



**Asia-Pacific
Economic Cooperation**



E-Payments Brief

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E-Payments Brief
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APEC Fintech E-payment Readiness Index - Select Findings

Promoting GDP



1% change in online retail sales is associated with at least a 0.175% growth in Gross Domestic Product (GDP) per capita among six APEC economies

Mobile a Key Driver



APEC Fintech E-payment Readiness Index

Comprised of four pillars and 44 indicators, Index constructed to gauge readiness and capacity of APEC economies to engage in e-payment and develop overall e-payment ecosystem

Role of Government



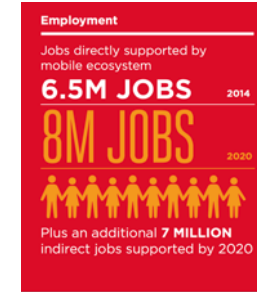
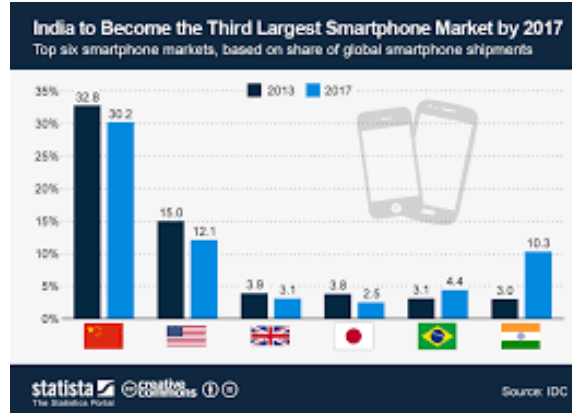
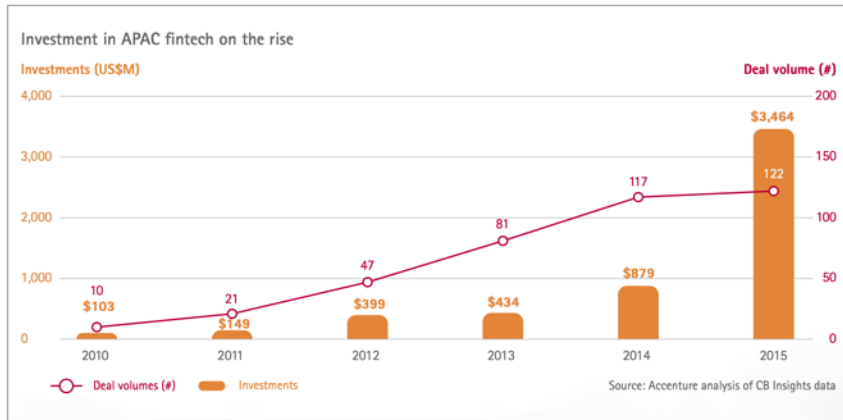
Addressing Gaps

The gap between high and lower income economies most obvious in infrastructure - bridging the digital divide essential to fully leveraging opportunities in e-payments

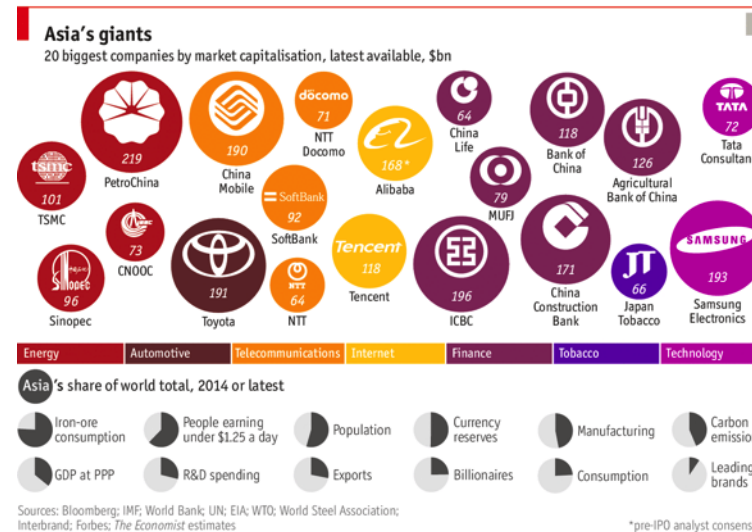
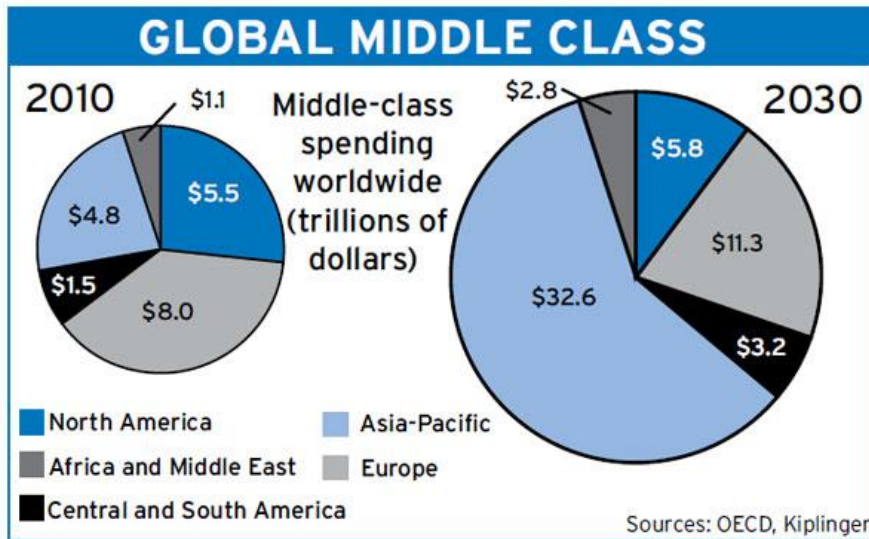


Asia Pacific is focal point of Fintech investment and innovation

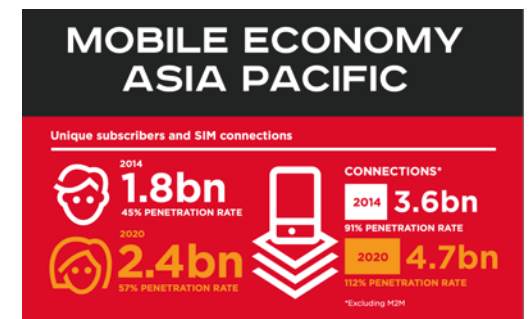
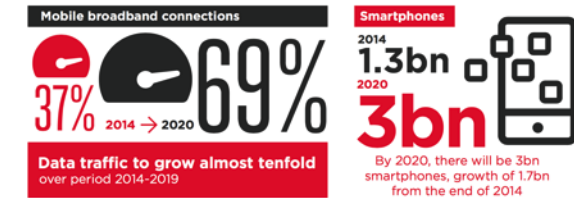
Fintech investment in Asia-Pacific



Mobile contributing to economic and social development across the region



Accelerating moves to mobile broadband networks and smartphone adoption



Managing and Moving Money in AP

Consumer Trends shaping the worlds' future middle class



Dominance of mobile



Popularity of Digital Wallets

Country	B2C Marketplaces	B2C Multi-brand Retailers	B2C Private Sales & Daily deals	C2C Marketplaces & Classifieds
Singapore	Qoo10, eBay, Allpexpress	ZALORA, Courts, Omigo, redmart, Lazada	GROUPON, Meeva, Aeon Living	Shopee, ShopSpot, craigslist, olx.com
Thailand	Qoo10, Lazada, Allpexpress	ZALORA, Redmart, Cdiscount, trueVIE, WuaYouWua	ensogo, GROUPON, The One, Aeon Living	olx.com, Shopee, ebay, craigslist, 4mat.com
Indonesia	Qoo10, Lazada, Allpexpress, evelenia	ZALORA, Amazon, Tokopedia, Lazada, MA	GROUPON, Meeva, Aeon Living	olx.com, Shopee, ebay, craigslist
Philippines	HaloHaloMall, eBay, Lazada, shopee.com	ZALORA, Amazon, Lazada, Meeva, Aeon Living	ensogo, AEA, GROUPON, CASH, Meeva, Aeon Living	olx.com, Shopee, ebay, AyaDito.com, craigslist

Explosion of Marketplaces



Social Selling creating economic opportunity



P2P payments a part of life



Last mile critical for access to money



Gaming entry point for engagement



XB shopping = access to the global economy

Thank
You!



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E-Payments Panel Discussion

Moderator: David Katz

Deputy Head of Global Government Relations
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Session C-3

Panelists:



Matthew Gamser

CEO, SME Finance Forum
International Finance Corporation



Thomas Olsen

Partner, Bain & Company
Southeast Asia



Catherine Simmons

Managing Director
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Citibank N.A.



SME FINANCE
FORUM



Electronic Payments And Small Retailers

Matthew Gamser
CEO, SME Finance Forum
April 2017

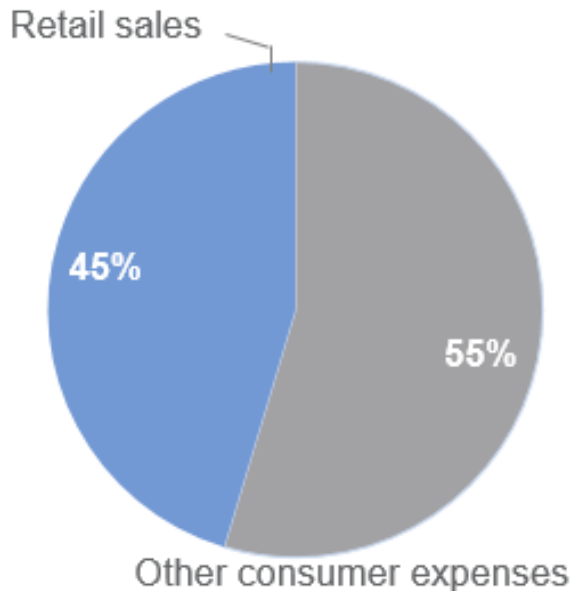
Retailers sit at the crossroads of the cash economy



Retail expenditure makes up the lion's share of consumer payment value

Consumer expenditure (value)
Percent 2015, Global

100% = US\$41.5 tr



In addition to retail sales:
supplier payments
and employee salaries

Payment flow in the retail supply chain¹



Wholesalers & Distributors



retailer



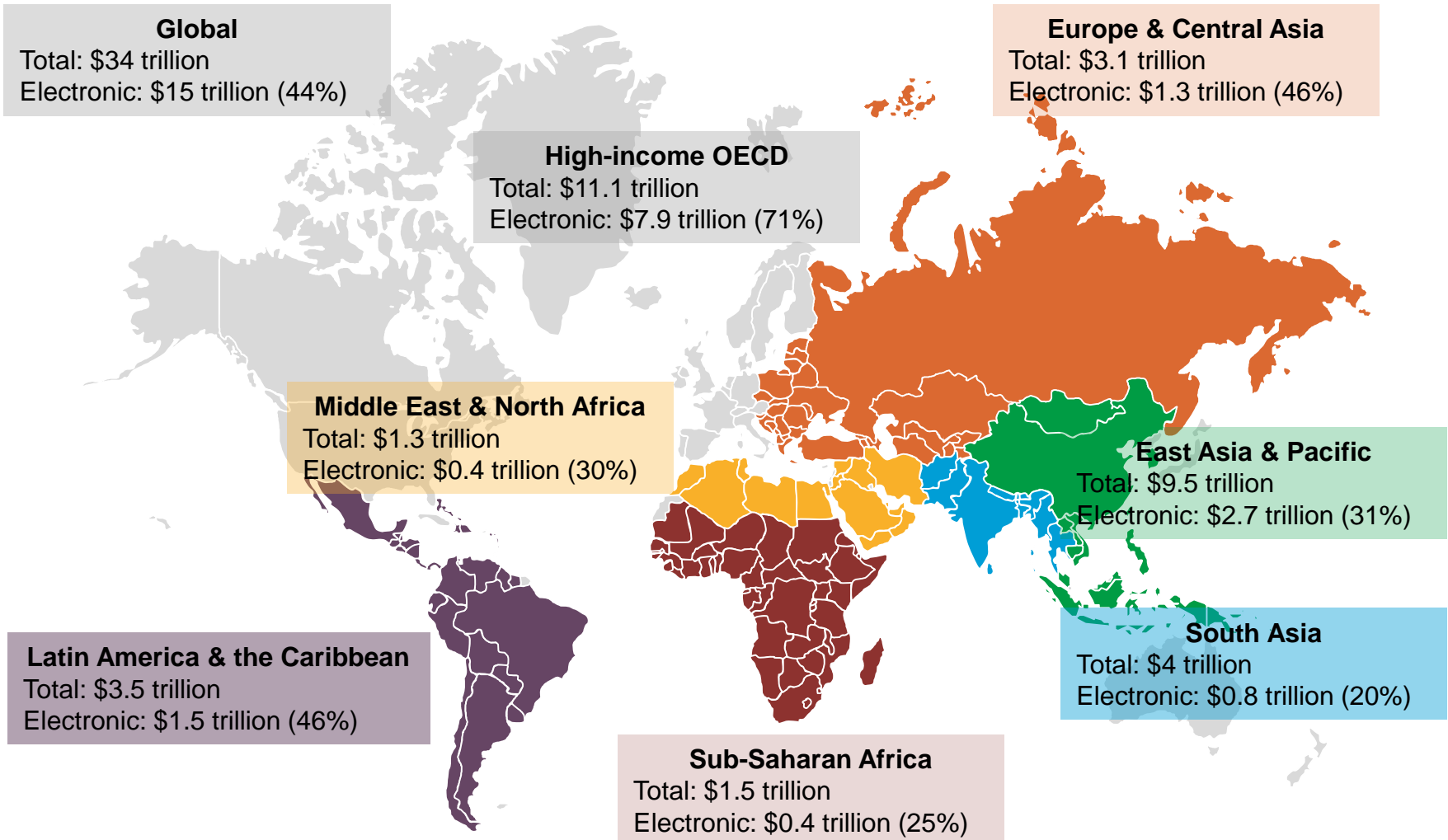
Together with their suppliers and customers, retailers account for an overwhelming majority of regular payments value and volume and can therefore be a lever to enhance economic development and increase access to financial services

SOURCE: Euromonitor International: Passport – Economies and Consumers 2015

Digital Inclusion: Global sizing of the Digital Gap 2015

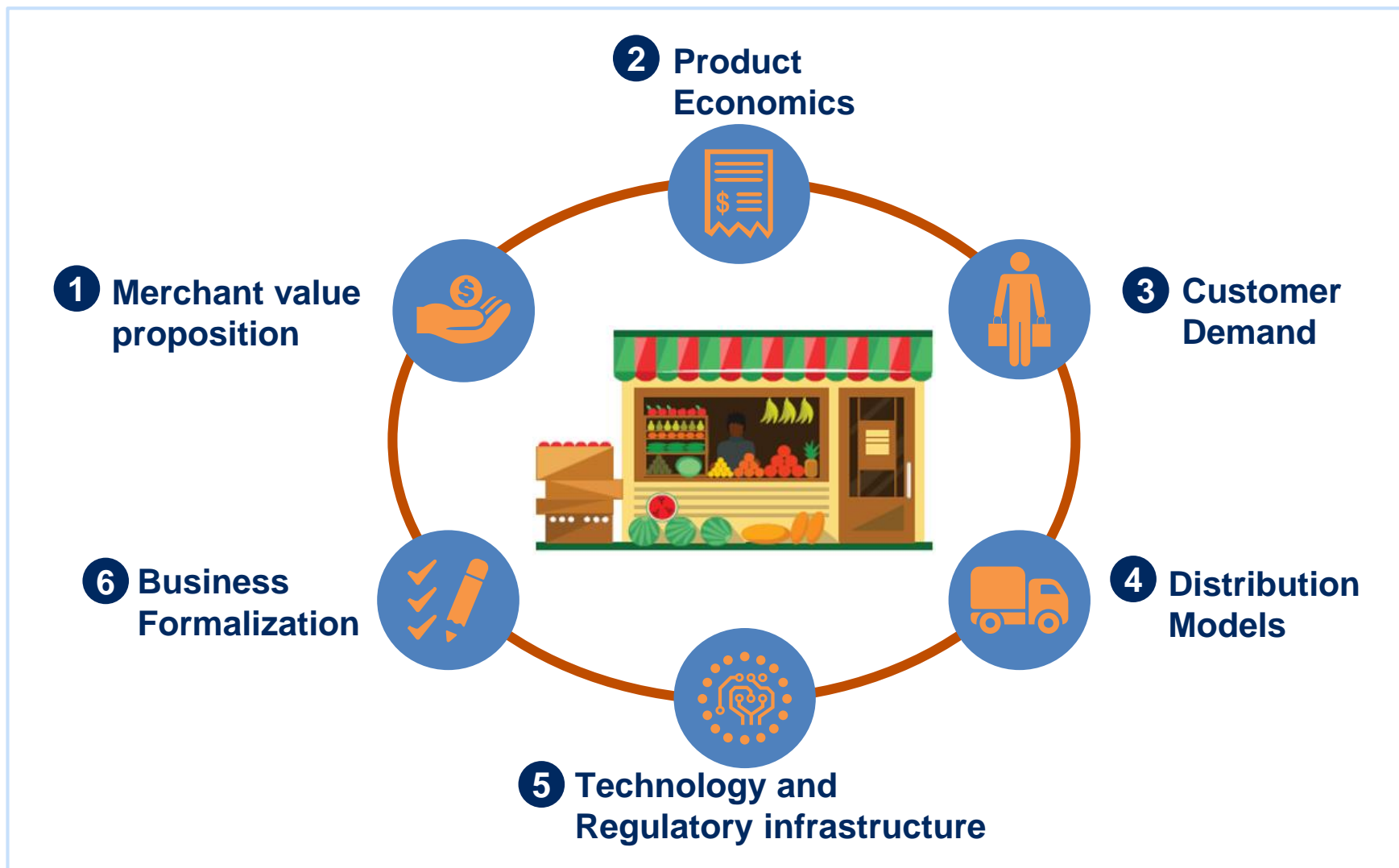


Large untapped opportunity: \$19 trillion paper-based P2B, B2B¹ and B2P

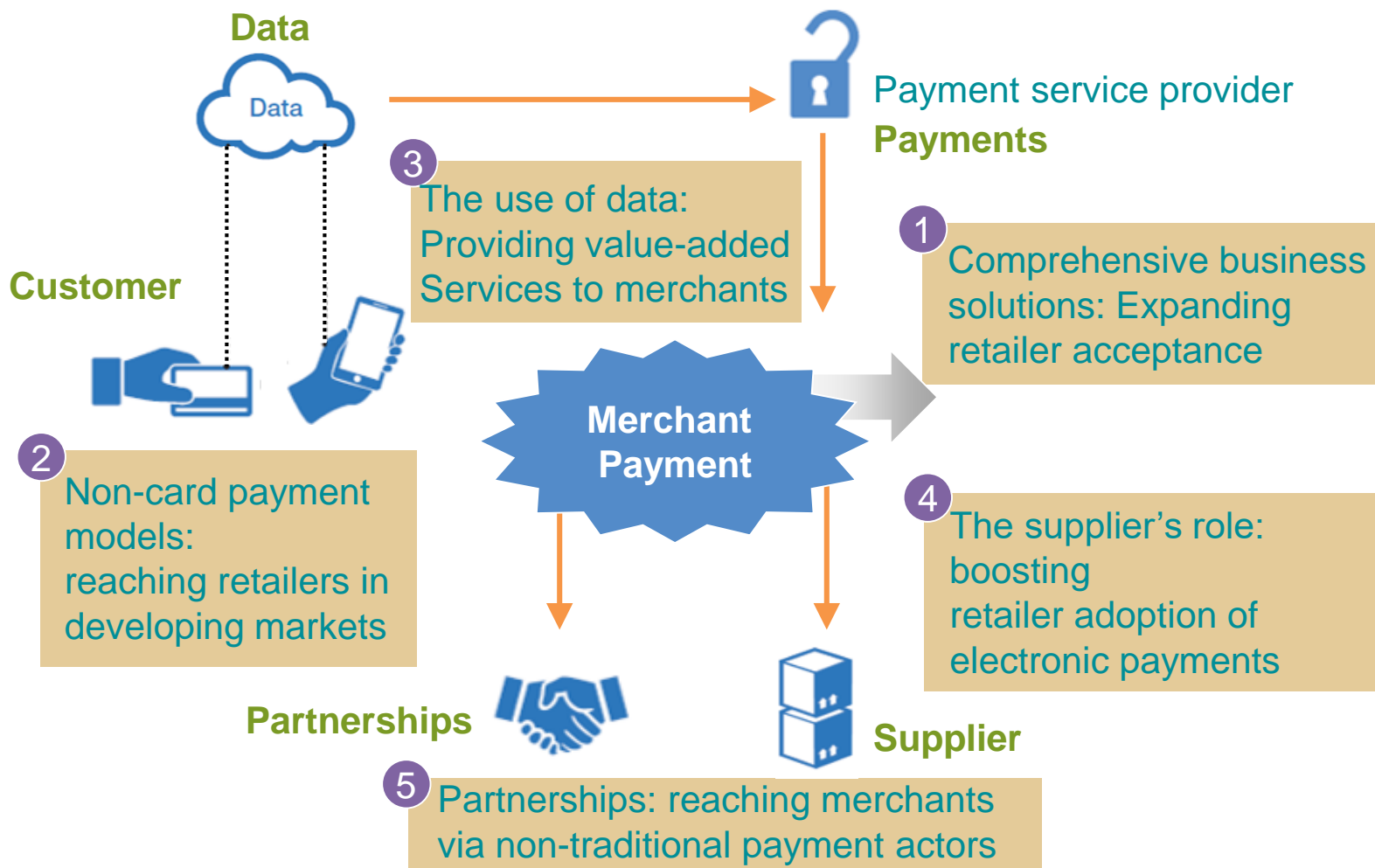


¹ B2B payments include only those from the retailers to immediate suppliers

Six main obstacles hold back the adoption of current electronic payment solutions among merchants



Five key innovation trends to expand merchant e-payment solutions



E-Payments Policy Considerations

APFF, Seoul, April 25, 2017

Catherine Simmons, Managing Director, Government Affairs Asia Pacific



Digital Finance

Digital finance has led to new products, services, platforms and providers.

Individuals, firms and governments have been impacted at the local, regional and global level

The move to digital has brought both opportunities and challenges for policymakers



Establishing Identity

Establishing identity can be difficult but is key

- Extensive Anti-Money Laundering (AML), Counter Terrorist Financing (CTF) and Know Your Customer (KYC) requirements.
- The difficulty of meeting requirements is being recognized by financial regulators particularly those seeking to promote financial inclusion.
- Bank of International Settlements (BIS) consultation in Nov 2016 seeking to examine the real risks and solutions.
- National identity systems such as that used in India can help reduce the problem.
- Technology like biometrics may also provide solutions.
- Use of using AML/KYC utilities to pool information being explored.



Regulatory, Legal & Policy Issues

The rapid emergence of digital finance poses governments and providers with a range of regulatory, legal and policy issues

- Digital data and advanced systems need to be managed by highly-trained professionals backed up by reliable IT infrastructure
- Data collected needs to be effectively utilized by business to enhance competitiveness and efficiency while ensuring privacy of individuals
- Data needs to be secured against fraud, criminal activity, including cyber attacks, as well as natural disasters in an increasingly complex and interconnected world
- Cross-border data transfer, processing and storage needs lead to discussions about onshore versus offshore activities
- It is important that policymakers regulate according to the risk posed by the activity, not the actor to manage risks across the system and equalize costs



The Way Forward

Governments and firms have an important role to play in promoting e-payments

- Collaboration between regulators and market players key to encourage innovation while providing protections
- A level regulatory playing field for traditional providers and new entrants can help manage risks to consumers and the system
- Important to identify and act on regulatory changes needed to extend the reach of e-payments nationally and across borders
- Allowing for a broader range of products and services to be delivered online via smartphones and ATMs is an important step in extending access
- All involved should strive for cost-effective, efficient, open and interoperable systems to make the most of the benefits technology provides



The Citi logo is centered on a blue gradient background. It features the word "citi" in a white, lowercase, sans-serif font. A red, curved arch is positioned above the letters "i" and "t". To the right of the word "citi" is a registered trademark symbol (®).

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Discussion



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