The Ever-changing Retail Payment Ecosystem

Presentation at HKRMA Retail Summit 2019
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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
HKMA has supervisory role in all common payment means

Credit cards:
- Issuing bank
- Card scheme operator
- Merchant bank

Stored value facility:
- SVF operator

Cash:
- Security features and printing
- Distribution

Faster payment system:
- Customer bank
- System operator
- Merchant bank
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

Source: HKMA
Faster Payment System (FPS) brings a new ecosystem

- Deal-by-deal real-time settlement
- Round-the-clock 7x24
- Full connectivity
- HKD & RMB
- Mobile number/email address as account proxy
- Free of charge for P2P payment
- Designated system under PSSVFO
- P2P, SVF top-up, business payment, merchant payments
Registration of FPS proxy identifiers growing fast

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

Number of Registrations (Mn)
Turnover of HKD real-time credit transfer increasing

Average daily transaction volume (‘000) vs. Average daily transaction Value (HK$Bn)
Versatile FPS merchant payment scenarios

- Bill payment
- Point-of-sale (POS)
- Online shopping
- App-to-App
Full connectivity

Banks

Merchants

Customer participants

SVFs

Merchants participants

Customers
Helping the smaller merchants

- Enhance financial infrastructure - Common QR code

  - Enable merchants to use **one** 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

HKQR mobile app
Helping the smaller merchants

Government funding schemes

**Technology Voucher Programme (科技券)**

[Link](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)**

[Link](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