



**How does WeChat Pay Affect Chinese Customers & the Future
of the Digital Currency**



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ABSTRACT

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This research focused on analyzing how WeChat Pay changes users lifestyles and has analyzed users' behavior. This research connected future market analysis and possible risks with opportunities that the Central Bank of China may launch in the future. In this rapidly developing capital society, the future and trends of third-party payment software were studied. The impact of WeChat payment on contemporary people was analyzed through the degree of consumer trust in WeChat, the importance of mobile payment, and modern economic theory. This research needed to take into account the special significance and impact of WeChat payment for Chinese consumers, and combined the monetary theory to analyze the future market and the possible risks and opportunities.

Keywords: WeChat pay, Mobile payment, Digital currency



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1. Introduction

1.1 Background of the Study

"Going out without a wallet" has become the norm for many people. Behind this is the role of third-party payment platforms such as Alipay and WeChat(Tan, Hwang, Lim, Park, & Hong, 2019). In order to seize the mobile payment market share, various payment platforms are competing for offline stores through various preferential means. Recently, China UnionPay launched Cloud QuickPass and also joined the QR code payment contest to seize its position(Li & Tao, 2014). The 39th China Internet Development Statistics Report released by the China Internet Network Information Center shows that as of December 2016, the number of mobile payment users in China has grown rapidly, reaching 469 million people. 57.7% increased to 67.5%(May, 2020). Online payment platforms not only provide consumers with convenient shopping, consumption, and enjoyment platforms, but also create new wealth opportunities for countless merchants. As of the first quarter of 2017, Alipay and WeChat Pay accounted for more than 93% of China 's third-party mobile payment market transactions(CNNIC, 2020).

Mobile payment goes far beyond spending money, it starts to become profitable. Since Yu'eobao went live on June 13, 2013, various network wealth management products have sprung up, opening a new era of wealth management for all. You don't have to go to the bank to queue, you can easily manage money anytime, anywhere, thanks to the rapid development of mobile payment. The convenience and benefits that mobile payments bring to people are self-evident, but their security issues also plague users. Criminals began to use new methods of fraud, such as WeChat red envelope fraud, fraudulent public account fraud, scan code to pay attention to fraud, etc., resulting in the loss of property for many users(Montague, 2010). At the same time, the security technology to ensure mobile payment is constantly innovating, and diversified security verification methods provide consumers with more choices, such as fingerprint identification and other biometric methods, which have gradually become the mainstream.

1.2 Problem of the Study

If the People's Bank of China issues digital currency, it no longer relies on the financial accounts of major commercial banks to provide digital currency services, but allows individuals to open mobile accounts directly linked to the central bank to provide services for digital currencies(Samid, 2015). In that case, people can choose not to deal with any banks in the future, which can effectively avoid the potential risks of banks to personal funds security. Because once the central bank adopts unified management of all digital currencies, everyone can realize online transfers without the need for commercial banks

Now the data in your WeChat account is given to people by WeChat and Union Bank(Liu, 2017). These data are just the bills or debits that the bank gave you. The bank can use the money in your account as long as it recognizes the debit, without going through you agree. But once it is changed to digital currency, it will be different. The data in your account is no longer a bill or debit, but real money. At this time, the bank can no longer use the money in your account, because the money is directly in the central bank. In the data system, and the instructions (passwords) to circulate the money are in your hands, so the bank cannot use the money

What's more serious is that if digital currencies are really discovered in this direction, the current global bank profit model will be greatly impacted. It is difficult for 90% of the world's banks to go bankrupt and fail, which has an impact on global finance(Li, Huang, & Wang, 2019). Not as simple as a economical tsunami.

- A. How Wechat us affecting people's life
- B. How to avoid the economical tsunami after the digital currency is launched
- C. Combining Monetary theory to analysis change in money supply

1.3 Objective of the Study

Using case studies and the historical development of third party payment, combined with how to avoid future danger of digital currency, on the basis of historical background, how to discuss better ways to get along with the digital currency between banks and online payment. Put forward my own suggestions and opinions.

This study declares that the affects do not represent the connivance of such cases and the justification of the wrongdoing of the parties. Through the analysis and research of this case, we can find a better way to get the best benefit from them.

1.4 Importance of the Study

This research provides references and suggestions for online payments and the future digital currency market. At the same time, it provides the impact of online payment on people and the future impact and new challenges of digital currency. For online payments, it is indispensable to analyze the risks and possible opportunities of digital currencies. Digital currency is a supplementary payment tool between cash and bank remittances. Perhaps it will have little impact on our lives in the short term, and it is similar to Alipay and WeChat payment user experience. But it has a profound impact on the future of decision-making and business(Lasko, 1975). This study will analyze according to the Wechat case study, identify the affects and propose a analysis with proper prediction.

1.5 Scope of the Study

This paper mainly uses the method of literature research to analyze the affect of the Wechat pay and the future of the digital currency. Tips for third party online payment survivals in the future. Trust towards online payment become more and more important in online payment. How to measure the affects of the Wechat pay and predict the future of the currency market and the danger along with the opportunities in the future.

2. Literature Review

2.1 Mobile payment importance

Mobile payment, also known as mobile payment, is a service method that allows users to use their mobile terminals (usually mobile phones) to pay for goods or services they consume(Zhu & Ma,

n.d.). Units or individuals directly or indirectly send payment instructions to bank financial institutions through mobile devices, the Internet, or proximity sensing to generate monetary payment and fund transfer behaviors, thereby realizing mobile payment functions. Mobile payment integrates terminal equipment, Internet, application providers and financial institutions to provide users with financial services such as currency payment and payment(Henkel, 2002). Mobile payment is mainly divided into two types: near-field payment and remote payment(Tso, 2018). The so-called near-field payment is to use a mobile phone to swipe a card, buy a car, etc., which is very convenient. Remote payment refers to the payment method by sending payment instructions (such as online banking, telephone banking, mobile phone payment, etc.) or by means of payment tools (such as by mail or remittance). The formulation of mobile payment standards has continued for more than three years, mainly due to the competition between UnionPay and China Mobile(Bojjagani & Sastry, 2019). Data research company IDC's report shows that the amount of global mobile payments in 2017 will exceed 1 trillion US dollars. Strong data means that the global mobile payment business will continue to strengthen in the coming years(IDC, 2020). In the first quarter of 2018, there were 10.963 billion mobile payment businesses with an amount of 70.82 trillion yuan, an increase of 16.76% year-on-year.

2.2 Digital currency

Digital currency contains part of "electronic currency". These currencies are just digital representations of legal currency issued or recognized by the government. For example, Barclays Bank has released a new USDT \ GUSD \ PAX called Pingit, which is recognized by US regulators as a 1: 1 anchored currency.Digital currency contains chivalrous "virtual currency", which is controlled and created by developers and gains value in specific communities(Bassal, 2016). For example, Tencent 's Q coins and Nintendo 's points are only used in their own ecosystem, and theoretically cannot be used to purchase real goods and services.Digital currency includes "cryptocurrency", a transaction medium created using cryptographic principles to ensure transaction security and control of transaction units(Billah, 2019). It is decentralized, there is no supervisor, it can be transmitted between entities or users, and real goods can be traded , And allows the transfer of ownership without borders and instant transactions. For example, Bitcoin, Ether, etc.

2.3 Trust with online payment

New payment model, need to reconstruct business trust relationship In fact, just like when you receive cash when you receive fake money, there are also cases of mobile payment, but for customers and our merchants, it is indeed more convenient With the widespread popularity of mobile payment, people's consumption habits are changing. It facilitates consumers' lives and expands the business space of businesses. The new payment model needs to build a new business trust relationship(Warde, 2016) Consumers consume through mobile payments, and merchants have a lot of consumer-related data(Markou, 2019). If they encounter bad merchants, trading these data will undoubtedly bring great security risks to consumers, and even personal life and property issues. Will be threatened. In fact, with the development of mobile payment, consumers will increasingly use mobile payment. While consumers use mobile payment, merchants will also cooperate with mobile payment systems. Then payment service providers have a market and a future.

2.4 Modern Monetary theory

The government, central bank, and commercial bank were already corresponding debtors before becoming buyers or creditors of loans. In other words, the reason why a country's government, central bank, and commercial bank can fulfill their purchase obligations or creditor's loan obligations as a buyer is based on the premise that they act as debtors recognized by all parties at a larger level(Burstein, 1986).If we divide the economy into three different sectors—the government sector, the domestic private sector, and the foreign sector, although the income and expenditure of individual sectors may not be balanced, overall, total revenue must equal total expenditure(Larsson, 2009). That is: $(\text{Government income-output}) + (\text{Private sector income-output}) + (\text{Foreign sector income-output}) = 0$, when the government sector income is less than the expenditure-when there is a fiscal deficit, the private sector or foreign Departments will definitely have a surplus. Applying the law of conservation of energy means that wealth cannot be created or disappeared from scratch, and can only be transferred from one department to another.

2.5 Perceived usefulness & Perceived ease of use

User's final usage behavior is influenced by all other factors represented by the PU (Perceived

Usefulness) refers to the user's "perceived usefulness" of technology or technical products, PEOU (Perceived Ease of Use) refers to the user's "perceived ease of use" of technology or technology products(Saadé, 2007). The higher the level of these two factors, the more positive the user's attitude towards the new technology, which will promote the user's willingness to accept the technology, and thus generate more usage behaviors(Ernungtyas, 2017). In addition, some studies have pointed out that users 'level of "perceived usability" of technology will also promote "perceived usefulness", and at the same time, "perceived usefulness" will also directly affect users' willingness to accept technology(Kling, List, & Zhao, 2010).

3. Finding

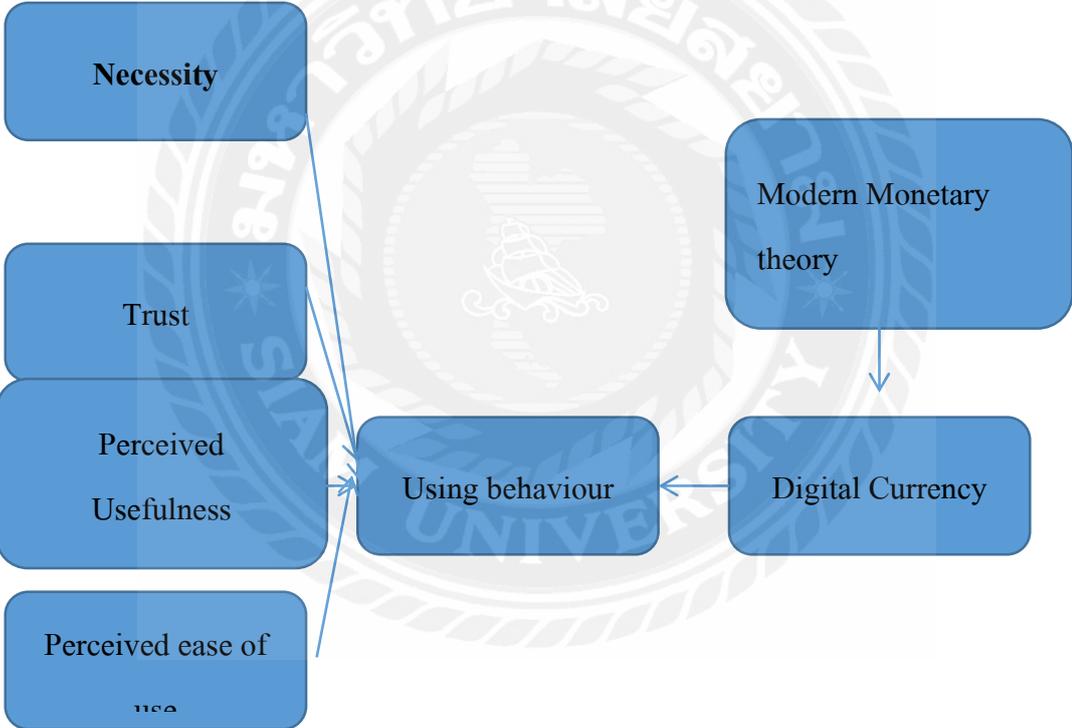


Figure 2 Using behaviour

The biggest change in WeChat payment to change people's lives is that the public has no habit of carrying cash and wallets. The leading figures of mobile payment are WeChat and Alipay. The barcode scanning payment can be seen everywhere on the streets of China. The blue and green codes can be scanned and paid no matter whether it is a large supermarket or a street stall; Smart phones with NFC devices are also the masters of mobile payment. Mobile phones are not only

communication tools, but also mobile “wallets”. Whether you are shopping offline or taking the bus or subway, you can swipe your mobile phone to pay with a wave. The way is especially popular among young people, fashionable and fast (Paret, 2016)

After the central bank digital currency is issued, it will promote the internationalization of the RMB. Its appearance will make the information structure, credit structure and supervision structure of human society face decomposition and reconstruction. In the past, data and information were decentralized and offline. Collecting data and concentrating it into a database requires a high cost. The emergence of digital currency can enable many transactions to be completed online, which is conducive to accelerating the concentration of decentralized information. Change. When more and more transactions are moved online, the information structure will become more complete. When the information structure becomes centralized and complete, the credit structure of human society will also change. All business activities and financial transactions are based on credit, and credit comes from data and information. When data and information are stored in the database and can be checked, credit is easier to establish. In other words, when there is a large database to rely on, the credit structure of human society will also be rebuilt (Hunter & Timme, 1986). After the credit structure is rebuilt, it will also affect the change in the regulatory structure. All supervisory actions are interactions between supervisors and supervisees. It is precisely because of the reconstruction of information and credit, the methods, means and effects of supervision will face reconstruction.

From the perspective of the entire currency history, the current monetary system of human society has gone through two stages—the commodity currency and the dollar system. At first, precious goods such as shells were used as currency. After entering the commodity era, gold was gradually adopted as the currency. In 1816, the United Kingdom first adopted the gold standard. By the late 19th century, major countries in Europe and America adopted the gold standard.

The adoption of the gold standard is an important driver of the industrial revolution. The Industrial Revolution has a history of more than 200 years. Because of the gold standard, major countries in Europe and the United States had universal currencies at that time, which promoted the expansion of the market, the substantial increase in trading behavior and the acceleration of technological progress. It can even be said that because of the gold standard, Only in this way can a unified global market be created, thereby promoting the spread of the industrial revolution.

4. Conclusion and Recommendations

If there is a digital currency in 2020, where will it be positioned in the history of human currency? The central bank's digital currency maintains the existing national credit, and on this basis, better technology is used to "bless" national credit with new technologies. Therefore, I think that the human monetary system may start from this year to shift from national credit to "national credit + technical credit". If so, in the history of human currency, only two years can be compared with 2020, one is the establishment of the gold standard in 1816, and the other is the establishment of the Bretton Woods system in 1944. In this sense, this year mankind entered a new era of currency history. The biggest feature of digital currency is that it can record and track the whereabouts of every transaction. This is the biggest advantage of blockchain technology. Of course, the central bank has already stated that the technology of digital currency is not limited to blockchain, but it is more or less likely to adopt blockchain technology. This feature of digital currency can clearly understand the flow of statistical funds, reflect which industries are gold-absorbing industries, and reveal the rise and fall of industries. This is a major disadvantage of the current monetary system. After the currency enters the circulation link, it is difficult to identify where the funds are going. Of course, this also makes it more difficult to identify and combat criminal behaviors, such as money laundering. After the digital currency is really promoted, everything becomes easy to identify, which is more real and effective than the results of the Statistics Bureau. Therefore, in the future, whether it is bribery, bribery, or money laundering, will be directly recorded. This provides a great help for consumer trust building Alipay, WeChat and other three-party payment tools and cash wealth management are all directly linked to bank accounts. After the implementation of digital currency in the future, these three-party payment tools are likely to lose space. The central bank's digital currency has a higher creditworthiness than the existing bitcoin. In addition, after the amount of Bitcoin reaches a certain level, it will not grow, and the central bank digital currency can theoretically be issued without restrictions. Bitcoin is decentralized, and the central bank's digital currency is centered on the central bank. These characteristics are destined to be the trend of the central bank's digital currency research and development and promotion.

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