China’s digital Rmb

Gaining momentum – A survey with a panel of 1,600 consumers

Hans Fan, CFA

Head of CLSA China Fintech/Financial Research
+852 2600 7615
hans.fan@clsa.com

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For important disclosure information please refer to the last page of this presentation.
China’s e-CNY gaining momentum

- China is accelerating pilot testing of digital fiat currency, officially known as the e-CNY.
- PBOC began research into the e-CNY in 2014. It has since launched several pilots, including introducing digital yuan “red packets” in 10 places through a lottery system.
- At the moment, e-CNY pilot testing has been expanded into wider use cases with commercial banks and internet companies promoting the account opening and usage. Since January 2022, PBOC’s e-CNY app has been downloadable from the app store. The e-CNY has been piloted at the Beijing Winter Olympics.
- As of December 2021, there were 8.1 million outlets to use e-CNY, 261 million retail e-CNY wallets opened (representing nearly 20% of China’s population).

**Higher merchants acceptance**

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of outlets accepting e-CNY (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-21</td>
<td>1.3</td>
</tr>
<tr>
<td>Oct-21</td>
<td>3.5</td>
</tr>
<tr>
<td>Dec-21</td>
<td>8.1</td>
</tr>
</tbody>
</table>

**More users**

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of personal e-CNY accounts (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-21</td>
<td>20.9</td>
</tr>
<tr>
<td>Oct-21</td>
<td>123.0</td>
</tr>
<tr>
<td>Dec-21</td>
<td>261.0</td>
</tr>
</tbody>
</table>

**Higher transaction volume**

<table>
<thead>
<tr>
<th>Date</th>
<th>Cumulative transaction value (Rmb bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-21</td>
<td>34.5</td>
</tr>
<tr>
<td>Oct-21</td>
<td>56.0</td>
</tr>
<tr>
<td>Dec-21</td>
<td>87.6</td>
</tr>
</tbody>
</table>

Source: PBOC
Perceptions of e-CNY

Understanding of e-CNY

- Extent of understanding about e-CNY
  - Never heard of 4%
  - Have heard of, but with limited understanding 42%
  - Used e-CNY before 19%
  - Have kept a close eye on it but not the chance to use 35%

Source: CRR

Who are the issuer of e-CNY?

- Who do you think is the issuer of e-CNY?
  - PBOC 85%
  - Commercial banks 7%
  - Alipay and WeChat Pay 7%
  - Others 1%

Source: CRR

Do you know e-CNY can be used without internet connection?

- Which of the following most accurately describes your perception of e-CNY?
  - Digital cash and different from Alipay or WeChat Pay 46%
  - Very similar to or just another form of Alipay or WeChat Pay 52%
  - Others 2%

Source: CRR

Do you know e-CNY can be used without Internet connection?

- Yes, this feature is very useful 70%
- Yes, but it is not a very... 20%
- No, I don’t know 10%

Source: CRR
Positive outlook for e-CNY

- People seem to have high hopes on e-CNY rollout. 88% of them think e-CNY will be fully launched within five years, while 57% see the full launch will take place in three years.
- It really surprised us that only 18% think that e-CNY will achieve a lower market share than WeChat Pay/Alipay in coming years, but 44% think that e-CNY will grab a higher market share.

### When do you expect e-CNY be launched on a full-scale basis?

- **<1 year**: 9%
- **1-3 years**: 48%
- **3-5 years**: 31%
- **5-10 years**: 9%
- **>10 years**: 3%

### What level of popularity do you see e-CNY can achieve in the future?

- **Smaller market share compared to Alipay or WeChat Pay**: 18%
- **Similar market share to Alipay or WeChat Pay**: 38%
- **Larger market share to Alipay or WeChat Pay**: 30%
- **e-CNY will be the only mobile payment method allowed in the future**: 14%

*Source: CRR*
E-CNY user behaviour

What is your main reason to try e-CNY?

- Have won the free e-CNY money via lottery: 52%
- Would love to try new things: 49%
- Merchants offer discount if using e-CNY: 34%
- e-CNY is easier to use: 22%
- Salary is paid in e-CNY: 13%
- Tired of using Alipay or WeChat Pay all the time: 6%
- Others: 3%

Source: CRR

Where do you use e-CNY?

- Supermarket: 56%
- Convenience stores: 42%
- e-commerce: 34%
- Peer-to-peer payment: 30%
- Public transportation: 29%
- Buy air/train ticket: 20%
- Taxi or ride-hailing: 14%
- Food delivery Order: 12%
- Others: 3%

Source: CRR

Which bank do you bundle with e-CNY?

- BOC: 35%
- CCB: 32%
- ICBC: 30%
- ABC: 16%
- BoCom: 11%
- PsBC: 10%
- GB: 9%
- MyBank/ Alipay: 5%
- WebBank/WeChat Pay: 4%

Source: CRR

E-CNY transaction value

When you use e-CNY to make a payment, at what amount usually:

- Rmb<10: 2%
- Rmb10-100: 42%
- Rmb100-1000: 25%
- Rmb1000-5000: 12%
- Rmb>5000: 3%

Source: CRR
E-CNY user behaviour – cont’d

- Nearly two-thirds of the panel are aware they can add e-CNY to WeChat/Alipay, while only 21% have done so.
- More than two-thirds of the panelists mainly use e-CNY through the official e-CNY app, followed by commercial bank’s apps (16%). The usage of WeChat/Alipay for e-CNY payment so far lags behind, as many people has not yet linked e-CNY to WeChat/Alipay.
- We expect the usage of WeChat/Alipay for e-CNY payment to increase notably, premised on their vast user and merchant bases.

Are you aware that you can add e-CNY as a payment option in your Alipay or WeChat app?

When you use e-CNY to make a payment, which APPs do you use usually:

Source: CRR
Comparison with WeChat Pay / Alipay

- People are relatively equally divided among the groups that prefer Alipay/WeChat Pay, prefer e-CNY and are indifferent, which account for 39%, 33%, and 28%, respectively.
- People prefer Alipay/WeChat Pay to e-CNY mainly because they are more familiar with WeChat Pay/Alipay, which have wider acceptance.
- People who prefer e-CNY care more about for better security (as e-CNY is backed by central bank), higher privacy, free of-transfer charge and offline-transaction feature.

Preference of WeChat Pay/Alipay and e-CNY

If you have used e-CNY, you user experience compared to Alipay or WeChat Pay:

- Prefer e-CNY: 33%
- Prefer Alipay/WeChat Pay: 39%
- Indifferent: 28%

Source: CRR

If you prefer Alipay or WeChat Pay to e-CNY, which statements best describe the reasons?

- More familiar with the apps: 75%
- Most people are using them: 54%
- Wide acceptance by merchants: 46%
- Drawn by other features (e.g. chatting) and just stay with the app: 39%
- Easier to invest extra money in money market fund or other financial products: 24%
- Easier to borrow money: 5%

Source: CRR

If you prefer e-CNY to Alipay or WeChat Pay, which statements best describe the reasons?

- It is safer to use e-CNY as it is backed by central bank: 76%
- It protects privacy better: 69%
- Balance could be transferred back to bank accounts without fees: 59%
- e-CNY can be paid without internet connections: 51%
- Interface is neater: 43%
- Merchants offer more discounts: 35%

Source: CRR
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