Expert Meeting on
THE IMPACT OF ACCESS TO FINANCIAL SERVICES, INCLUDING BY HIGHLIGHTING THE IMPACT ON REMITTANCES ON DEVELOPMENT: ECONOMIC EMPOWERMENT OF WOMEN AND YOUTH
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SESSION 5:
NEW TECHNOLOGIES TO IMPROVE ACCESS TO FINANCIAL SERVICES

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E-commerce Innovation and Micro Finance: The Case of Alibaba in China

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Founded in 1999 in China, Alibaba Group is a family of e-commerce businesses that include consumer e-commerce, online payment platforms, business-to-business marketplaces, mobile applications and internet television.
Yahoo owns 24 percent of the group.

In June 2013, Alibaba launched Yu’e Bao, an online savings and investment product. As of December 2013, Yu’e Bao reported deposits of USD 30.4 billion and 43 million clients.

As of 2013 Alipay, the online payment arm of Alibaba, had approximately 300 million users, including 190 million active users of Alipay Wallet.

During the quarter ending in September 2013, Alibaba reported an operating profit of USD 786 million on revenue of USD 1.78 billion. The company raised USD 21.8 billion.
Six of Alibaba’s affiliated financial entities

- Alipay, est. 2004, an online payment tool
- Yu’e Bao, est. June, 2013 a USD 93 billion money market fund
- Alipay Wallet, est. Nov. 2013, a mobile payment application
- Zhao Cai Bao, April, 2014, a platform that allows individuals and small businesses directly borrow from investors, 15 billion transaction
- Ant Micro, est. Aug. 2014, a micro loan provider to 700 thousand SMMEs until May, 2014
- Ali Bank, an affiliated private bank
The Structure: Ecosystems, B2C

- Consumer
- Alipay Wallet
  - YueBao
  - Micro L
- Alipay
  - Alibaba Bank
  - ZhaoCB
  - Manufacture
Alibaba B2B E-commerce Platforms

Alibaba Third Party Platforms to facilitate International Trade

**Prio Transaction (Information exchange)**
- Alibaba.com
- MadeinChina.com
- Globalmarket.com
- Trade2cn.com
- Global Sources

**Transaction (Cross border Trading Exchange)**
- Aliexpress.com (Alibaba)
- Dhgate.com
- M2Cmart.com (Global market)
- Ebay.cn
- Rakuten Global Market

**After Transaction (Paperless trading and integrated service)**
- Onetouch.cn (taken over by Alibaba)
- Shi Mao Tong in Ning Bo City
B2B Platform Financing

N+1+N Mode

SUPPLIER

BUYER

DEAL

Inspection
Customs Clearance
Taxation
Transportation
Insurance
Foreign exchange
Financing

Platform

Inspection
Customs Clearance
Taxation
Transportation
Insurance
Foreign exchange
Financing
B2B Platform Financing and Control

Prior 1-Time Application

Historical Data
- Transaction History
- Business Evaluation
- Credit Score
- Feedback from Buyers
- Dispute & Refund Records

Loan Approval

Real Time Assessment
- Business Transaction
- Logistic Fulfillment
- Cash Flow
- Risk Alerts

After Approval

Pro-Active Monitoring
- Dynamic Credit Evaluation
- Order Fulfillment Tracking
- Transaction Behavior
- Abnormal Activities
- Platform Store Control
Implications

- Financing is the key facilitator of doing business.
- Traditional financing and Internet financing can be integrated on one platform.
- IT innovation can increase financial market efficiency
- Third party platforms can help SMMEs participate in global trade under trusted environment.
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