

## **Why PAYMENT is so hot when actually no one wants to pay?**

By Alex Chan, CEO of FORMS HK

PayPal Holdings Inc. vaulted over American Express Co. in terms of market value this week (the week of Oct 9<sup>th</sup>, 2017), standing at US\$ 83 billion. Ant Financial, the payment affiliate of Alibaba, is valued at US\$ 60 billion. HK's payment start-up, TNG, was valued at US\$ 565 million (HK\$ 4.4 billion) and raised US\$ 115 million (HK\$ 900 million) just one month ago in September.

But why? I believe no one on earth would like to pay. Then why digital payment companies have such a high valuation?

### **Payment – the necessary evil**

No one wants to pay. However, payment is the necessary evil when people transact either online or offline. The winners in the digital payment battlefield are those who can successfully deliver a delightful client experience by making payment frictionless or even “unconscious” as part of the enjoyable path to purchase.

Having the right client experience for the targeted personas creates stickiness. The question then is how to develop a business model that can monetize it, by creating tangible and sustainable values to either the consumers, the merchants, the markets or all of them.

This question is especially challenging in markets like mainland China, where the super-powers Alibaba and Tencent and alike are so well established.

Yet, when one looks into the holistic digital commerce value chain from new angles, there are actually attractive value spaces awaiting to be captured.

Let's take a look from the merchant perspectives. Alipay and WeChat Pay are so pervasive in mainland China (and given the fact that the unbanked population in China is so huge) that the consumers are demanding big, small or even micro merchants to accept mobile payments.

That poses challenges to small and micro merchants to invest in the technology and learn to adopt the new payment and cash management operations.

Innovative and smart digital ventures like QFPay see these merchant challenges as the new market opportunities. QFPay helps the small and micro merchants to tackle the problems by:

- providing an integrated payment solution (either an app or a hand-held device) that enables the merchants to accept Alipay, WeChat Pay, Baidu Wallet and all the other major mobile payment schemes seamlessly using the same device and operation

- enabling small and micro merchants to establish social connections with their customers and promote their products and offerings in a targeted manner via a close-loop CRM platform

QFPay creates compelling values for the small and micro merchants. In return QFPay becomes an integral partner of the leading third-party payment service providers as QFPay helps them to rapidly get the large number of small and micro merchants on board.

Today, QFPay covers more than 1 million merchants in more than 300 mainland cities. It has processed more than RMB 100 billion worth of transactions.

Beyond the domestic payment market, QFPay is a strategic partner of Alipay and WeChat Pay for the overseas market. QFPay is also making attempts to monetize its data on top of its target marketing and CRM platform.

By successfully capturing the market opportunities, and by taking timely and determined actions to create values to the new internet finance eco-system. QFPay has co-created and re-defined the new business models and client experiences with the key stakeholders.

### **Monetizing the Payment Stickiness**

Having established such stickiness and having captured the massive data with the small and micro merchants, it actually positions QFPay well to further monetize its assets and potential.

With the initial success, QFPay realizes it's additional values to the internet finance value chain. Consumers pay to acquire services and products, either online or offline, either domestically or overseas, either regularly or spontaneously. With such understanding from the big data, QFPay knows better than others about consumers' needs, preferences and risk profiles. QFPay also realizes that there are circumstances that consumers would need a small credit to finance certain needs or some consumers would prefer to try some new investment in order to realize greater financial gains.

There is unlimited potential for QFPay to monetize the payment platform and the massive data. Let's keep it a secret for the time being. Stay tuned for the next sharing.

### **In a Nutshell**

FORMS Point of Views:

1. Payment is a necessary evil. Make payment frictionless and "unconscious". Make the Path-to-Purchase (P2P) enjoyable for selected personas.
2. Look for new value spaces and in the new digital economy. Be bold and prompt to capture them.
3. Monetize payment and data to develop new business models.