

# Alternative Forms of Payments in the Philippines

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# What are “Alternative Payments”

- Generally defined as anything other than a credit or debit card
- These may include:
  - Online bank transfers
  - Cash deposits at brick-and-mortar channels
  - Mobile, E-Wallets, Digital Currencies
  - Cash on Delivery



# Why are Alternative Payments Important?

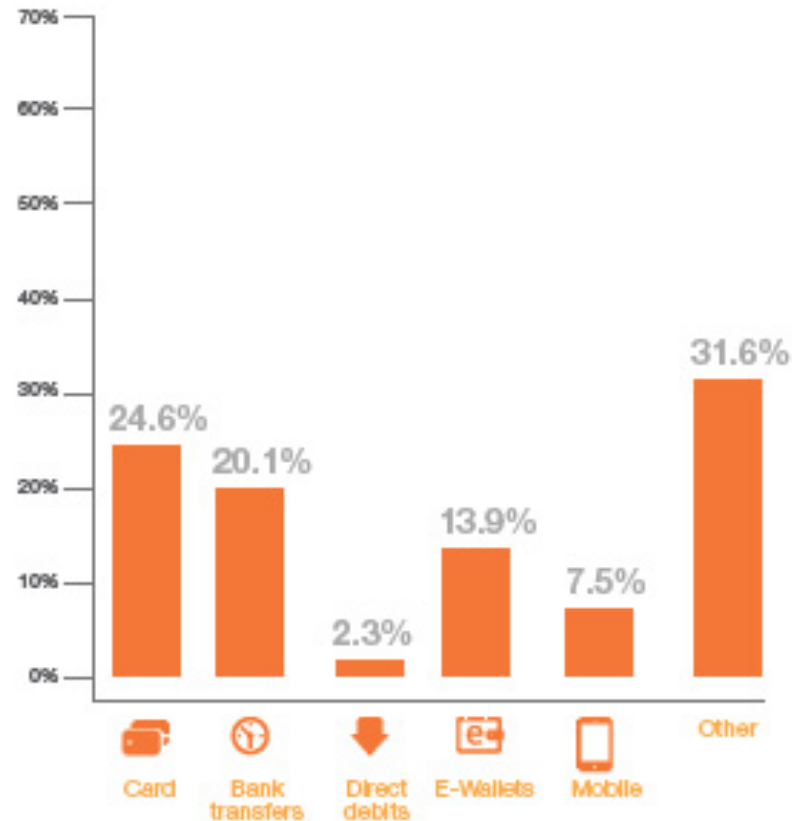
- Easy access by broad market
  - CCAP: only 5% have credit cards
  - BSP: only 20% have a bank account



# Market Penetration in 2014

- Internet – 41~46%
  - 22% CAGR
- Smartphone – 20~30%
  - 300% CAGR
  - Smartphone sale fastest growing in SEA

# E-Commerce Mix by Payment Type



Source: Worldpay Alternative Payment 2<sup>nd</sup> Edition Report (2012)

# S.E. Asia E-commerce Market (2013E)

	Unit	ID	SG	PH	VN	TH	MY	China	US
Population	M	248	5.2	95	88	67.5	28.9	1,350	315
# Online	M	75	3.9	33	31	32	18	513	246
% Online	%	30%	74%	34%	35%	46%	63%	38%	79%
# Social Media Users	#	66	3.6	38	24	27	17	NA	168
# E-commerce Shoppers	#	5.6	1.8	5.8	13.2	14.5	10.5	164	184
E-commerce Shoppers	%	2.3%	34%	6%	15%	21%	36%	12%	58%
Retail Sales	USD B	134	31	34	108	139	51	2,380	4,700
B2C E-commerce Market	USD B	0.9	1.1	0.4	0.5	1.1	0.7	190	343
E-commerce % of Retail	%	0.7%	3.5%	1.1%	0.5%	0.6%	1.4%	8%	9%
Annual Customer Spend	USD	252	917	172	42	365	68	726	1,864

Source: UBS Research, Nielsen, Comscore, PWC HK, ATKearny, researchandmarkets.com, Dailysocial, smu.edu.sg, E-commerce.org.sg

# Advantages of Alternative Payments

- For Merchant
  - Low-risk to fraud compared to credit cards
  - Lower fees (usually fixed)
  - More widely accessible in developing countries



# Advantages of Alternative Payments

- For Buyer
  - Low-risk of online identity theft
  - More security features (ex. Online banking)
  - More widely accessible



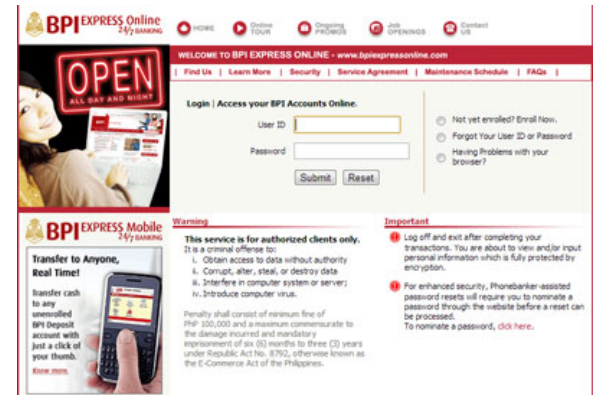
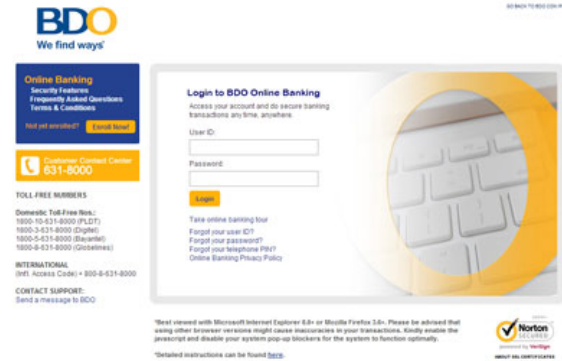


# Fraud Challenges



# Fraud #1: Online Banking Identity Theft

- Difficult to perpetrate because:
  - Complex id/pwd system
  - Can be changed anytime
- Online banking transactions are difficult (if not impossible) to repudiate



# Fraud #2: Image Manipulation Fraud

**LBC Express, Inc.** BillsXpress Collection System  
**ACKNOWLEDGEMENT RECEIPT**

Tel. No. : \_\_\_\_\_

A.R. No. : **BCT0101627000030506** CUSTOMER'S COPY

Date : **15 Feb 13 02:38 PM**

Merchant : **DRAGONPAY**

Reference No. : **16021305260565**

Account Name : **MARK DAVIS ZARATAN**

CASH : 597.40  
CHECK : 0.00  
TOTAL : 597.40

*[Signature]*  
JM ADRIANO  
Customer Associate

Important : This serves as your proof of payment.

**LBC Express, Inc.** BillsXpress Collection System  
Manuel Quezon St., Odiongan, Romblon  
**ACKNOWLEDGEMENT RECEIPT**

Tel. No: 109 5410700

A.R. No. : **ODI0101607000002836** CUSTOMER'S COPY

Date : **17 Nov 12 01:55 PM**

Merchant : **DRAGONPAY**

Reference No. : **VYTU2JF8**

Account Name : **VISMARK C. DRILON**

CASH : 57,990.00  
CHECK : 0.00  
TOTAL : 57,990.00

*[Signature]*  
MARYJANE FAMATIGA  
Customer Associate

Important : This serves as your proof of payment.



# Fraud #3: Fake Deposit Slip Fraud

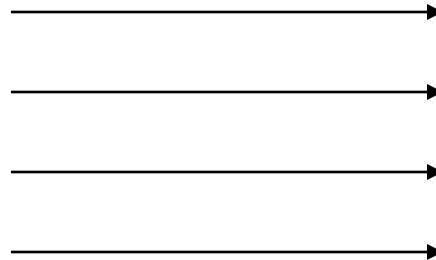
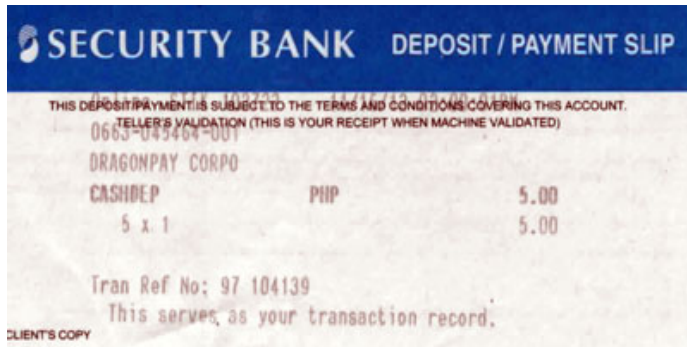


# Fraud #4: Fake Mobile Notification Fraud

*You have received 2,950.00 GCASH from Juan dela Cruz  
09178561234. Your new balance is 7,950.00.  
Ref. No. 294087757.*



# Fraud #5: Multiple Transmission of Payment



# Fraud Prevention Tips

- Do not trust what “proofs” customer send you. Always check with the source (ex. Bank account, mobile wallet)
- If possible wait next day before checking the source.



# Who is Dragonpay?

- Leading alternative payment player in the country
- Support:
  - Online banking
  - Over-the-counter and ATM bank payments
  - OTC payments in various channels
  - Mobile, Bitcoins
- PayPal Platinum Partner
- Investors include GMO Payment Gateway, Japan's #1 payment gateway





# Fees

- PHP10 / online banking
- PHP15 / OTC and ATM banking
- PHP20 / mobile, OTC non-bank (Bayad Center, SM, Robinsons Dept Store, LBC, Cebuana, M. Lhuillier, ECPay, etc.)
- Setup Fee: PHP28k



# Satisfied Customers

**MetroDeal**



**UNIONBANK**

**AVA**



**AyalaLand**



**CENTURY**  
PROPERTIES GROUP, INC.



**CASHCASH PINOY**  
*Saving Feels So Good!*



# Multi-channel Alternative Payment Service Providers

- Dragonpay
- IPay88
- Paynamics
- Asiapay



# Cross-Border Selling

- 23% year-on-year growth of PayPal merchants in PH selling cross-border

## WHERE THE PHILIPPINES IS SELLING TO

### Top Markets

- + USA (23%)
- + Australia (22%)
- + Canada (20%)
- + UK (15%)
- + Singapore (25%)

### Fastest-Growing Markets

- + Thailand (81%)
- + China (75%)
- + Russia (61%)
- + UAE (59%)
- + Malaysia (44%)

# Thank You!

## Online Demo

