



PAYMENTS FOR E-COMMERCE - SOME REFLECTIONS

Torbjörn Fredriksson

(torbjorn.fredriksson@unctad.org)

Chief, ICT Analysis Section

UNCTAD

13 March 2017

FED Seminar on ePayments and Financial Inclusion
WTO, Geneva, Switzerland



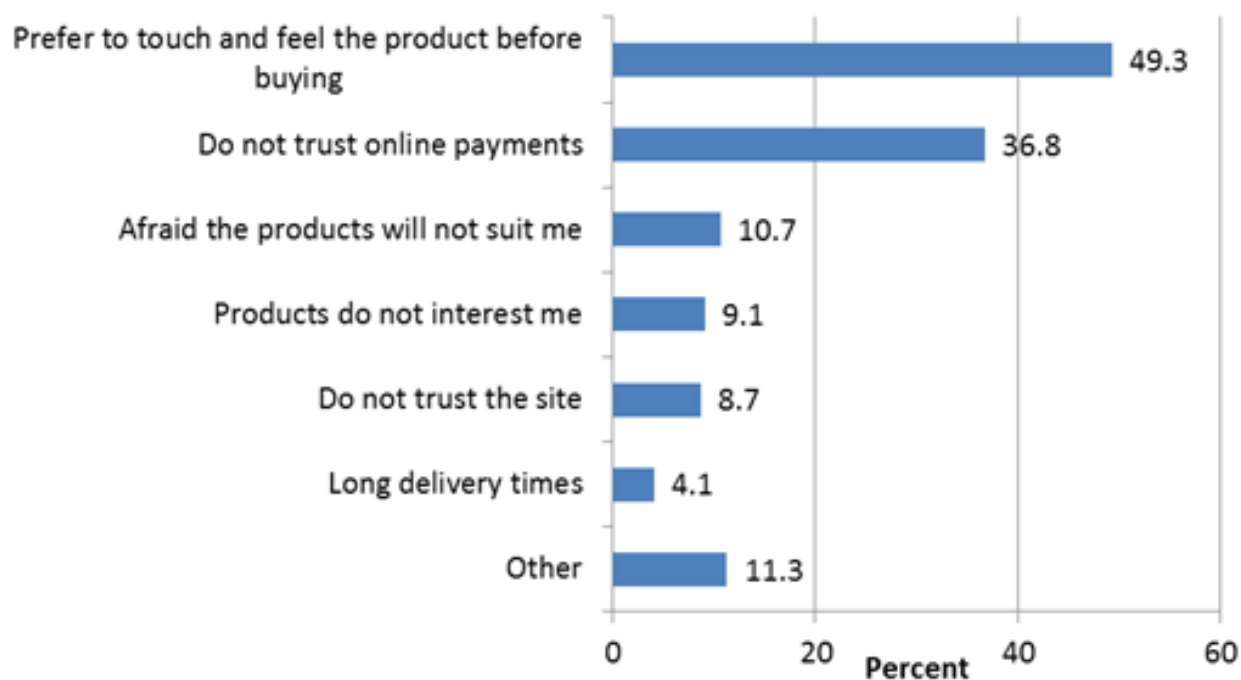
Among *eTrade for All* policy areas





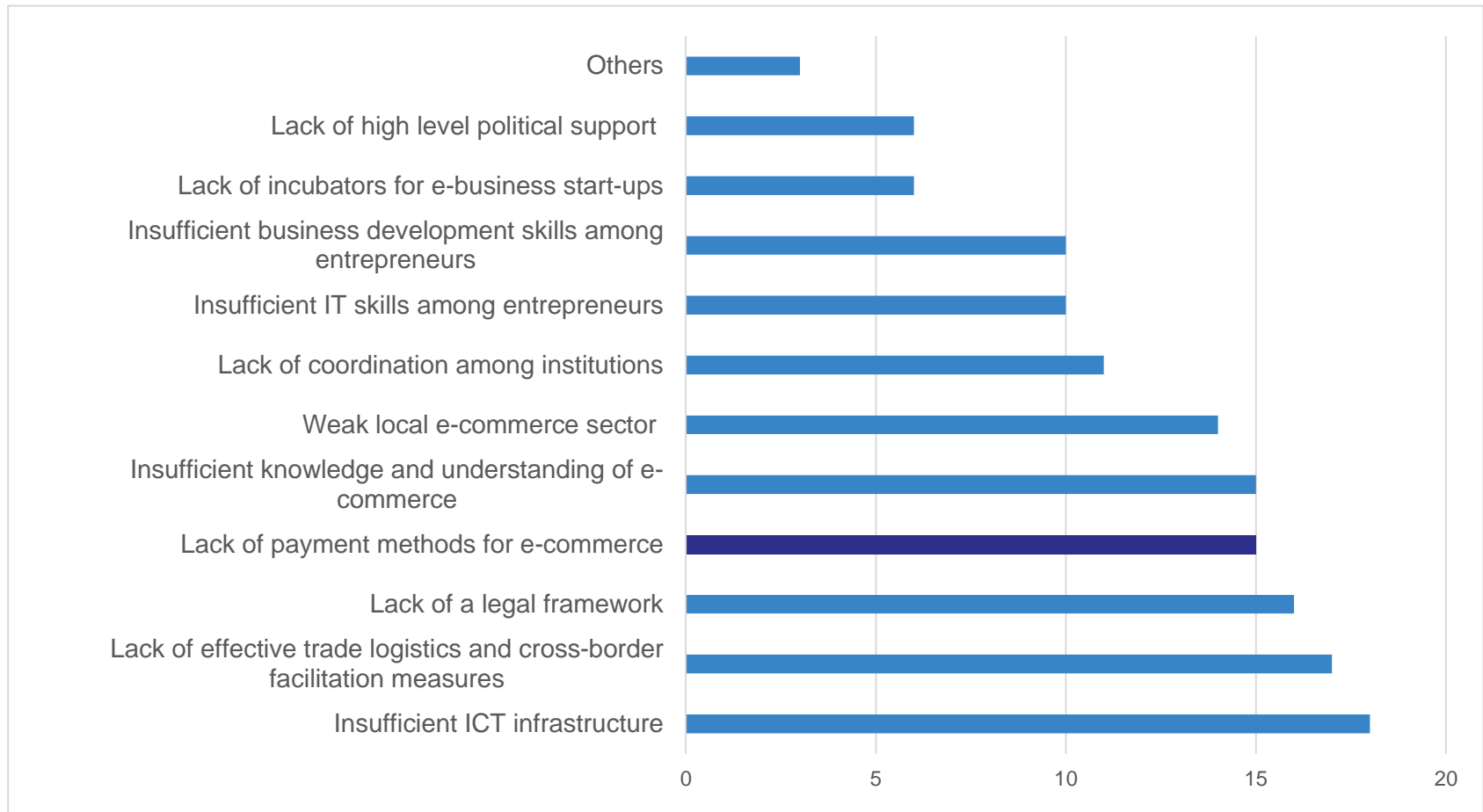
Payments key to E-commerce

Reasons for Internet users in South Africa not to make digital purchases, 2013 (percent of respondents)



Source: Interactive Advertising Bureau South Africa (IAB South Africa).

Bottlenecks for effective use of e-commerce in Cambodia, 2016

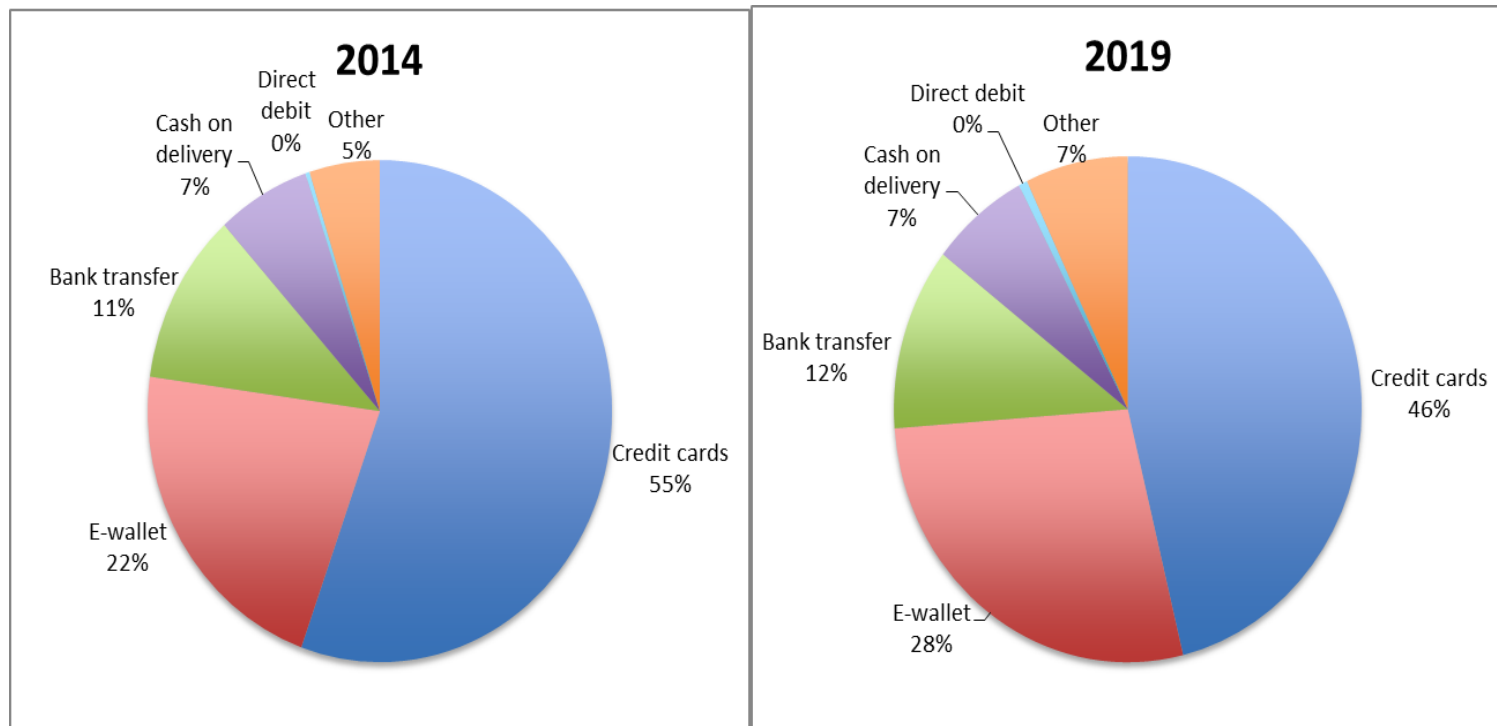


Source: UNCTAD.



Payments Landscape for E-Commerce

Online payment methods by value, 2014 and forecast for 2019



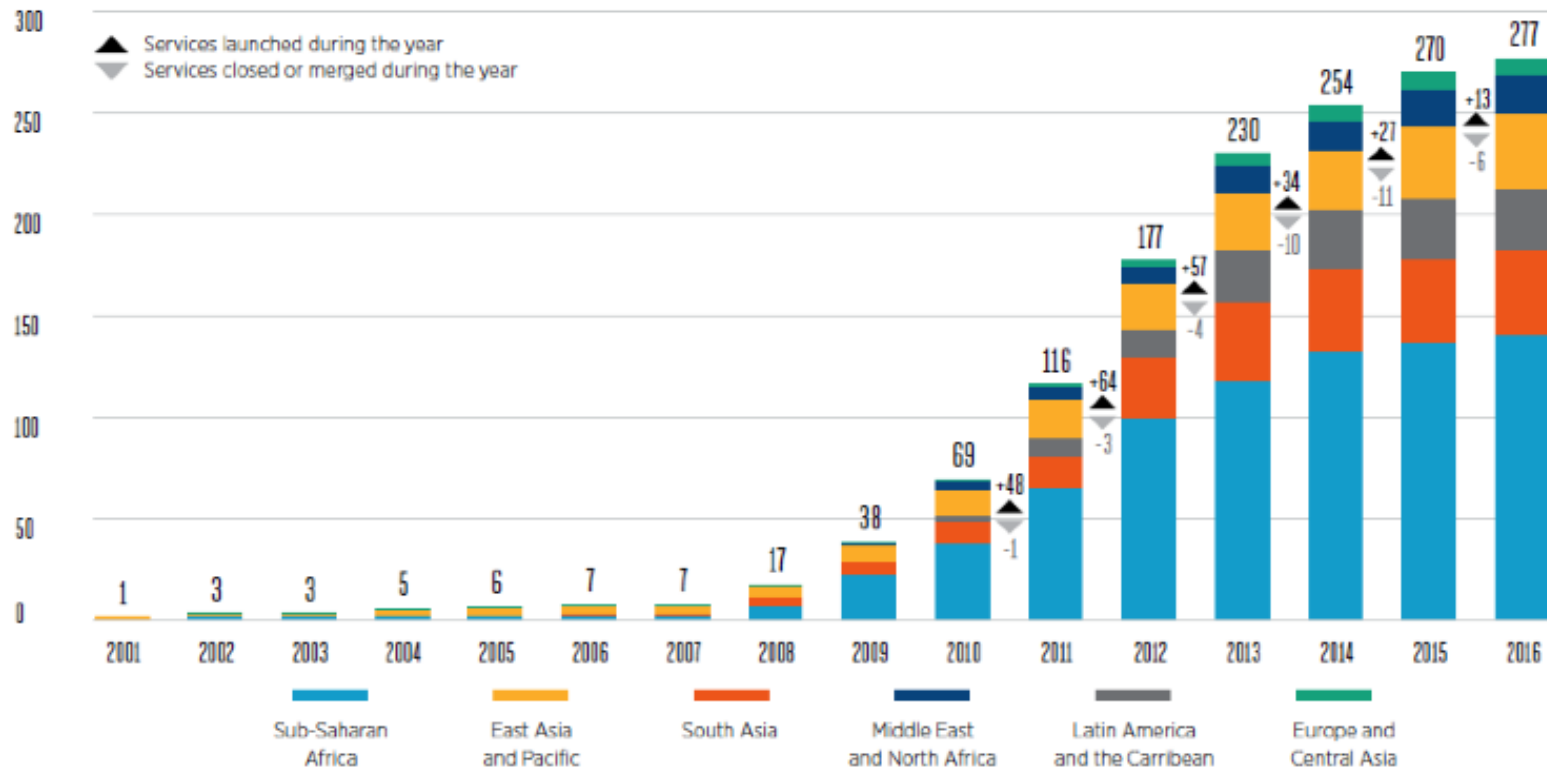
Note: Other includes e-invoices, postpaid, prepay, mobile carrier billing, crypto currencies (e.g. Bitcoin) and other emerging technologies. E-wallets allows consumers to either use electronically stored money value or take funds from another payment type linked to their e-wallet; examples include Alipay, Tenpay, PayPal, Qiwi, Yandex.Money. Credit cards includes all card payment solutions (credit card, debit card, charge card and pre-paid card).

Source: UNCTAD research based on data from Worldpay, 2015. *Your Global Guide to Alternative Payments.*



Mobile money is expanding

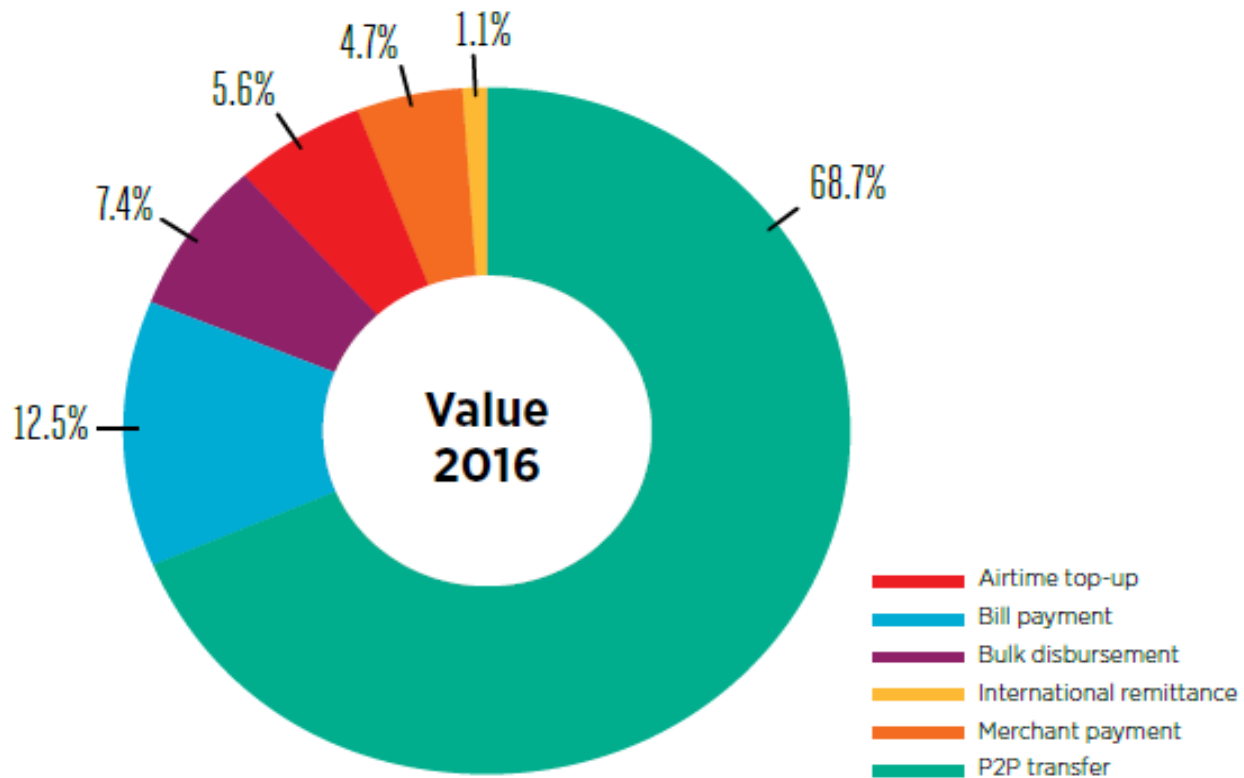
Figure 1: Evolution of the global mobile money landscape (2001 to 2016)



Source: GSMA.



What mobile money is used for



Source: GSMA.



Picture varies by country

- China (escrow accounts)
 - Only 16% of the population has a credit card
 - Alipay most popular for online shopping (68% online shoppers)
- Kenya (mobile)
 - Mobile money more used than credit cards for e-commerce payments
 - But cash on delivery still most important
- Brazil (offline payment)
 - Vostu (online game developer) partners with 150,000 physical points from newspaper kiosks to cyber cafés to sell credits for their games



Ways of processing payments

- Direct payment processing by the online market place
 - Direct Checkout by Etsy.com, or Alipay by Alibaba.com.
 - Limited to sellers on that market place, but easy to apply.
- Processing using third-party payment gateway
 - Skrill, PayPal, 2Checkout, Google Wallet, Checkout by Amazon, Yo!Payments (enables payments via mobile money), etc.
 - No need for seller to open merchant account with a bank, just with the processing company. Transaction fee involved.
 - Not available in all countries
- Payment gateway linked to a merchant account
 - More complex option. Requires a merchant account with a bank, paying associated fees and selecting a payment gateway.
 - Advantage: transaction directly between seller and buyer.



Access to PayPal in 2014

Type of account	Number of countries in which account is available	Remarks
Personal accounts	173	Send and receive money at individual capacity
Premier accounts	90	Personal account functions as well as accepting credit/debit cards, yet individual capacity
Business accounts	73	Full functions including bank account access, employee access etc. at the registered business' operations



Insights from Cambodia (1)

Bottlenecks identified

- Cash deposit, POS payments only available in USD
- Cards mainly used for cash withdrawal at ATMs
- No shared national switch for card-based electronic payments.
- Only one bank offers access to deposit accounts via debit cards
- High cost (>3%) and risks for credit card processing



Insights from Cambodia (2)

How to improve payments situation?

	How important is it to improve this issue?	How important would it be to receive technical assistance in this area?
Educational initiatives on security and trust building e.g. for policymakers, banks, merchants and consumers	4.75	4.75
Clear and interoperable consumer protection regulation	4.62	4.62
Regulations that allow for mobile payments	4.75	4.33



Payments for e-commerce will be further discussed during

eCommerce Week

24–28 April 2017

Palais des Nations, Geneva



UNITED NATIONS
UNCTAD



Towards inclusive e-commerce



Thank you!

