARDS A CASHLESS SOCIETY IN CHINA

	PHASE I: FROM 0 TO 1 Infrastructure Building	PHASE II: FROM 1 TO N Flying Wheel Effect	PHASE III: FROM N TO $\infty$ Digital Civilization
Challenges	Consumer Adoption	Mobile Payment Adoption	User Centric Ecosystem
Drivers	Digital Infrastructure Digital Pioneers Digital Users	Mobile Internet Open Platform Innovation Social Connectivity	The Internet Plus Policy Public and Private Sectors Adoption
Tipping Points	Ubiquitous Network Connection Ecommerce	WeChat "Hong Bao" Taxi Mobile Wallet Warfare "Scan" QR-Code	Verified Personal ID and Social Credit Scoring System Blockchain Technology

**1 THE OVERVIEW OF CHINA PAYMENT LANDSCAPE**

**2 THE EVOLUTION OF CHINA CASHLESS SOCIETY**

**3 THE OPPORTUNITIES OF DIGITAL CIVILIZATION**

# CAPTURING OPPORTUNITIES OF DIGITAL CIVILIZATION

Do not jump into bandwagon without best expertise



# CAPTURING OPPORTUNITIES OF DIGITAL CIVILIZATION

**Do not jump into bandwagon without best expertise**

**Use technology as both a driver and a guardian**

# A SECURED AND STABLE DATA OPERATIONS OF TENCENT

Bank Channels:  
**200+**

Payment Performance:  
**208,000+/second**

Receivable Capacity:  
**1 billion+/day**



Service Availability Rate:  
**99.9999%**

Bank Connection Disaster Recovery:  
**Auto Switching in Seconds**

Payment Disaster Recovery:  
**Multi-active  
Cross Data Center Replication**

# CAPTURING OPPORTUNITIES OF DIGITAL CIVILIZATION

**Do not jump into bandwagon without best expertise**

**Use technology as both a driver and a guardian**

**Believe in the value of a joint-effort ecosystem**



“Humans are connected by the internet, forming a ‘**Community of Common Destiny in Cyberspace**’.

No single company or organization is able to take this challenge on by itself. In fact, it requires an open mindset and the joint efforts of governments, industry partners and various social groups to build and govern together.”

“人类以互联网为连接，形成前所未有的‘网络空间命运共同体’。不是任何一家公司或组织可以凭借一己之力就能够完全解决和应对，需要各国政府、行业合作伙伴以及社会各界一起探索，以开放分享的态度，进行共建、共治。”

——**Huateng Ma**

Chairman of the Board and CEO

# BELIEVE IN THE VALUE OF A JOINT-EFFORT ECOSYSTEM



# CAPTURING OPPORTUNITIES OF DIGITAL CIVILIZATION

**Do not jump into bandwagon without best expertise**

**Use technology as both a driver and a guardian**

**Believe in the value of a joint-effort ecosystem**

**Do find the Malaysian-way of digital journey**

# CONSISTENTLY PROMOTING INNOVATION, BUILDING A PAYMENT ECOSYSTEM

## 2013

- **Migration** to e-payments
- **Enhancing** payment system infrastructure
- **Improving** accessibility, security and convenience

## 2014

- **Migration** to e-payments
- **Adoption** of debit cards
- **Promoting** financial inclusion

## 2015

- **Moving Forward** with e-Payments
- **Elaborate on** the importance of collaborative efforts

## 2016

- **Moving Forward** with e-Payments
- **Promoting** competition, collaboration and innovation
- **Open and competitive** Payment and Settlement Systems

## 2017

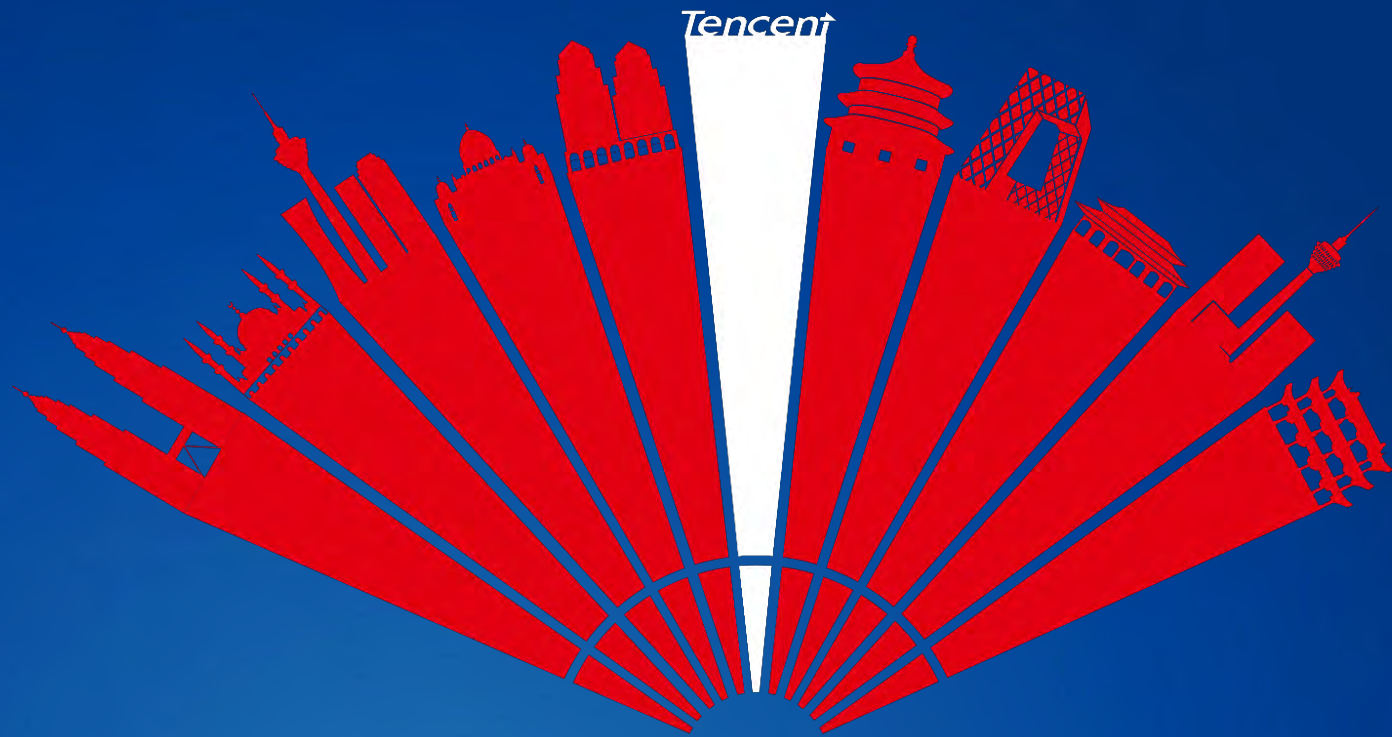
- **Mobile Payment** is the Next Wave
- **Promote** efficiency, competition and innovation
- **Strengthen** industry alignment
- **Supporting** inclusive governance

*“For many years, **Bank Negara Malaysia** has taken the leading role in shaping the development of the country’s **payment systems**, in line with its statutory mandate to promote **safe, efficient and reliable** payment systems.”*

**Tan Sri Muhammad bin Ibrahim**

Governor of the Central Bank of Malaysia  
(Bank Negara Malaysia)





Terima Kasih