UnionPay Merchant Services

银联商务 ChinaUMS

Jul. 2020

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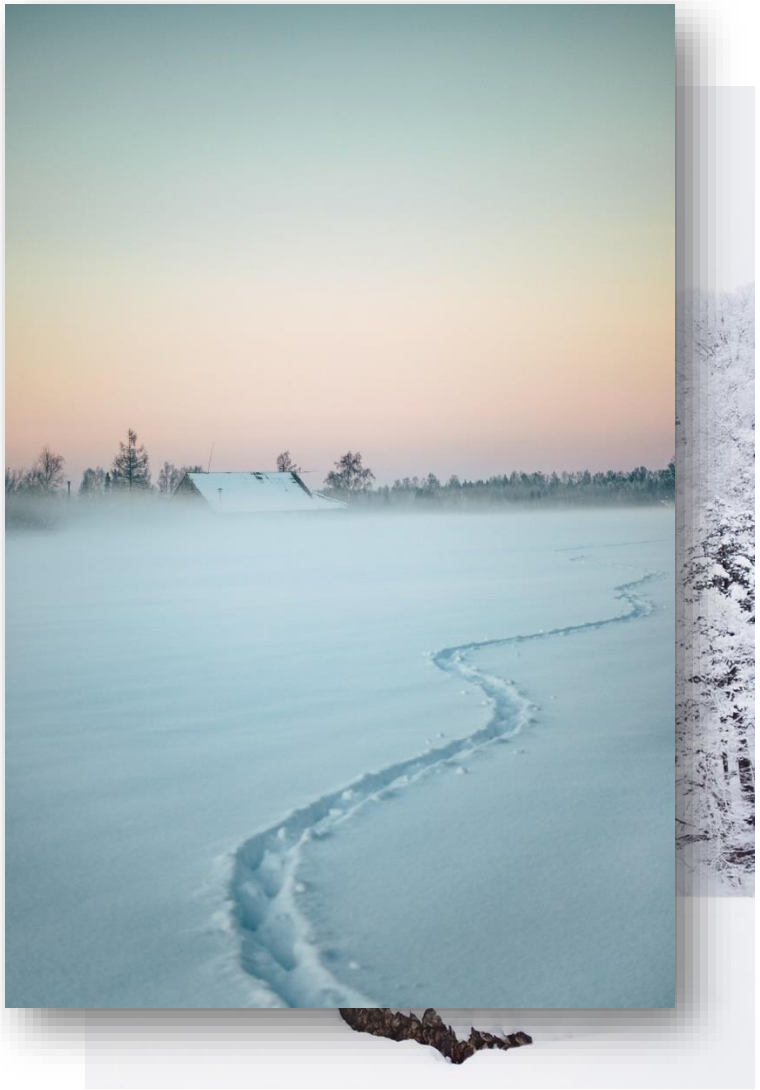
PART 1

COMPANY INTRODUCTION

Background | Rankings | Figures | Business Segments | Cooperative Partners



Background

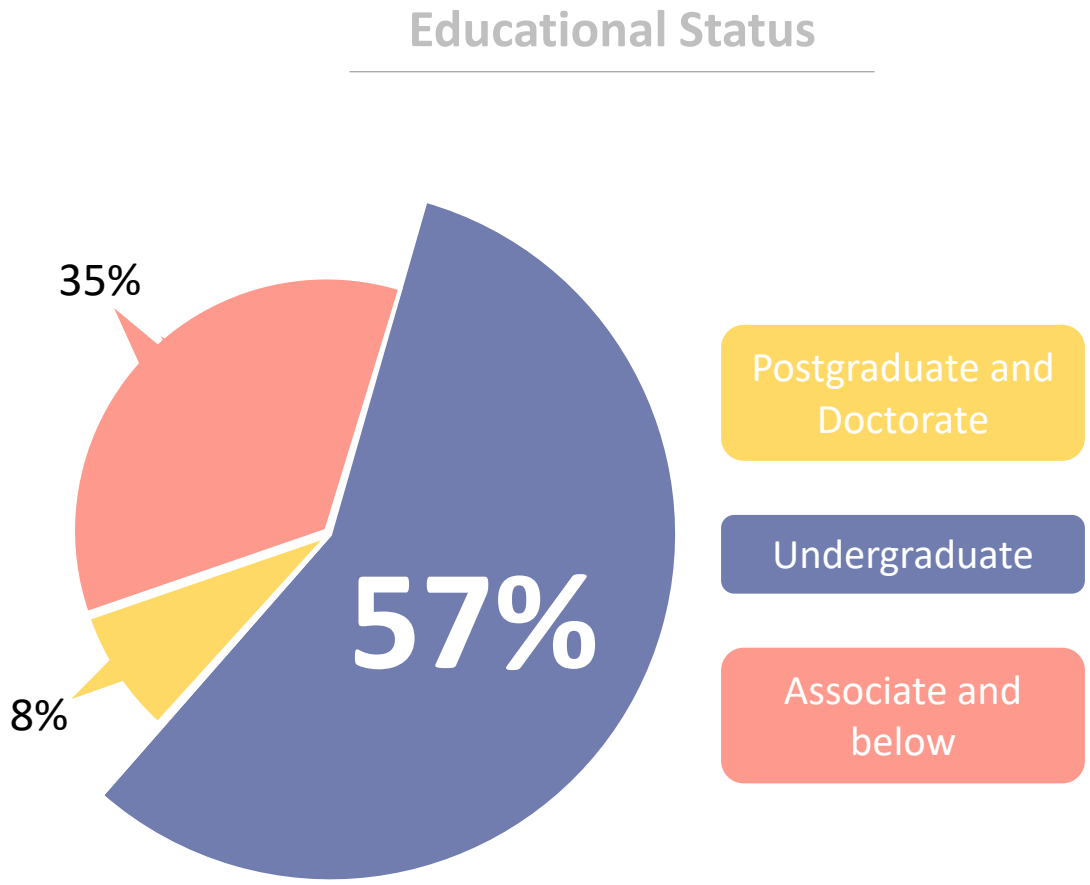
of UnionPay Merchant Services

UnionPay Merchant Services Co., Ltd (UMS) is specialized in construction of bankcard acceptance market and provision of comprehensive payment and information service. UMS was established in December 2002, holding by China UnionPay, and headquartered in Shanghai, it has 42 branches and subsidiaries in all provincial regions. The registered capital of UMS is 2.78 billion RMB, its market capitalization exceeds 50 billion RMB.

OUR PEOPLE

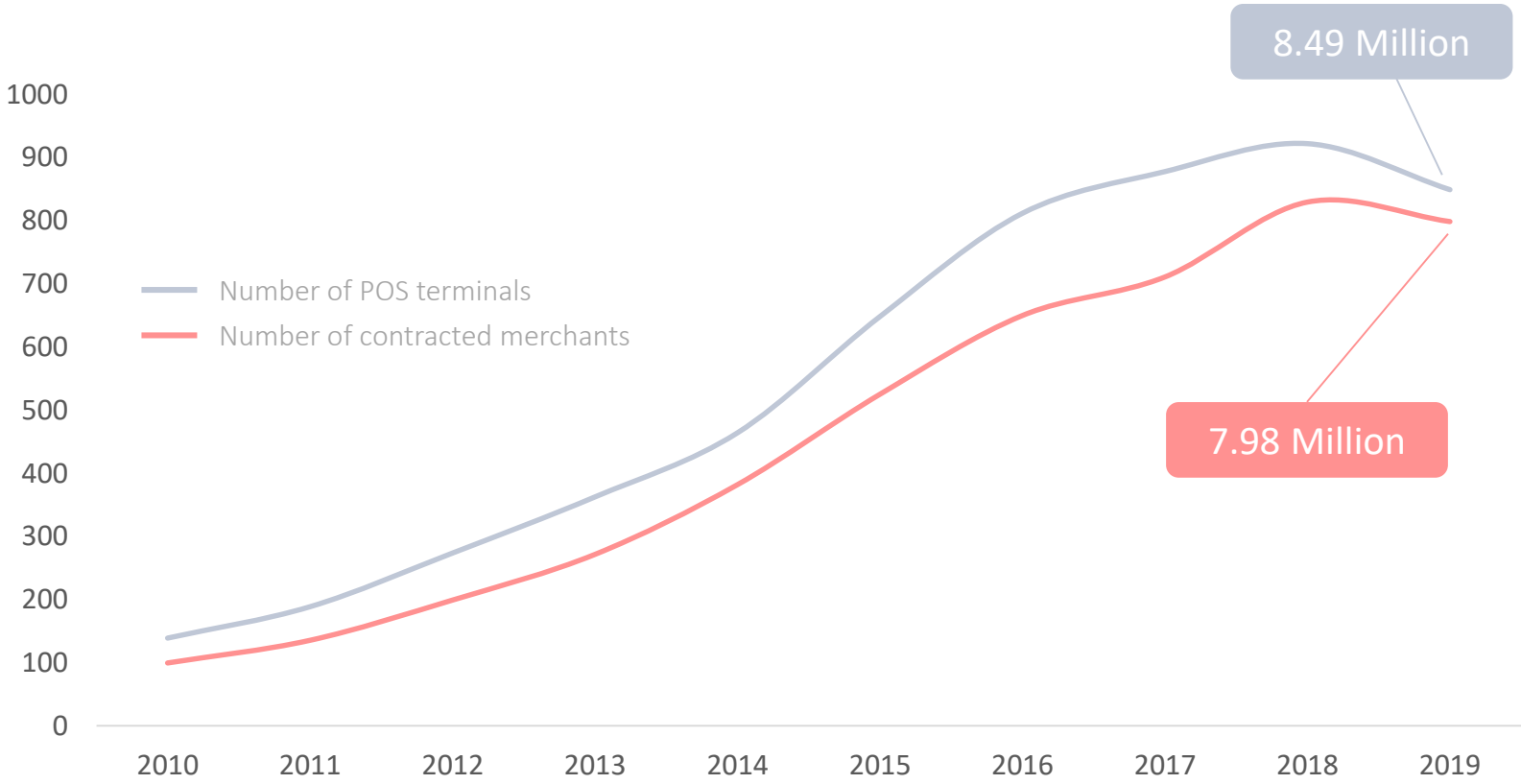
Numbers of employees	**12,249** People
The average age of employees	**30** Years old
Technical experts	**700+** People

The total number of employees is 12,249, with an average age of 30 years. UMS has a highly-competent, professional, youthful, and vigorous team of employees ready to tackle any obstacle!



FIGURES OF PERFORMANCE

The scale of contracted merchants have reached staggering 7.98 million by the end of 2019, with approximately 8.49 million POS terminals at service.



Total transaction times

12.73 Billion

Total transaction amounts

15.03 Trillion

AUTHORITY QUALIFICATION

Payment Business License

Hi-Tech Enterprise Qualification

ISO 27001 Information Security Management System Certification

GB 22080 Information Security Management System Certification

PCI DSS | The Payment Card Industry Data Security Standard

CMMI | Capability Maturity Model Integration

CC-CMM | Contact Center Capability Maturity Model

RECENT AWARDS

TianTianFu	*The BEST Inclusive Finance Service Platform in 2017*
UMS Express	*Splendid Solution Award in Financing Expo 2016*
UMS Pay	*The BEST Mobile Payment Product in 2017*
Big Data Products	*The Most Innovative Scenic Big Data Solution Award in 2017*
UMS Pay APP	*The Most Influential Consumption Payment APP in 2017*

Rankings

08
Worldwide Acquirer

01
Asia-Pacific Acquirer

01
Comprehensive Strength in 3rd Payment Company

01
Market Share in Non-financial Payment Industry

03
Market Share in online payment

Business Segments

PAYMENT

Bankcard acquiring, online payments, mobile payments, ATM acquiring, self-service terminals, industrial solutions

FINTECH

Financing (loans faces to merchants and personnel), wealth management (merchants and personnel), T+0, finance leasing, other financial services

Business Segments

BIG DATA

Ginkgo series products, output and support of UMS fintech products based on PaaS and IaaS models, providing smart business analysis in many industries, such as tourism, retail and catering. Ginkgo aims to become the competitive force among the credit rating products in the industry.

MARKETING

Incenti-Pay, high-compatibility promotion matching platform.

Advertising platform, sales slips, mobile payment, and WeChat subscription, realization Precision marketing by means of big data analysis.

Business Segments

VALUE-ADDED SERVICES

UMS Express (logistic solutions), ERP products, loyalty system, quick invoicing solution, self-service meal ordering system and many more…

INTERNATIONAL BUSINESS

Expanding more countries by M&A or JV with local entities. Outputting products and solutions of UMS to target countries, markets and business

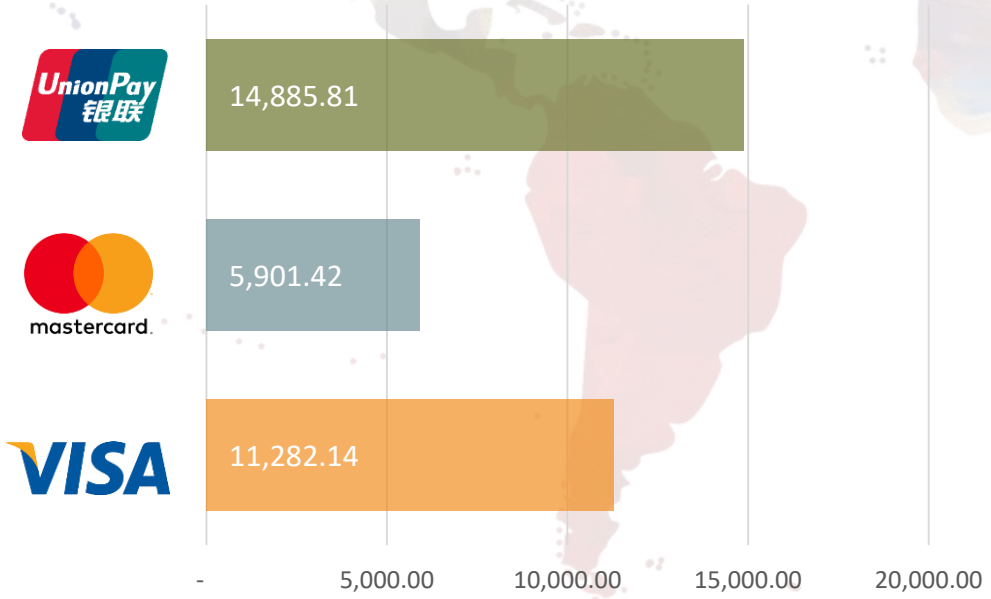
KFC
Synagie
Ctrip 携程
ANA All Nippon Airways STAR ALLIANCE
OSAKA 大阪観光局
WESTERN UNION
DECATHLON MEGASKLEP SPORTOWY
LAWSON STATION LAWSON
Lufthansa
Carrefour
FUJITA KANKO
asia pay
NIKE
HUAWEI
Cooperative Partners
VERTU
Auchan
SINOPEC 中国石化
INDITEX
ESTĒE LAUDER COMPANIES
JIMMY CHOO
国家电网 STATE GRID
中國東方航空 CHINA EASTERN
COSTA COFFEE SINCE 1971

UnionPay stays on top as the world's largest card schemes

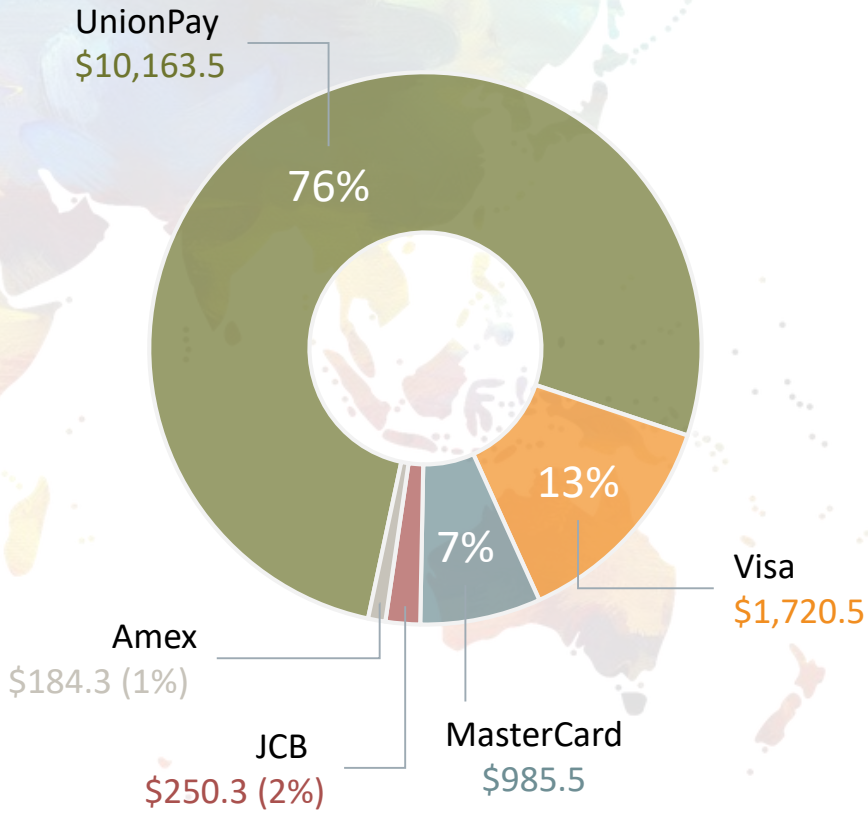
The transaction volume in circulation worldwide reached $14,885.81 billion at the end of 2018 with UnionPay continuing to hold the largest market share.

In Asia-Pacific regions, the market share of transaction volume with UnionPay reached 76% in 2017, which is in an absolutely leading position.

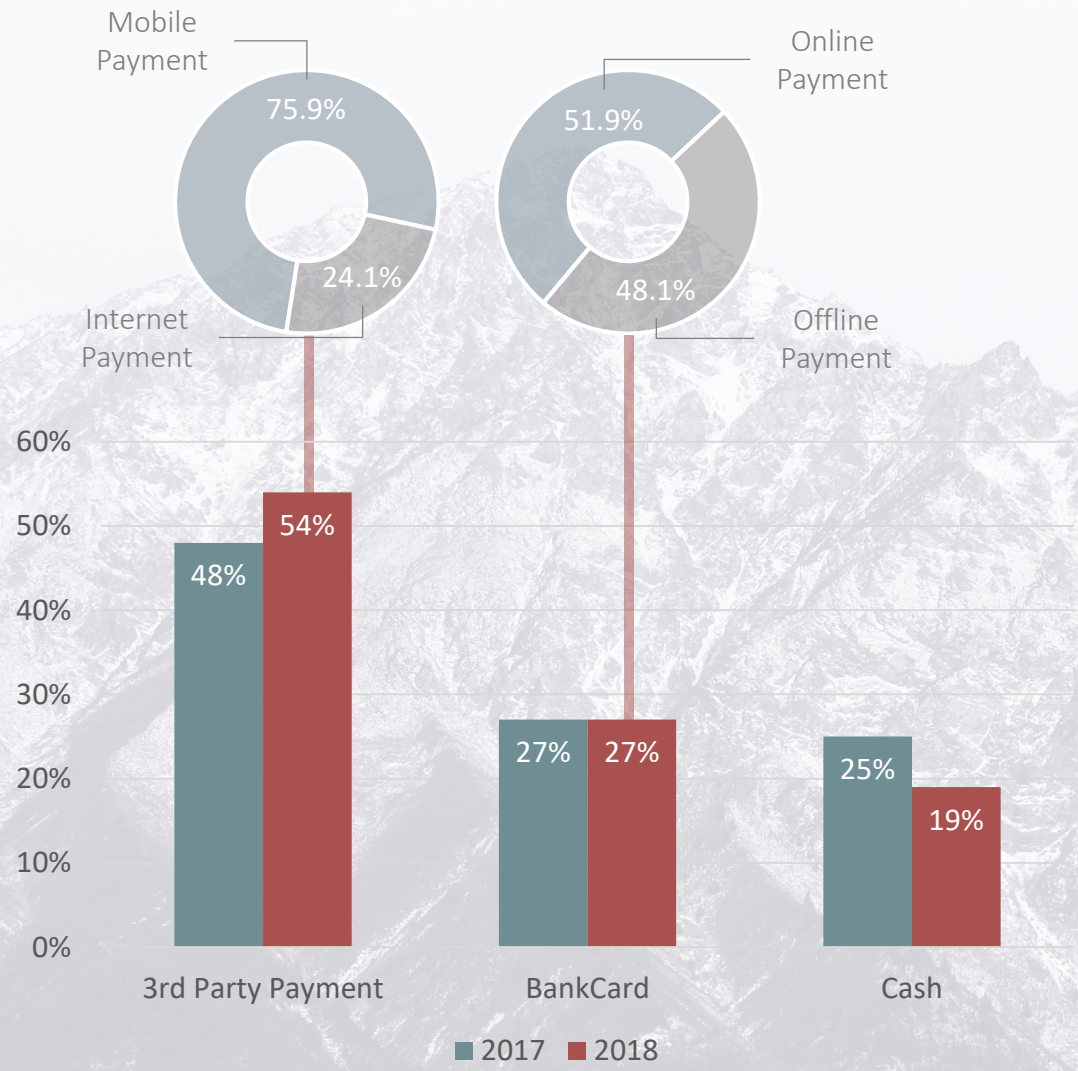
2018 Global Dollar Volume ($Bil.)



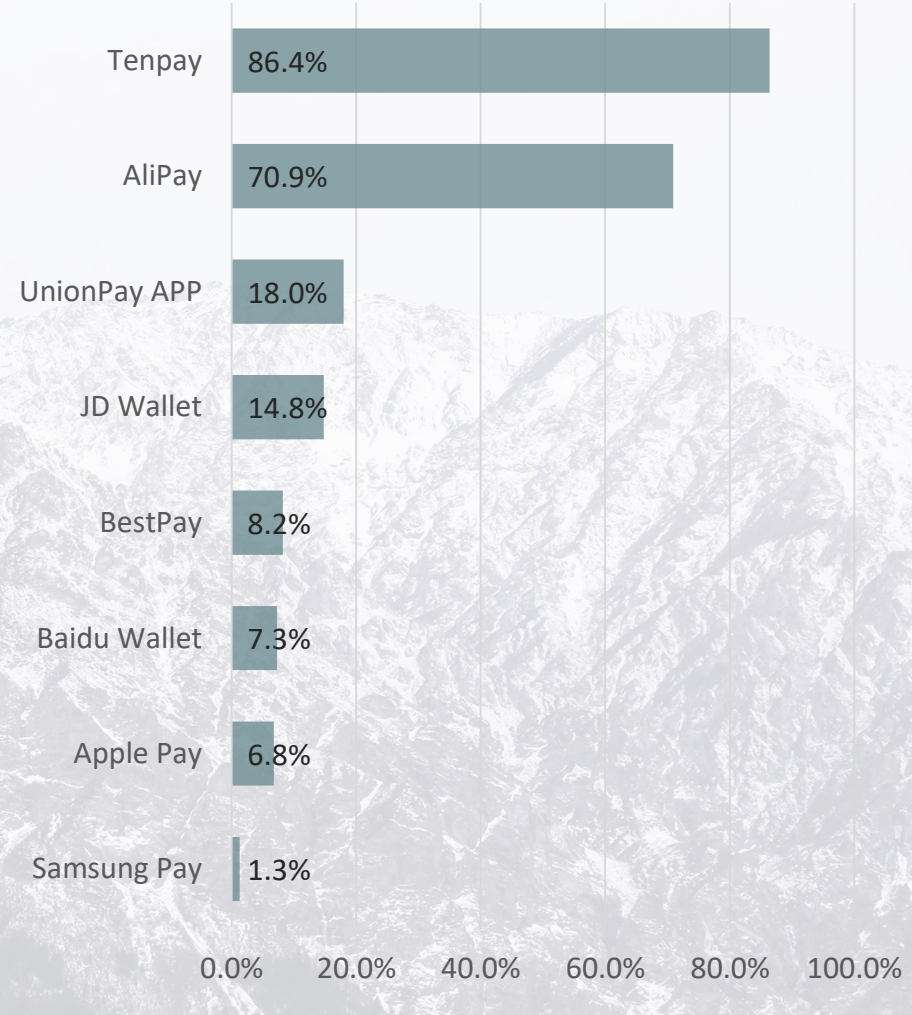
Asia-Pacific Market Share of Purchase Volume 2017 (Bil.)



Payment Methods Market Distribution

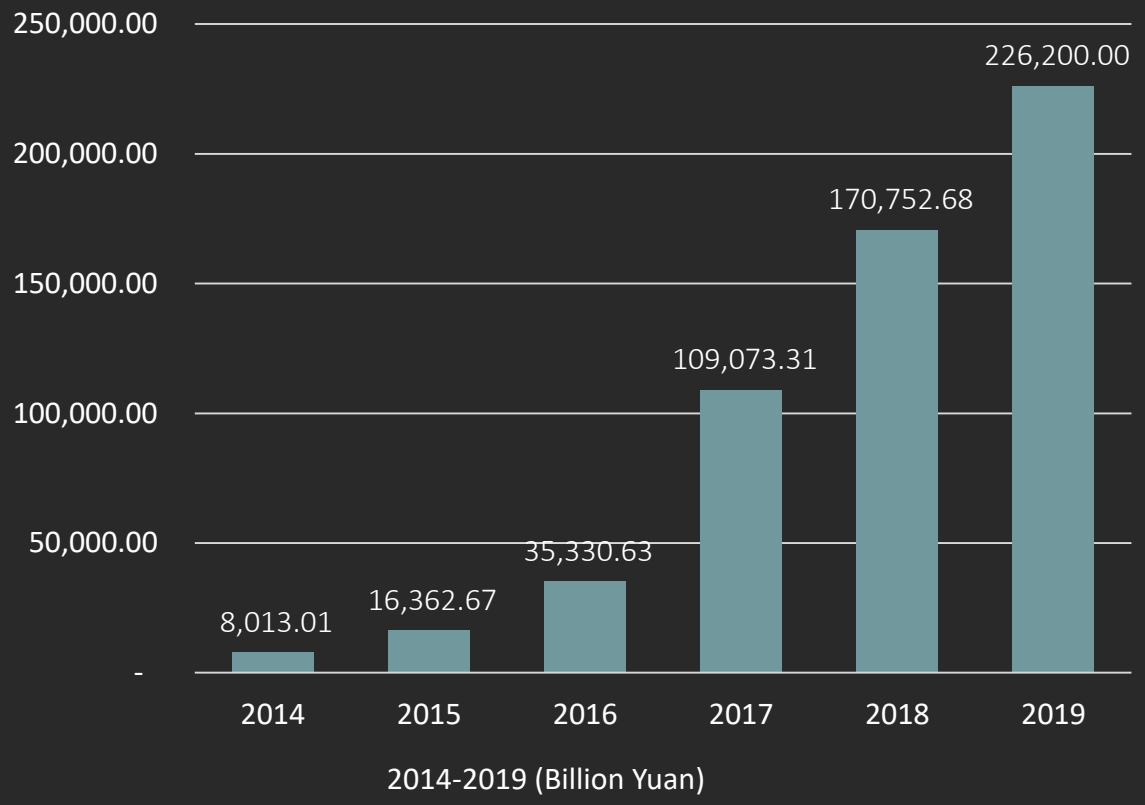


Mobile Payment APP Market Penetration Rate

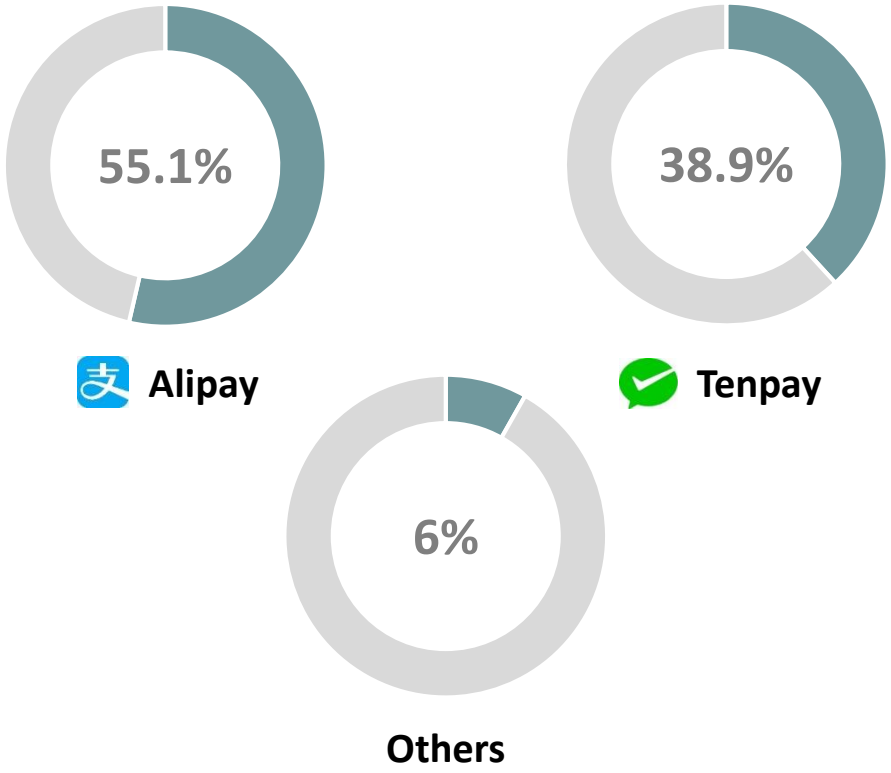


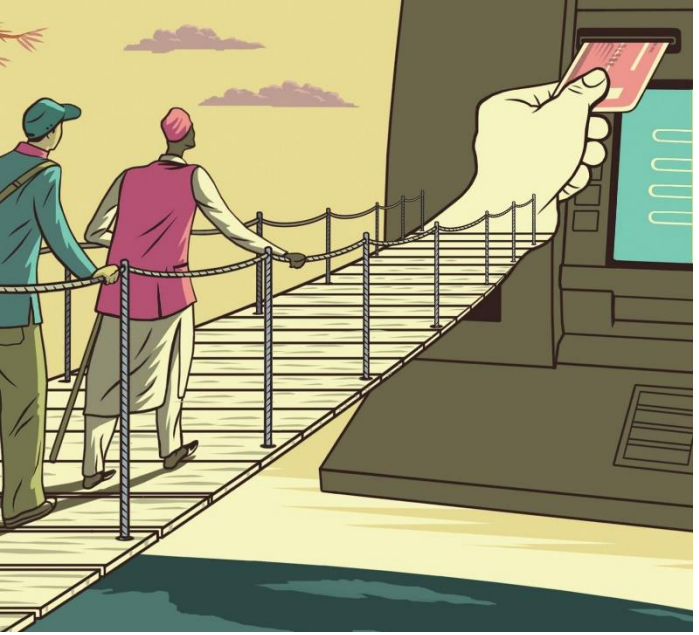
CHINA MOBILE PAYMENT STATUS

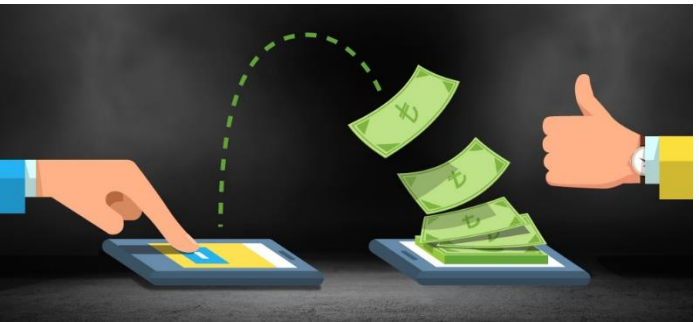
Mobile Payment Transaction Volume



Mobile Payment Market Share







CHINA MOBILE PAYMENT STATUS

Industries and Scenarios covered

E-Commerce

Financial Inclusion

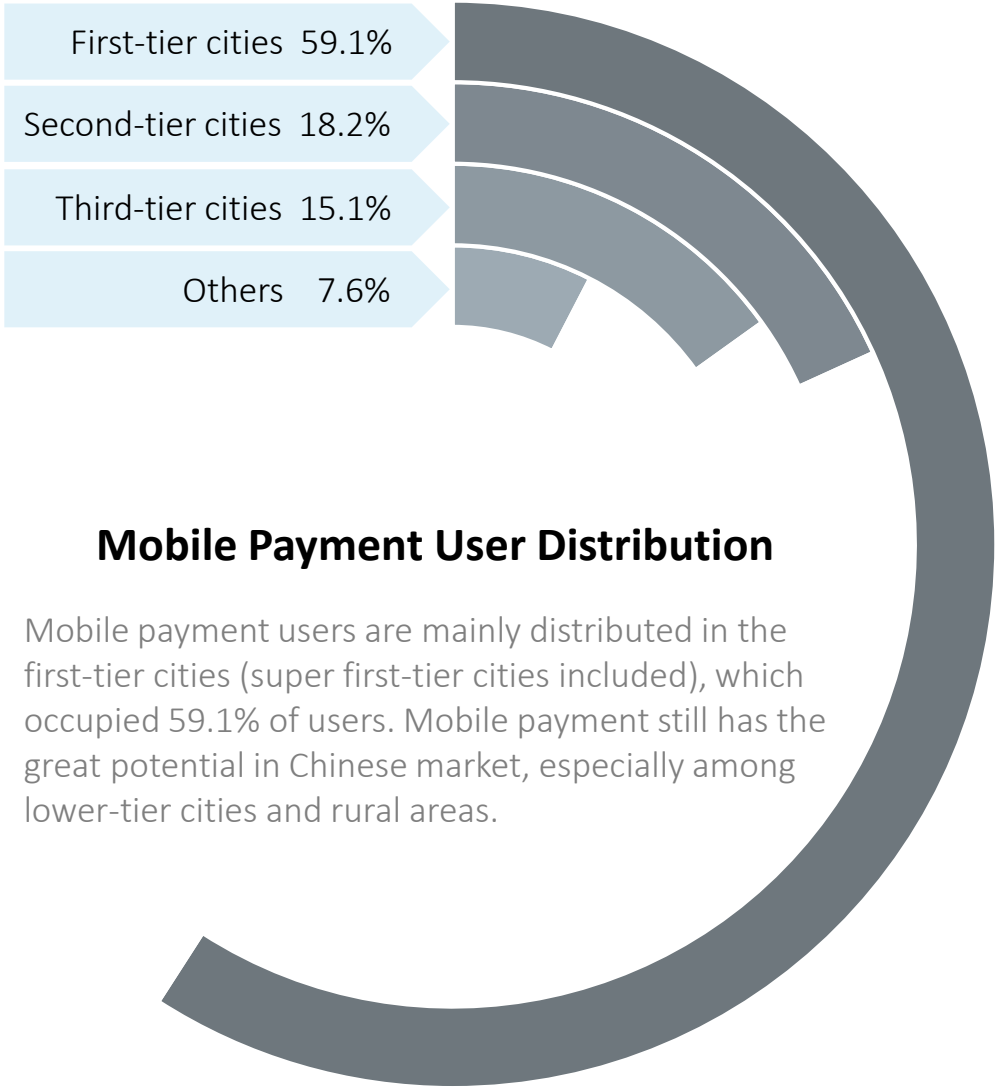
Electronic Money Transfer

QR Code and NFC Payment

Cross-border Payment

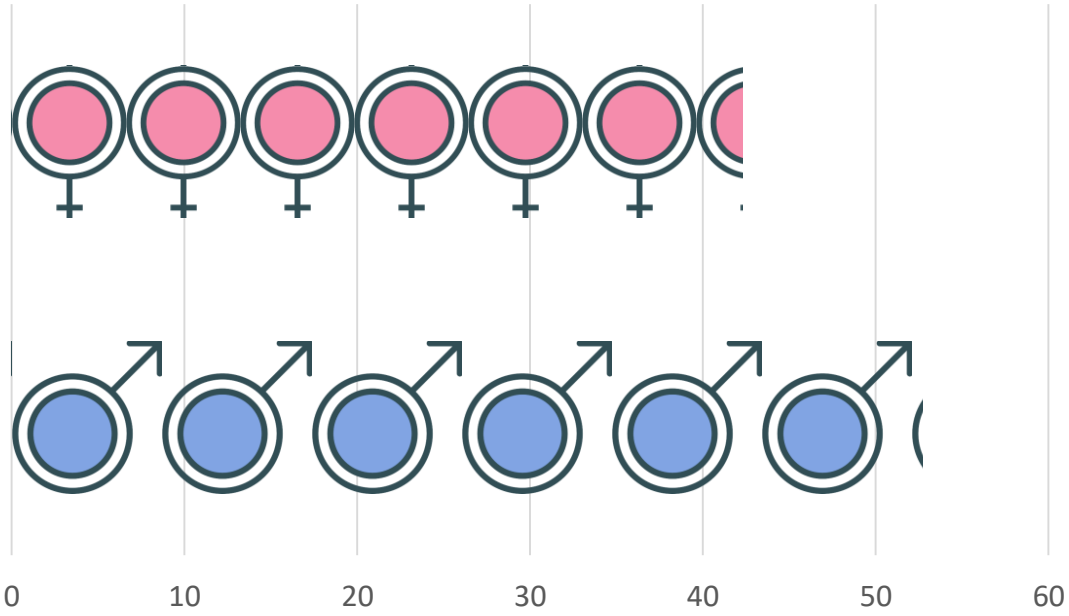
...

CHINA MOBILE PAYMENT STATUS



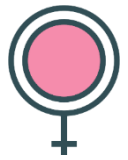
Mobile Payment User Distribution

Mobile payment users are mainly distributed in the first-tier cities (super first-tier cities included), which occupied 59.1% of users. Mobile payment still has the great potential in Chinese market, especially among lower-tier cities and rural areas.



Mobile Payment Male-Female User Ratio

Male Users 52.7%



Female Users 47.3%

PART 2

PRODUCTS AND SOLUTIONS

Traditional Products| Innovative Products | Solutions | Online business

Traditional Products

BASIC FUNCTIONS

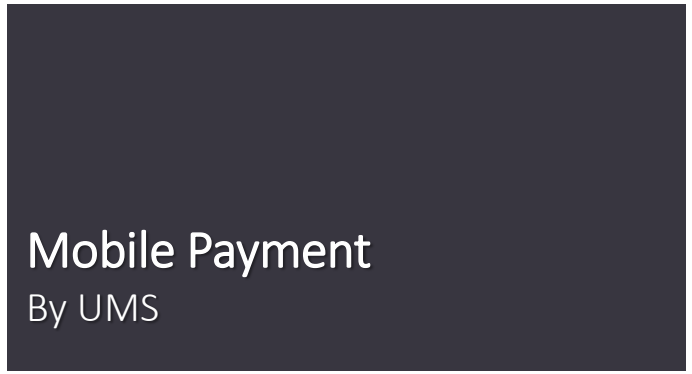
MOBILE PAYMENT

SMART POS

YUE SPEAKER BOX

BASIC FUNCTIONS

- *Payment Acquiring*
- *Payment Processing*
- *T+0 Settlement*
- *Bill Payment*
- *Offline Installment*



Pull Mode↓
Customer presented QR Code
Push Mode↓
Merchant presented QR code

SMART POS

UnionPay bankcard payment
refers to providing merchants with POS terminals which are able to collect necessary elements to fulfill the payment transaction.

UnionPay QR code payment
Realizing the payment, money transfer and other VAS between P2P, B2C, B2B based on the QR Code interaction, Both pull mode and push modes are supported.

Alipay/Tenpay QR code payment
Quick and safe payment method provided by Alipay and Tenpay.

Camera
For scanning QRC

NFC Module
For collecting the IC card info.

Wi-Fi/3G/4G
Wireless device, more portable

Android Operating System
Open, easier to use, cloud integration

UMS APP-Store
Rich application for downloading

Big Touch Screen
Easy for operating, high resolution, vibrant colors on a fantastic display

Ecosystem of SMART POS

Developer Open Platform

Developer Forum
Resources Download
APPs Management
Data Analysis

Operation Management Platform

Multi-dimension Reports
Remote Terminals Management
Store Info. Management

Merchant Service Platform

Statistical Analysis
Merchants Management
Task Management
APP Store Verification

Terminal Management Platform

Remote configuration and upgrade of smart terminal H5 resources pack

SMART POS Software Structure

H5 Software Layer	Lightweight software, fast upgrading and good portability
UMS User Interface	Lightweight software, fast upgrading and good portability
U Structure Layer	UMS Intellectual Property that solves solve the problem of hardware differentiation, APPs can be used in different brands terminals
Operating System Layer	Customized android system that ensures the security of transaction process

YUE SPEAKER BOX

YUE SPEAKER BOX

A real-time voice broadcast product launched in May 2019, which is suitable for small business-size merchants and middle business-size merchants.

YUE Speaker Box combines voice broadcast function and QR code function into one, making it easier for merchants to manage and operate stores.

Advantages

- Real-time voice broadcast
- Support kinds of payment methods
- Customized speech contents

Products

scenarios

Street Food Vendors

Supermarkets

Restaurants

Convenience Stores

"Innovation is the vitality of science building"

–Isaac Asimov, 1920

INCENTI-PAY

FINANCING

UMS EXPRESS

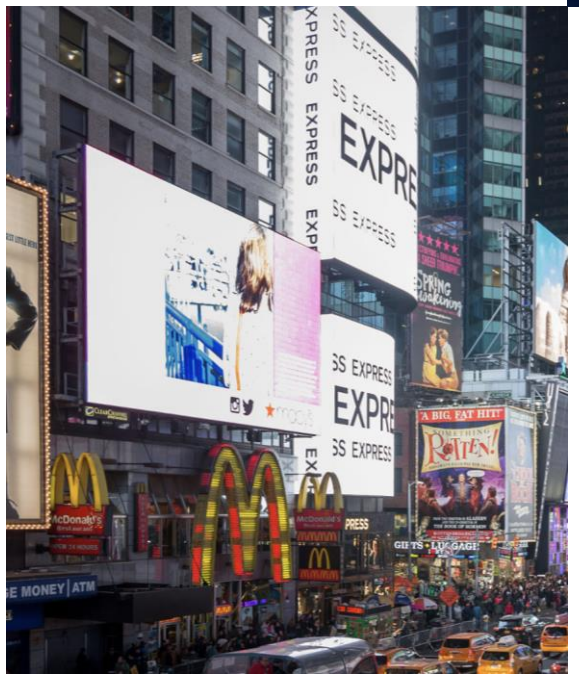
BIG DATA

AD. PLATFORM

INCENTI-PAY

Marketing resources

Strengthening the marketing campaigns by leveraging the resources from a network of 8.29 million merchants and 9.22 million POS



Customer rights

Automatically match the marketing promotions to customers' bankcards via Incenti-Pay platform

Capital efficiency

UMS deducts the vouchers before settlement, as well as provides the real-time transaction monitoring

Statistical result

Provide data analysis services according to the promotion events

UMS EXPRESS

Logistic Matching

UMS Express Logistic Matching platform connects upstream and downstream enterprises by multiple channels, integrating logistics and payments with financial services, resulting in the arrangement of the one-stop industry solutions.

Provides cross-border logistics, plus integrated payment solutions, that are aimed to resolve the problems such as the inconvenience of payment, long distribution process of overseas shopping, and high cost of direct mail.

Collect on Delivery

Provide safe, efficient and customized services on payment, clearing and settlement for logistic industry.

Merchants can receive the payment/business notification on time.

System supports multi-parties payment, and safe account settlement by T+1.

QR code payment and consolidation reconciliation supported; traditional and smart POS supported.

BIG DATA

-- Ginkgo

Accumulated consumption records of 1.8 billion bankcards over past 10 years

UMS can offer a customized big data report to partners, banks, and merchants

Analysis results cover 3 perspectives: Industry analysis, specific company analysis, and consumer analysis

Basic information of cardholder | Consumption | e-Wallets | Location | Portrait | Behavior Characteristics

Sales slip

5 M/Day

Wording Ad
Brands/Info. demo

QR Code Ad
Go to specified pages

Mobile payment

620K Per day

Images Ad
Forced display on confirmation pages

Links incl.
Tap and go to the specified pages

Subscription

50M Followers

Articles push
Pushing interesting contents to followers

"Any problem has a solution, not to think about things is not."

–Thomas Alva Edison, 1847

UNMANNED CVS

WISDOM PARK SOLUTION

CLOUD ORDING SYSTEM

CLOUD ORDERING SYSTEM

Centers restaurants' marketing, operational, and managerial services, as well as other core needs within the Cloud Ordering System. A combination of cloud services and SaaS mode allows for a realization of the online-offline connection between customer and merchant.

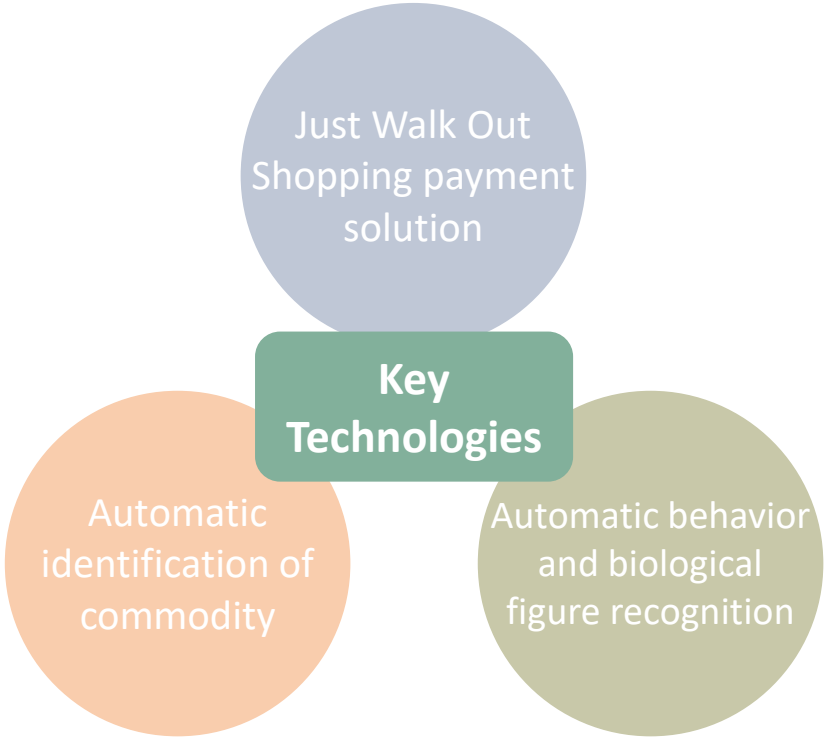
Choose and make the order on App or scan the QR code

Wait for food
Order while waiting

Enjoy the meal
Self-service on the APP

Pay the bill
Automatic discount

CHECK-OUT FREE UNMANNED CVS



Start

Open Payment App
Choose the payment method

Scan the QR code or
other payment medium

Feel free to Shop! Technology
records down shopping behavior

Investment Benefits Analysis

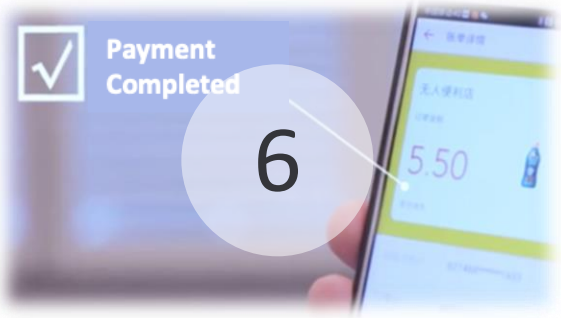
A triple increase in efficiency
check-out free payment technology solves the problem of queuing.

Management pressure relief
one store manager can manage up to 5 stores at the same time

Working pressure relief
7/24h, just one member staff for each turn is needed - saves labor force spendings

Just walk out after shopping!
Technology identifies goods purchased

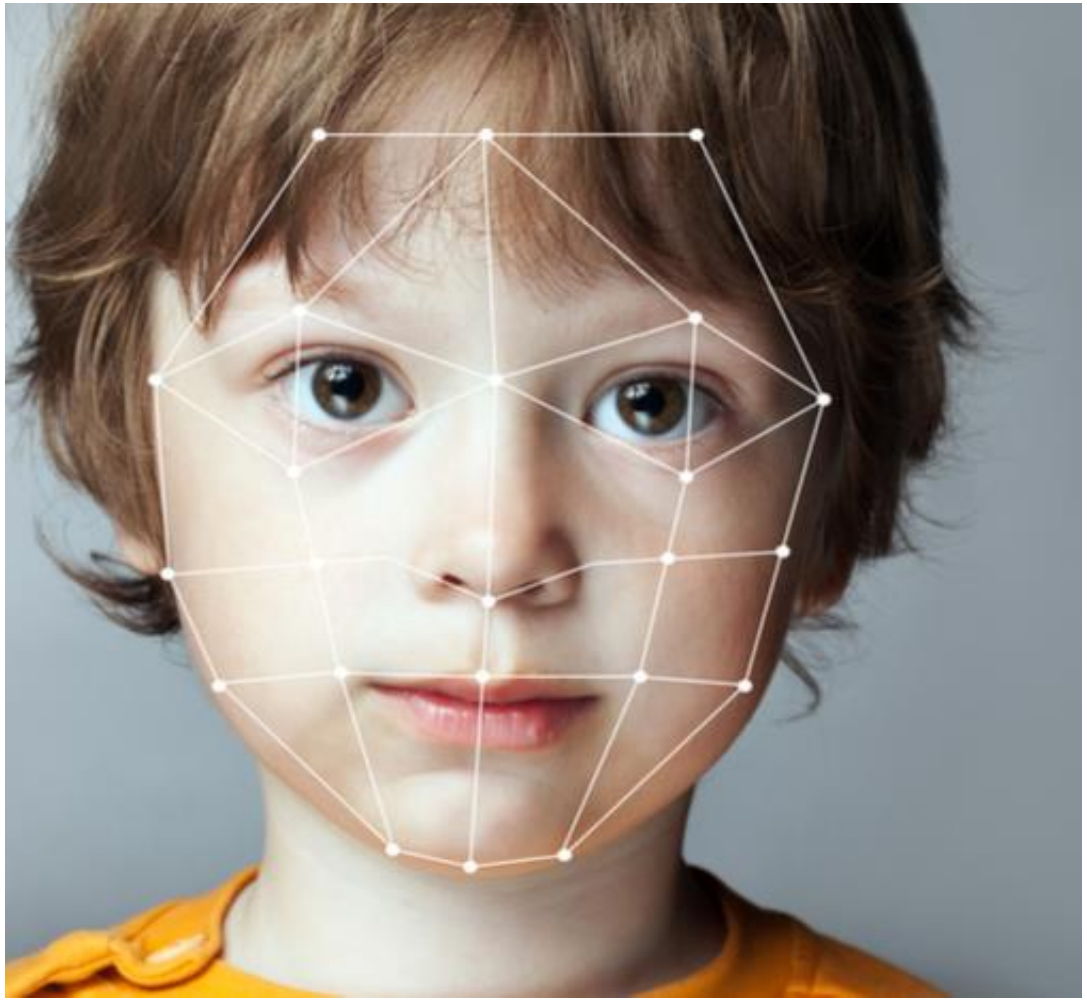
Open Payment App
Choose the payment method



Receive shopping receipt
and payment notification

End

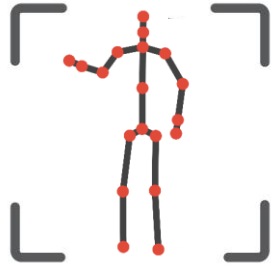
VISION ARTIFICIAL INTELLEGENCE



The Visual AI products of UMS is the Artificial Intelligence solution base on computer vision and in-depth learning capability, and its application can mainly cover face recognition, and optical character recognition and body recognition.

Face Recognition

Optical Character Recognition



Body Recognition

Applicable Scenario

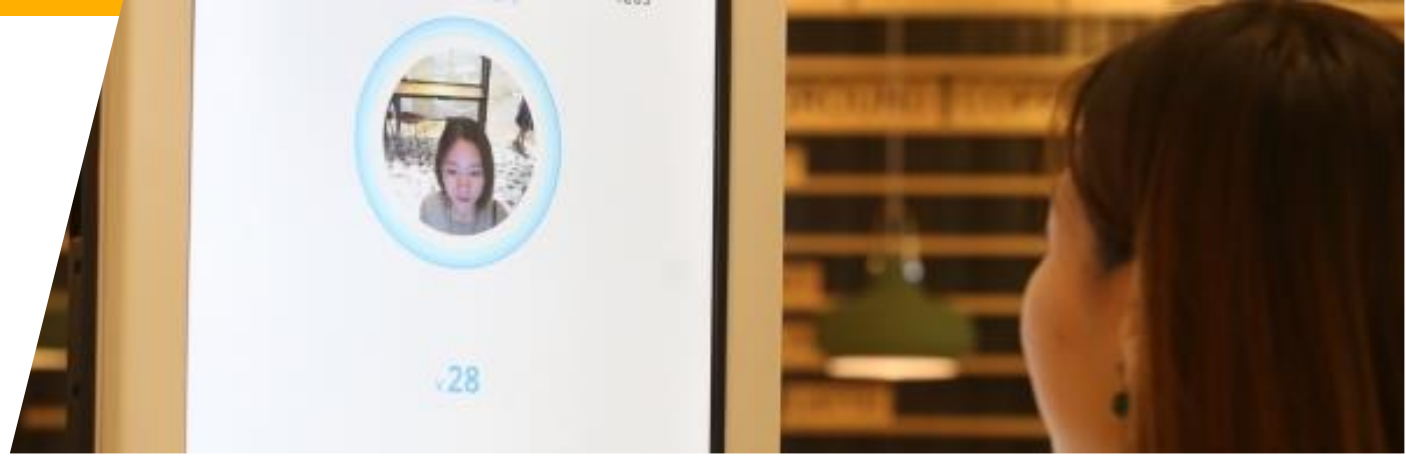
Remote Personal Identity Verification

Face Payment

Attendance Check

Security Monitoring

Electronic Content Approval



INTELLIGENT PARKING SOLUTION

QUICK ACCESS by scanning car number and recording automatically by the sysytem

PLACE FINDING by APP, pre-check the available places and reserve them

PAYMENT online by APP or using the QR code to realize the quick payment

ADVANTAGES

Reduces the labor cost

Congestion mitigation

Management efficiency increase

Provides better customer experience

WISDOM PARK SOLUTION

APPLICABLE SCENARIO

ACCESS CARD

CLOCKING-IN

CANTEEN

PARKING TICKET

ACCEPTANCE MODE

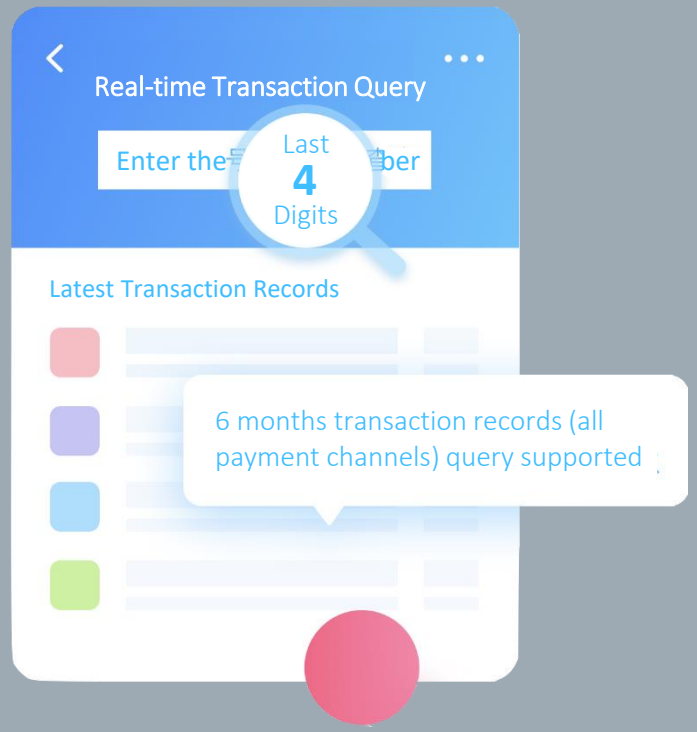
QR CODE

PHYSICAL CARD

FACE RECOGNITION

UMS APP

QR Code Acceptance



Real-time Transaction Query

Other Functions

Reconciliation Report

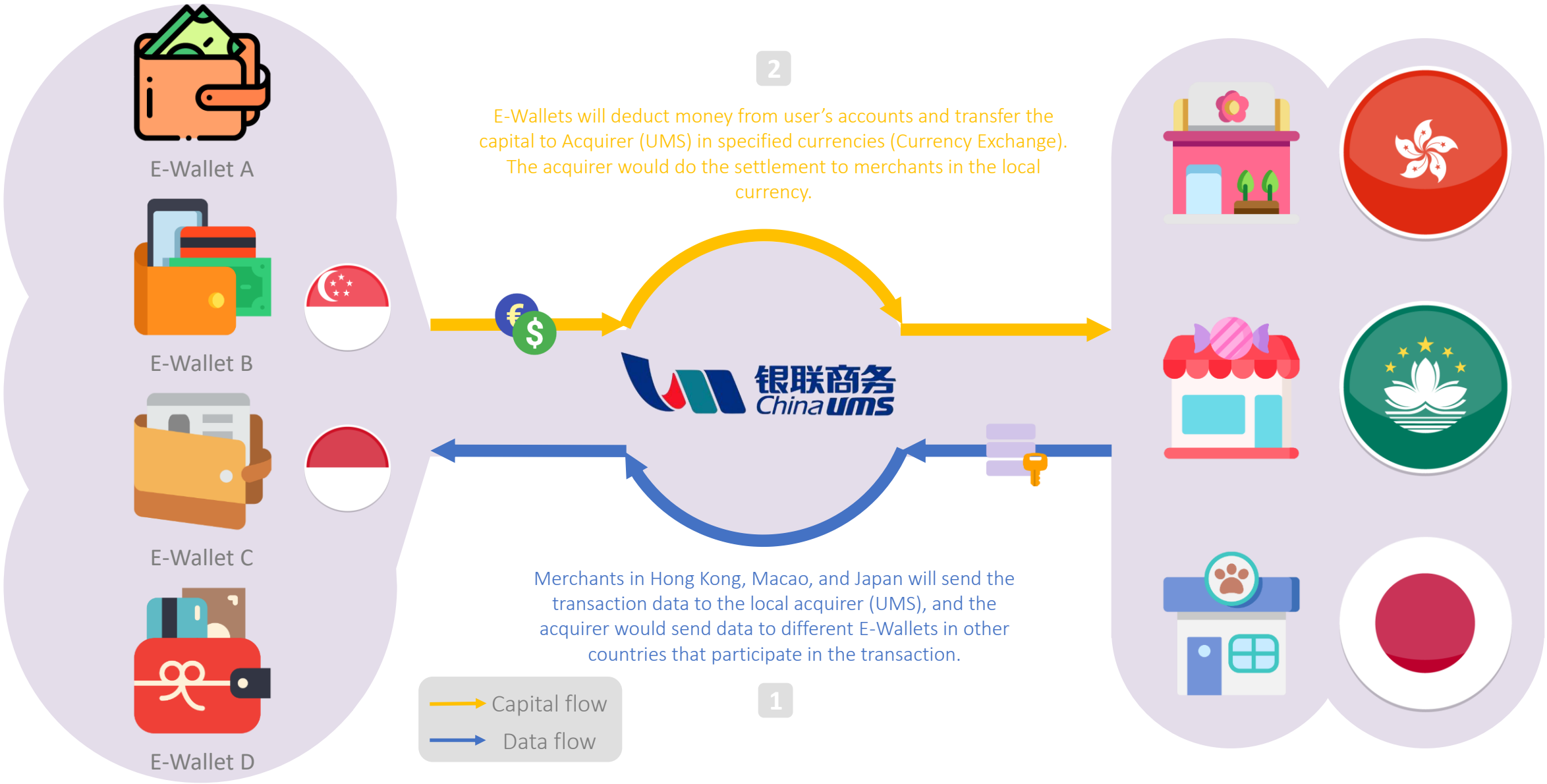
Cashier Training

Refund Disposing

POS Terminal Services

Big Data Services

E-Wallets Cooperation Proposal



Online Business and Cross-border Business

B2C
ONLINE PAYMENT

B2B
MONEY TRANSFER

CROSS-BORDER
REMITTANCE

TUITION FEE
PAYMNET

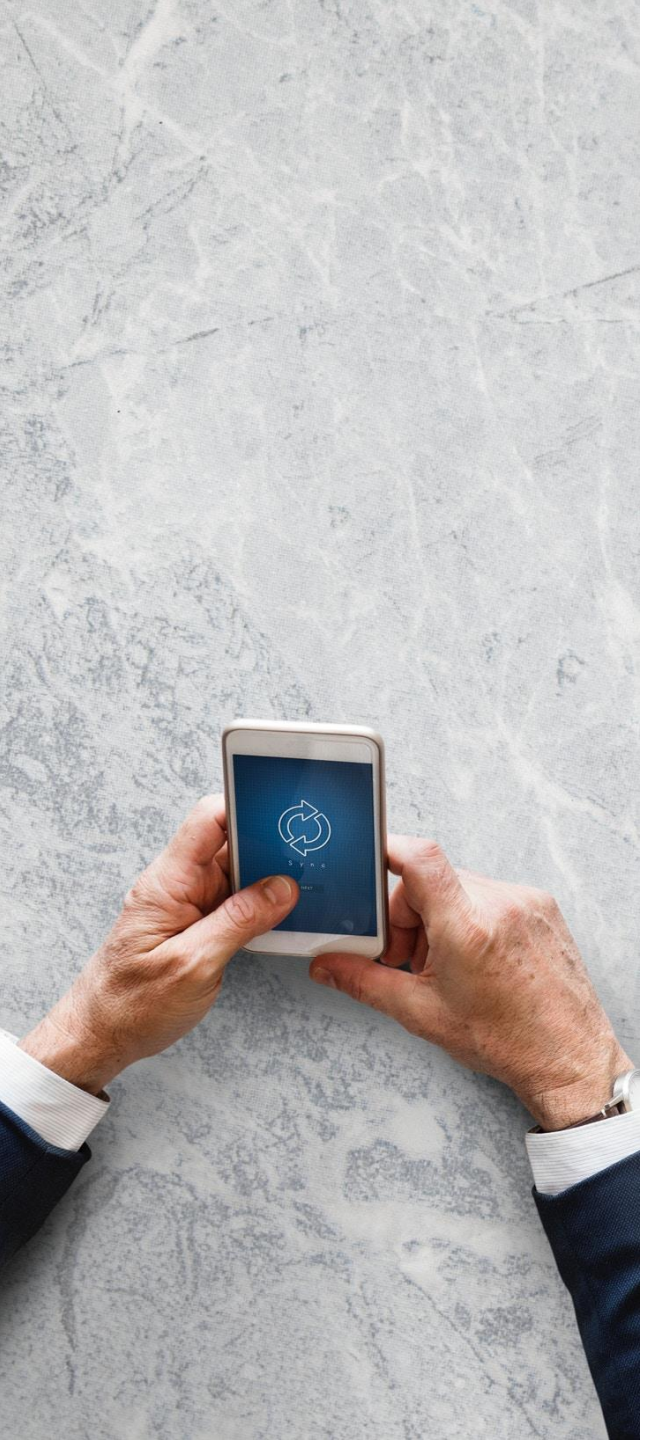
B2C ONLINE PAYMENT

For cross border B2C UnionPay Cards online payments, China Union Pay acts as an online payment service acquirer, which processes transactions and settlements for global merchants, helping global CUP cardholders to make online payments with their CUP cards.

The main types of merchants are OTA (for purchasing airline tickets and booking hotels online), and e-commerce websites. Cooperative merchants cover Hong Kong (China), Japan, Korea, the United States, Europe, Australia, and New Zealand.

B2B ONLINE PAYMENT

The B2B platform features real-time currency conversion where merchants can easily transfer the payment from their RMB corporate account to counter-party’s overseas bank account via online payment. Domestic importers & exporters can now enjoy safe, convenient and efficient online collections and payments services via the Internet.



C2C CROSS-BORDER REMITTANCE

A profound payment platform that acts as an efficient Internet channel providing global money transfer services for C2C. The platform meets the guiding principles of customer experience, security, efficiency, and cost-management principles.

Advantages:

Wide coverage: support more than 200 banks in China
Blink of an eye fast: almost real-time, significantly faster than SWIFT
Low cost: 1/3~1/2 cost compared to the traditional SWIFT transaction
Brand advantage: Reliable, trustworthy, and credible brand of UnionPay, with deeply developed and fully-fledged experience in the business

TUITION FEE PAYMENT

By using China Pay ePlatform, students or parents can pay tuition online via mobile/PC. Users only need to fill in student’s information and make the payment, while China Pay will do the verification, FX, declaration to SAFE, and the settlement for this transaction. The school would receive funds in 2-5 workdays. Moreover, this transaction is unlimited by the personal 50,000USD quota !

PART 3

OVERSEAS BUSINESS

Current Status | Business Model | Cooperative Cases

TPSP LICENSE

UMS obtained the TPSP (Third Party Service Provider) from UnionPay International in 2016, which implies that UMS is allowed to provide the CUP card transaction processing business to Acquirer in permitted 42 countries and regions. The transaction types include UnionPay bankcards(magnetic stripe/chip) and contactless methods(CUP QR code/NFC).

EXISTED OVERSEAS ENTITIES

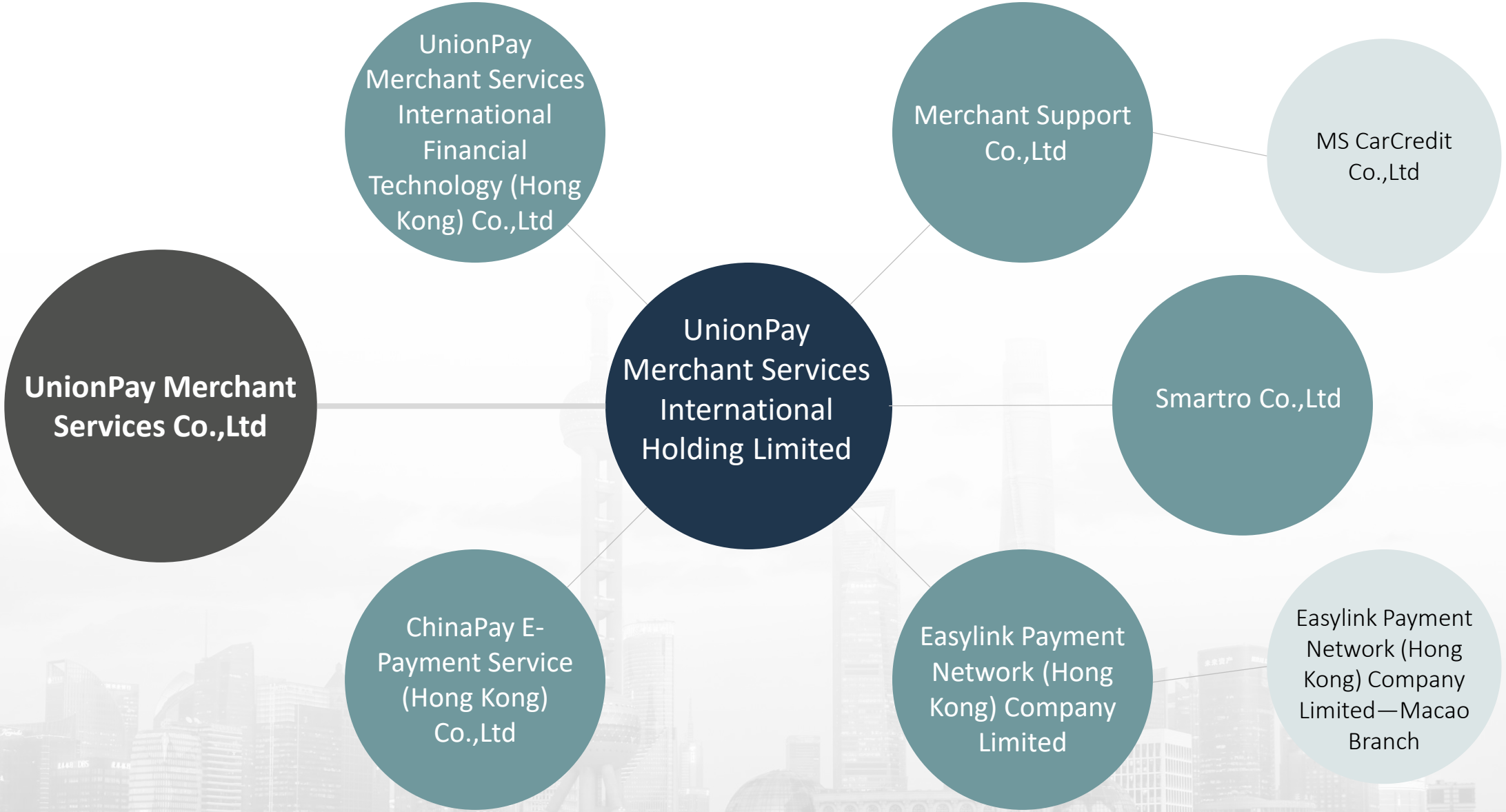
Hong Kong
China

Macao
China

Japan

Korea

STRUCTURE


UnionPay Merchant Services Co.,Ltd
UnionPay Merchant Services International Holding Limited
UnionPay Merchant Services International Financial Technology (Hong Kong) Co.,Ltd
Merchant Support Co.,Ltd
MS CarCredit Co.,Ltd
Smartro Co.,Ltd
ChinaPay E-Payment Service (Hong Kong) Co.,Ltd
Easylink Payment Network (Hong Kong) Company Limited
Easylink Payment Network (Hong Kong) Company Limited—Macao Branch

OVERSEAS BUSINESS MODEL

ACQUIRING MODEL

Bank card acquiring business refers to the transaction processing service, fund settlement and other financial services provided by the acquirer to its contracted merchants. The acquirer charges commission fee for the service from the merchants.

PROCESSING MODEL

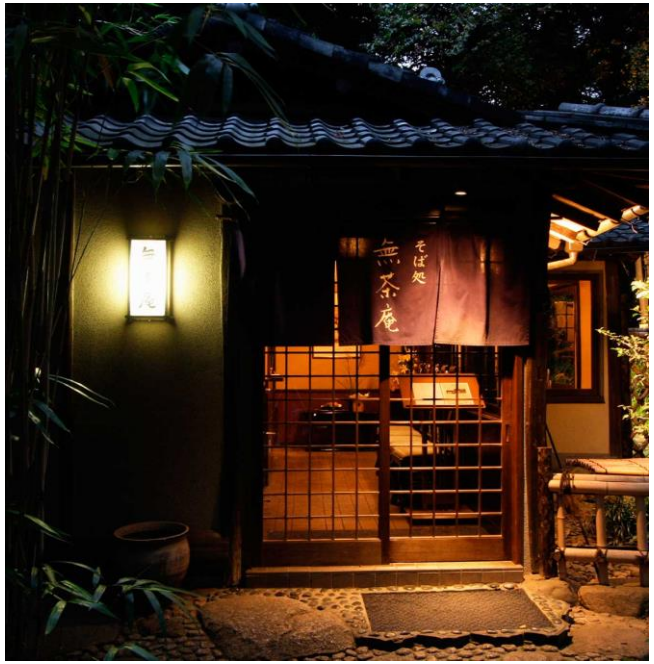
Overseas transaction processing business refers to the channels, systems and operation services related to payment transactions which are provided to overseas issuing banks or third party payment institutions.

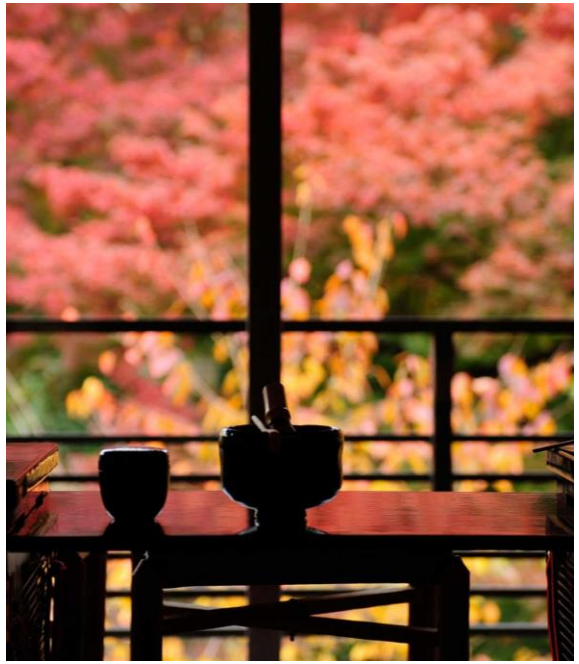
COOPERATION CASE

Unmanned Stores

UMS signed cooperation agreements with BCcard and Smartro in 2019. As a result, the first unmanned store in Korea was launched on January 1st， 2020

BCcard 개인　Smartro　银联商务 China ums





COOPERATION CASE

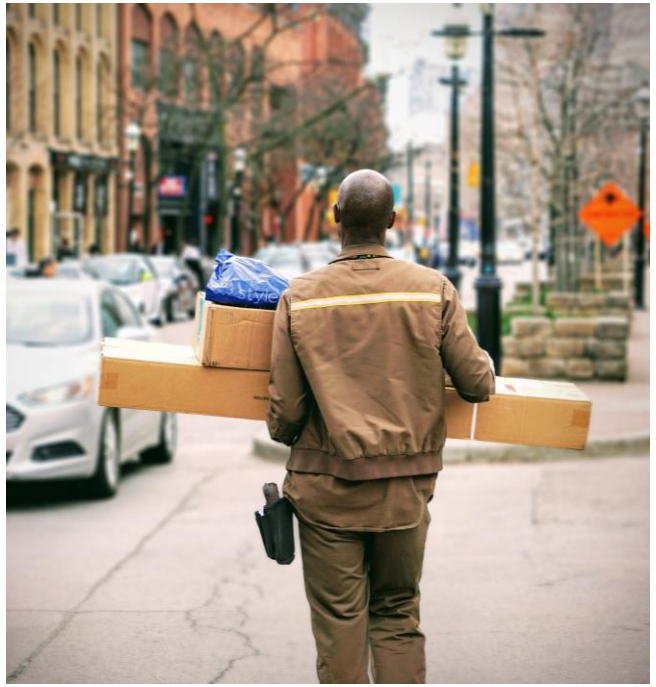
Ginkgo Big Data Consulting

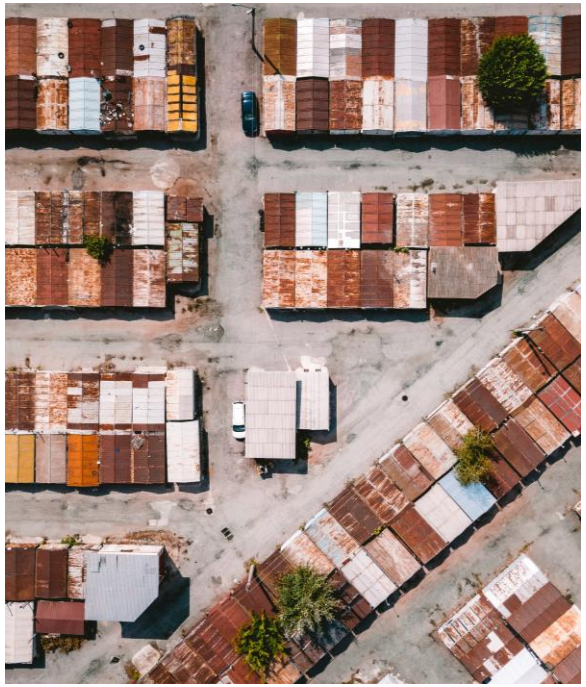
UMS signed cooperation agreements with Osaka Convention & Tourism Bureau and Fujita Kanko Group in 2018. Ginkgo Data would provide them with the tourism analysis report, so that they can realize the precision marketing and set promotion tactics, etc.

FUJITA KANKO

OSAKA 大阪観光局

银联商务 China UMS





COOPERATION CASE

UMS Express

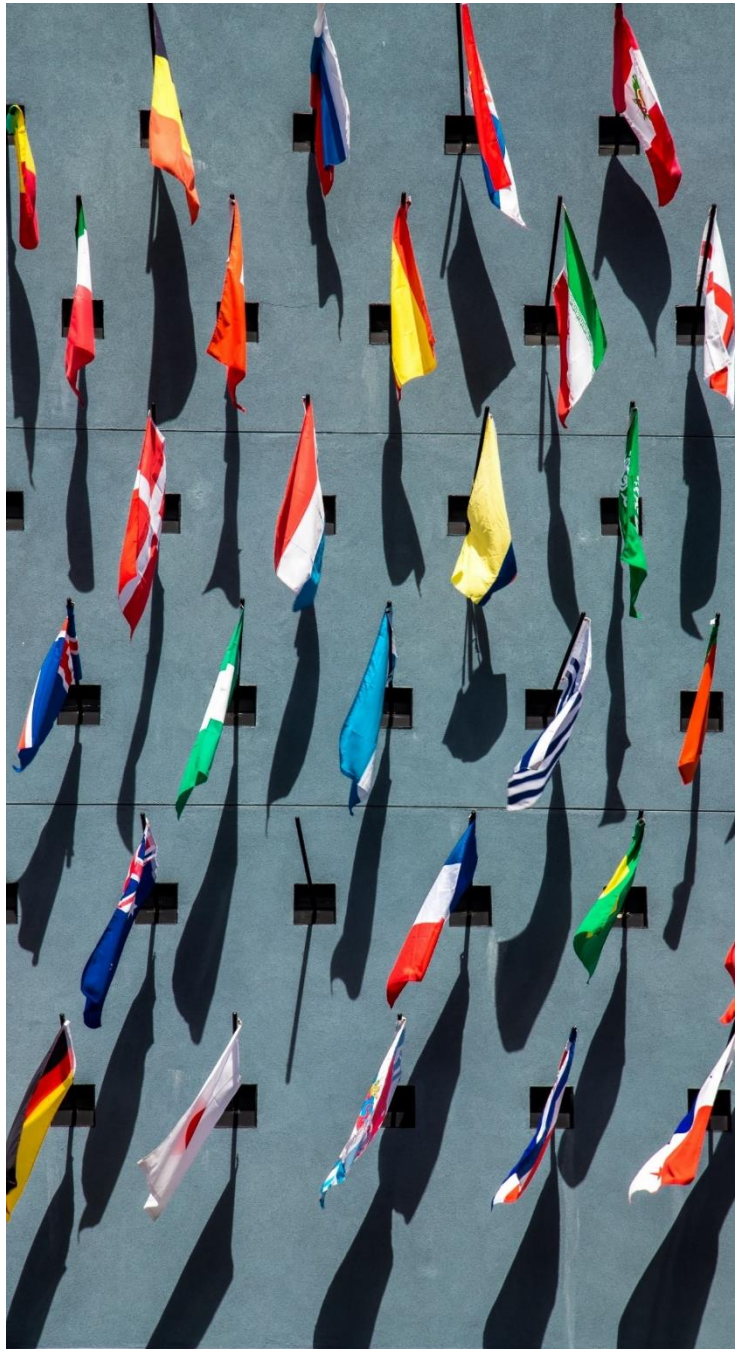
UMS collaborated with Synagie, providing merchants with the cross-border exportation solution. The solution is based on helping consigner with find the proper logistics company in domestic market, as well as abroad. It covers 4 main world wide logistic companies: UPS, DHL, FedEx, and TNT. In addition, UMS will help the consigner with remit the overseas freight, since UMS obtained the cross-border RMB license, needed for operations of this kind.

Synagie 银联商务 ChinaUMS

PART 4

OVERSEAS STRATEGY

Strategic Planning | Potential Markets



STRATEGIC PLANNING

Probability of Role

Acquirer
Processor
VAS provider
…

Target Markets

Asia-pacific
Europe
North America
…

Cooperation Model

Equity investment
Joint Venture
Business cooperation

OVERSEAS ROADMAP

Overseas entities

Hong Kong (China)
Macao (China)
Japan
Korea

Overseas Business

Acquiring
Hong Kong (China)
Macao (China)
Japan
Korea

Unmanned Store
Korea

C2C Remittance
Hong Kong (China)
Japan
Malaysia
United States
Britain

B2C Cross-border
Hong Kong (China)
Japan
Singapore
United States
Britain
Korea
Canada
Germany
Australia
New Zealand

B2B Cross-border
Hong Kong (China)
Japan
United States
Britain

THANKS!