



Chinese payment gateways

A gateway that processes local payment methods, including local credit cards, is essential for successful Internet trading.

All countries have rules and regulations on which payment methods can be used and when. To that end, China has its own rules and regulations and will not allow a Chinese business to process payments on non Chinese approve systems. This applies to all Internet transactions processed on servers/clouds/or in data centres in China. All payments made in China must be to a Chinese bank account.

An overseas business needs access to certain features of these payment gateways to trade successfully with Chinese consumers and businesses. “If you cannot take a payment, you cannot process an order.”

China has very successful payment processing systems and a gateway for day-to-day trading.

Historically, China has used cash and bank money transfers. Money transfers between accounts and banks have always been fast: a few minutes between accounts and only a few hours between banks.

Today, just like in the rest of eastern Asia, mobile touch payment systems are replacing cash. In China, an increasing number of stores are no longer taking cash.

Chinese Credit Cards



Union Pay was the business credit card processing system for historical Chinese citizens. Today, some Chinese credit cards support Visa and Mastercard processing, but UnionPay remains the dominant provider of credit card processing in China.

We recommend contacting your business credit card processing company to ensure you can accept UnionPay credit card payments.

When processing a Chinese credit card, the funds are debited from the Chinese bank account in your local currency. The purchaser has already exchanged the funds into your local currencies at the Chinese bank.

When using a Chinese credit card overseas, it works like a debit card because funds are taken from the Chinese account to complete the transaction. Generally, within a few seconds, confirm on their Chinese mobile.

Please note: Currently, most Chinese cards require “swiping” because “chip and pin” / “contactless” processing is not compatible with other countries.

Chinese Online payment processing

The rollout of payment systems in China is happening very fast, and many people and businesses prefer these systems because they eliminate the need for cash.

- **Local Chinese charge cards.**

A local charge card requires you to put small amounts of money on it at the outset.

Then, stores, etc., take touch card payments. Different operators operate in other cities/areas in China.

These systems are often used in food halls, where you purchase a prepaid card before buying food and pay with it. This allows food halls to process many orders quickly, and staff serving food do not handle dirty money.

These systems have been widely used in China for the past ten years because they eliminate the need to carry cash, visit banks, or make other transactions.

Today, these cards have been replaced by smartphone apps. The processing is the same as with the Change Cards; the card is no longer needed.

- **Online payment gateways.**

There are two main online Chinese payment gateways;



These are the leading online payment processing gateways used in China.

Alipay, owned by Alibaba, was the first significant online payment processing system.

WePay, owned by Tencent, is a new system gaining popularity in China due to its full integration with WeChat.

Both gateway systems support online payments, touch payment apps (replacing local charge cards), and, increasingly, bank services.

These systems are significantly cheaper, being 50% to 75% more affordable than the payment systems we use in Europe.

You can open an Alipay or WePay account as an overseas citizen or business.

Your trading rights with these payment gateways in China change monthly.

We recommend contacting the payment gateways directly and determining their terms and conditions.

Ask the specific questions:

Will your payment gateway support payments from Chinese citizens or businesses in RMB, ensuring funds are available in an overseas bank account?

What are the costs of achieving this? (Setup, running costs, transaction fees, etc.)

Please remember;

- If your internet presence is being processed in mainland China, regardless of what the payment gateways say, you must have a Chinese bank account and business.
- The workaround is to have your Chinese online store operate outside China. Maintain a local marketing presence in China and direct customers to overseas Chinese stores. TMall Global operates this way for overseas businesses (based in Hong Kong).
- The Chinese government limit the amount of money Chinese citizens can spend overseas each year (\$50,000)
- Many Chinese citizens often have overseas bank accounts, which is legal, so they have access to overseas payment gateways and credit cards. Therefore, your existing payment system will support some Chinese businesses in your local market.

Our recommendations;

- Make sure your credit card processing payment system can process Union Pay.
- Monitor the international progress of Alipay and WePay. Once they can process Chinese citizens paying in Chinese RMB directly into your bank account outside China, it would be an excellent time to install them as a payment option for the Chinese market.