

US wallet just the start for Alipay?

I picked up a rather nice Alibaba carrier bag at last month's eCommerce Expo in London. This is just one indicator of the Chinese online giant's ambitions to increase its global presence in online commerce and – via its Alipay offshoot – payments.

Following its massive US\$25bn IPO last month, Alibaba and its payment brand Alipay have the power and reserves to expand fast and far.

Announced so far is the combining of Alipay and five of its other financial brands into a single subsidiary called Ant to compete directly with banks internationally.

Alipay is also launching a wallet to simplify the process for Chinese people making purchases at US websites.

Make no mistake this move is likely to be replicated across other important global markets as it bids to compete with rivals including PayPal. It will bring it head to head with card brands Visa and MasterCard in payment processing.

China surpassed the US as the world largest digital (online and mobile) retail market in 2013 with the value of average transactions growing at more than 70% annually since 2009, according to analyst Bain & Co. With half a billion online shoppers in China and Alipay's wallet now increasing its presence in a number of markets, this growth can only continue.

China online payment market data:

- By the end of 2013 Alipay claimed to have over 300 million users and to conduct over 80 million transactions per day, with more than 50% on mobile devices.
- Alipay currently has around 18 million overseas users in 30 countries.
- Nearly 80% of Chinese cross-border shoppers say they have used international websites in a language other than Chinese (Alibaba).
- Chinese e-commerce shoppers spent RMB1.3 trillion (US\$212.28bn) online in 2013 (Bain & Co).

No one should ignore Alibaba and Alipay as just a Chinese phenomenon. Whichever sector you are in they could be a competitor – acquirer, issuer, brand, processor or merchant.