

## Q & A

### CHINA MOBILE WALLET PAYMENT SERVICES (Alipay/ WeChat Pay)

#### General

#### **Q1. What is China's Mobile Wallet Payment Service?**

WeChat Pay is a fully integrated payment solution within WeChat, the world's most popular mobile social communications service with 1 Billion active users.

Alipay is a super lifestyle app run by Ant Financial Services Group with more than 450 million active users.

Together these platforms jointly account for 90% of China's mobile payment market share and 70% of the total population in China. Both super apps allow users to book a trip, hail a taxi, order food, book hotels, purchase tickets, manage investments, and perform transactions on e-commerce websites and more, all to create a more cashless society.

#### **Q2. Who is Alipay?**

Alipay has evolved from a digital wallet to a lifestyle enabler. In addition to online payments, Alipay is expanding to in-store offline payments both inside and outside of China. Over 2,000,000 brick-and-mortar merchants now accept Alipay across China.

As of October 2016, Alipay is supported in 70 overseas markets, with in-store payments covering more than 100,000 retail stores, and tax reimbursement via Alipay is supported in 24 countries and regions. Alipay works with over 40 overseas financial institutions and payment solution providers to enable cross-border payments for Chinese travelling overseas and overseas customers who purchase products from Chinese e-commerce sites. ([Video](#))

#### **Q3. Who is WeChat?**

Developed by Tencent, WeChat is China's most popular social media, commerce and payment service application. WeChat envisions and innovates new ways for people to connect, communicate and share. WeChat provides a central point of control for users to share voice, photos, videos, and text messages across their entire social ecosystem. WeChat has a mobile wallet function within the social media application which allows users to also make payments in a similar fashion to Alipay.

**Q4. Who can use Alipay and WeChat Pay?**

[Alipay's Payment Service](#) and WeChat Pay are available to those who have a bank account in China. Users that do not have a Chinese Bank Account in China can still download the app and use other services that Alipay and WeChat provide, but will not have access to their Payment Services.

**Q5. How do Alipay and WeChat Pay work?**

Users of Alipay and WeChat Pay can use their respective mobile applications to purchase goods and services online and offline with the support of the terminal.

At the point of sale, the user launches the respective mobile app and opens the unique barcode screen. The Merchant will enter the amount of the transaction into the terminal and then scan their customer's unique barcode with the terminal. The device will authenticate the transaction and charge the user.

In the online store, when moving to the checkout page, the user will be able to select WeChat Pay or Alipay as their preferred payment method, after selecting WeChat Pay or Alipay, an item specific QR code will display on the screen for user to scan and pay. The customer pays in RMB and merchant will be settled in USD. (converted based on the daily foreign exchange rate from the USD amount charged. The same applies to refund conversions).

**Q6. What is the service charge of Mobile Wallet Payment Service? Are there any additional costs I should be aware of?**

Alipay and WeChat do not charge any fees to the users of their respective apps for using the service and they provide their users with the lowest exchange rate available. Merchants will be charged a discounted rate and settlement fee as well as any other service related fees for accepting this form of payment.

**Q7. Is there any maximum amount of a transaction? If there is, how much it is?**

The maximum transaction amount is:

- **\$280,000 RMB** per transaction for Alipay (approximately **\$40,000 USD**)
- **\$68,000 RMB** per transaction for WeChat Pay (approximately **\$10,000 USD**).

There is no daily transaction limit. The only limitations are based on issuing bank limitations. A transaction has to meet both the requirements of the mobile wallet provider (WeChat or Alipay) and the issuing bank.

*\*This is subject to change from WeChat Pay and Alipay. For the most current limitations, please visit the banks or mobile wallet provider (Alipay or WeChat) official websites*

**Q8. How will merchants who accept Mobile Wallet Payments report taxes for these types of transactions?**

Our processor (Citicon) will issue a 1099K (in USD) for merchants at the end of each fiscal year.

**Q9. Will each user have multiple Alipay or WeChat Pay accounts?**

No. To use Alipay or WeChat Pay, the user needs to link their Chinese ID# and bank accounts. Each mobile wallet account can only be linked with one user, but can link multiple bank accounts registered under that user.

**Q10. If a merchant already has an account with USBSI, will Alipay or WeChat be tied with the existing merchant account?**

No, merchant's Alipay and WeChat account will not be linked to existing merchant accounts.

**Q11. Is Mobile Wallet Payment suitable for every merchant?**

Mobile Wallet is now available for both offline and online transactions, so is now suitable for merchants of different environments.

Like every payment processor, there is a list of prohibited business types that will prevent some businesses from accepting Alipay or WeChat Pay.

**Q12. If the account was opened and idles without any processing, will there be any service/monthly fee?**

Yes, there will be a monthly fee of the agreed upon amount stated on the contract the merchant signed.

**Q13. When does the confirmation page pop up on the user's phone during the payment process?**

The Alipay payment confirmation page pops up under the following circumstances:

1. The balance in the Alipay wallet is insufficient for the payment, thus, Alipay is asking the user to use a different funding bank card

2. When a risk control mechanism is triggered on the Alipay side, including but not limited to:
  - A transaction amount of USD \$10.00 or greater.
  - High frequency use of the wallet

Alipay makes the sole decision on when to force confirmation during transactions, and does not publish details.

WeChat has the same confirmation pages for USD ~\$150 or greater.

**Q14. How long is the agreement term? Is there an early termination fee?**

There is no early termination fee or set-up fee according to Citcon's current merchant agreement which is available at: [http://www.citcon-inc.com/merchant-processing-agreement/Citcon\\_Merchant\\_Terms\\_201705.pdf](http://www.citcon-inc.com/merchant-processing-agreement/Citcon_Merchant_Terms_201705.pdf).

**Q15. What are the conditions to issue refunds?**

1. There must be enough balance in transactions made during the same day of the refund.
2. The original transaction to be refunded needs to be able to be searched in the history.
3. The refund amount cannot be greater than the original amount and tip is not refundable. The refund will be returned to the account owner instantly.

**Q16. When the account is boarded, is it automatically signed with both WeChat Pay and Alipay?**

By default, it will have both Mobile Wallet Payment acceptances.

**Q17. Will there be any chargeback risk?**

There is NO chargebacks on Alipay or WeChat Pay transactions because all the payments need to be verified by the users from their phone at the time of transactions.

**Q18. What is QR Code? What can it do? Is it different from a barcode?**

A QR code, similar to a barcode, is an example of an information matrix. However a significant difference between the two is that while a barcode only holds information in a horizontal direction, a QR code can do so vertically as well. This is why QR codes are referred to as two-dimensional. This also results in greater potential to carry

information in a smaller space. A QR code can carry up to several hundred times the amount of information a conventional barcode is capable of.

**Q19. Is there a tip function on the terminal?**

Yes, but only at the point of sale for customers who choose the tip amount before completing the payment. When the transaction is completed, there won't be any tip adjustments allowed.

**Q20. If a user insists on paying more to receive cash back, is that doable?**

No, cash back is not allowed by Alipay or WeChat Pay.

**Q21. What are some differences between WeChat Pay and Alipay?**

Alipay is a dedicated payment service, while WeChat started off as a social media application and added a payment service later.

## **Settlement /Funding/ Statement**

**Q22. Who funds the merchants?**

Our processor will fund merchants using ACH (Automated Clearing House).

**Q23. When will the merchants receive their funding and how much of their settlement batch will they receive?**

Transactions occurring before noon EST (9:00am PST) will be funded to the merchant within 3 business days. Transactions occurring after noon EST (9:00am PST) will usually be funded to the merchant within **5 business days (1 week)**.

- The amount deposited will be the total amount processed with the quoted rated fees deducted
- The amount deposited must be over \$100 USD after deducted rates and fees
- Settlement cutoff time is every day at midnight 12AM Beijing time
- All settled transactions will be deposited altogether, once the deposited amount exceeds \$100.

Please note that Alipay and WeChat operate on the Chinese Holiday Calendar. For example, during Chinese New Year, they will not be able to transfer funds to our

processor until after the New Year Holiday. Our processor will disburse payment immediately to the merchants, once it has been received from Alipay or WeChat.

**Q24. What are the requirements for merchant to receive funding?**

A minimum of USD \$100 is required for a disbursement. Merchants can settle but will not receive disbursement until the minimum requirement is met.

**Q25. If a merchant did not receive funding, what should the merchant do?**

The merchant should contact USBSI or [info@usbsi.com](mailto:info@usbsi.com) for additional assistance.

**Q26. Who determines the exchange rate of a transaction? How will the exchange rate be determined? Who gets charged the exchange rate? (Users, Merchants, etc.)**

Alipay and WeChat convert the user's RMB to USD at the time the transaction is made. The rate Alipay and WeChat uses is the best exchange rate a user can get on the open market (~0.1% markup from middle rate, compared to the ~2.5% markup from other sources). Merchants will have no foreign exchange exposure.

**Q27. How are transaction disputes resolved?**

Alipay and WeChat Pay will not be involved in disputes of transactions. Transaction disputes will be resolved between customer and the merchant.

If the user's account was stolen / used fraudulently, Alipay and WeChat will reimburse the user with no liability from the merchant.

**Q28. How can the merchant view their statements?**

Each merchant will be issued an individual log-in on Citcon's web portal to view their statements. A transaction summary with settlement info will be uploaded automatically after each business day.

**Q29. Will there be a paper statement mailed to the merchants?**

No, Citcon issues every merchant a web portal log-in to view statements.

**Q30. How will the merchant be billed for the discount rate?**

The discount rate will be deducted from each deposit.

## Terminal

**Q31. What device does the merchant use to accept Mobile Wallet Payments?**

To accept Mobile Wallet Payments from users, merchants must use the terminal that is provided by USBSI, unless it's an ecommerce account.

**Q32. Can the merchant use their existing terminals to process China's Mobile Wallet Payments?**

No, other existing terminals do not have the function to process China's Mobile Payments.

**Q33. What language does the terminal support?**

The terminal provided will support both English and Chinese languages.

**Q34. Will a receipt be printed after each transaction?**

Yes, each transaction will print a receipt if it's a face-to-face transaction.

**Q35. What size paper must be used in the terminal?**

The terminal uses thermal paper with dimensions of 2 ¼ inches W x 74 feet L

**Q36. How much does the terminal cost? Is there a loaner program?**

USBSI will provide the terminal to the merchants as a FREE LOANER.

## Online Acceptance

**Q37. What is CHOP?**

CHOP is Citcon Hosted Online Payment, a hosted online payment acceptance solution for Alipay and WeChat Pay. Details can be found at <http://doc.citconpay.com/citconAPI/#chop>

**Q38. What type of merchants might want to use CHOP?**

Online merchants who cannot or do not want to accept face-to-face payments.

**Q39. Why do I need Online Mobile Wallet?**

Online Mobile Wallet can help you to expand your customer base from Chinese travelers to consumers who live in China.

**Q40. Can Alipay/WeChat Pay online acceptance work with multiple website domains?**

Yes. Alipay/WeChat Pay acceptance can be deployed to multiple website domains.

**Q41. How do customers pay online with Alipay / WeChat Pay?**

Each session generates a unique QR (Quick Response) code for users to scan and pay. Details on QR generation can be found at [http://doc.citconpay.com/citconAPI/#qr\\_code\\_generation](http://doc.citconpay.com/citconAPI/#qr_code_generation)

**Q42. If I already have a Citcon offline account, will my online account be tied to offline account?**

No. The Citcon online account is separate from Citcon offline account.

**Q43. Will Mobile Wallet online API accept any other payments such as credit card, check or gift-card?**

No. The online API is only designed to accept mobile wallet payment through Alipay and WeChat Pay only.

**Q44. For the terms and conditions for online, will there be a different agreement than the offline?**

The terms and condition for online from Citcon will be the same as offline. Details can be found in the following document: [http://www.citcon-inc.com/merchant-processing-agreement/Citcon\\_Merchant\\_Terms\\_201705.pdf](http://www.citcon-inc.com/merchant-processing-agreement/Citcon_Merchant_Terms_201705.pdf)

**Q45. Is it possible to have tip function for CHOP website online mobile payment acceptance?**

No. The tip function is only available for merchants operating in an offline face-to-face services environment.