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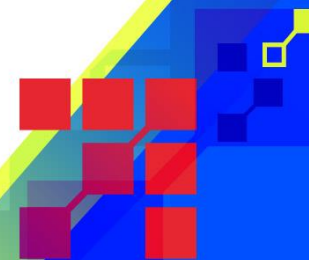


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# Enterprise Digital Payment Landscape Study

27 July 2023





# Agenda



**Research Design & Key Findings**



**Evolution & Development of Digital Payment Acceptance**



**Different Paths to Digitalisation: Supplier Payments**



**Enterprise Payment Attitudes**



**What's Next?**



# Introduction

The digital payment landscape in Hong Kong has rapidly transformed over the past few years. Notably, the shift towards digital payments and emergence of new payment technologies and platforms have created both new opportunities and new challenges for enterprises.

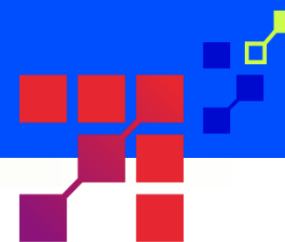
In light of these changes, understanding the current state of payments has become critical for enterprises seeking to remain competitive in today's market. While the payment space has transformed swiftly, there are still differences in the speed at which B2C and B2B companies are going about making payments to suppliers and receiving payments.

The “**Enterprise Digital Payment Landscape Study**” aims to provide a comprehensive overview of the current state of enterprise payments, identify key trends and emerging opportunities for businesses in this space, and investigate the underlying forces behind such trends. It will uncover the 1) Evolution and development of digital payment acceptance, 2) Different paths to digitalisation, and 3) Attitudes toward payments, across various industries from an enterprise's perspective.



# 1

## Research Design & Key Findings





# Research Design

## METHODOLOGY



Interviewed **821 Enterprises**  
in February to March 2023 by Telephone



**721**

Small and Medium  
Enterprises



**100**

Large  
Enterprises

*Note:*

*Small and Medium Enterprises: Companies with less than 50 employees*

*Large Enterprises: Companies with 50 employees or more*

## RESPONDENTS BY BUSINESS NATURE

**B2C companies: selling mainly to General Consumers**  
(Consumer Payments):



**296**

Small and Medium  
Enterprises



**60**

Large  
Enterprises

**B2B companies: selling mainly to Corporate Customers**  
(Corporate Payments):



**425**

Small and Medium  
Enterprises



**40**

Large  
Enterprises



# Research Design

## RESPONDENTS BY INDUSTRIES

|           |   |  |
|-----------|---|--|
| 233 (28%) |  | Import / export trade & wholesale          |
| 157 (19%) |  | Retail                                     |
| 153 (19%) |  | Professional & business services           |
| 147 (18%) |  | Social & personal services                 |
| 66 (8%)   |  | Accommodation & food services              |
| 65 (8%)   |  | Transportation, storage & courier services |

## RESPONDENTS BY MANAGEMENT AGE

|           |   |                       |
|-----------|---|-----------------------|
| 306 (37%) |  | Below 50 years old    |
| 501 (61%) |  | 50 years old or above |

Note: N=14 (2%) Don't Know/ Refused to answer

### Rationale for selecting 6 industries:

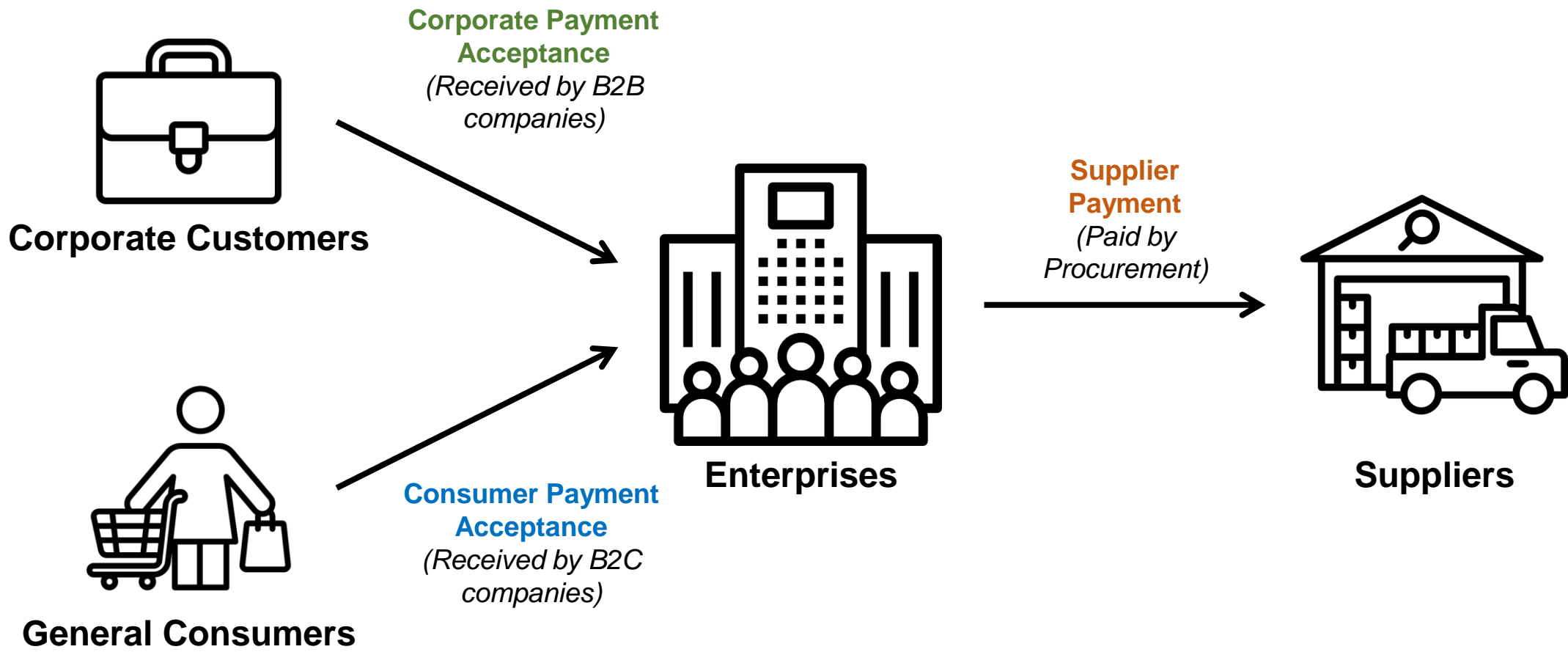
- They are key industries with the **highest demand in cashflow management**, including
  - **Purchasing** from local and/ or overseas suppliers; and
  - **Selling** to local and/ or overseas customers (general consumers and/ or corporate customers).

### Rationale for comparing between aged below and over 50:

- **Younger generation** is perceived to be **more digital-savvy** and are **more willing to adopt new technologies**.



# Payment Flows Landscape



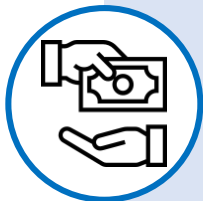




# Key Findings



**B2C companies** are doing a **fairly good job in payment digitalisation** to meet local consumers' needs but have higher expectations for greater payment optionality when it comes to cross-border payments and enhanced payment security.



**B2B companies** are **less satisfied with their payment tools**. Not only is the payment landscape dominated by traditional payment methods, cross-border payment acceptance, diversity of currency acceptance and transaction safety are key points for improvement.



The **supplier payments landscape** is dominated by traditional payment methods and **sticking to the status quo is a key barrier to expanding payment optionality**. There is room for improvement in the adoption of digital payment solutions within the procurement process.



3 in 4 companies are making changes or will make changes to their payment and receivable methods. **Enhancing payment security and increasing optionality** are major areas of focus.

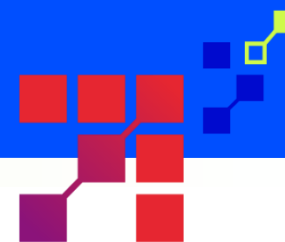




# 2

## Evolution & Development of Digital Payment Acceptance

Unequal Attention Given To Consumer and Corporate Payment Acceptance





## Key Finding #1 – Consumer Payment Acceptance



General  
Consumers



Enterprises

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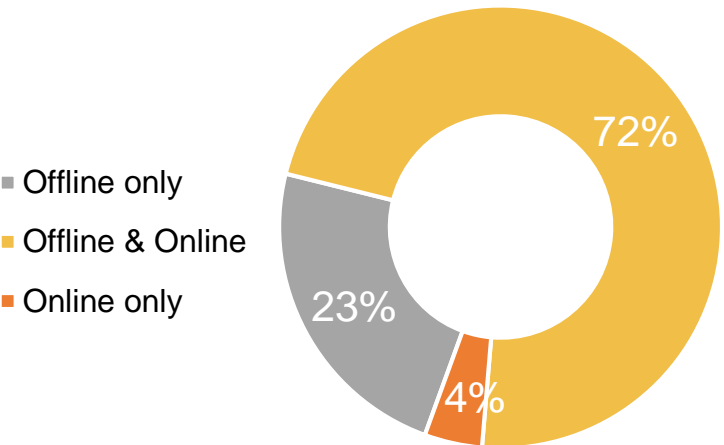
B2C companies are doing a **fairly good job in payment digitalisation** to meet local consumers' needs but have higher expectations for greater payment optionality when it comes to cross-border payments and enhanced payment security.



# Over three in four B2C companies in Hong Kong are selling online

Large enterprises have a slightly higher adoption rate (82%) of online sales channels, with SMEs following closely at 76%. B2C large enterprises express a higher preference for tapping into one-stop platforms, whereas SMEs have shifted to more personalised services such as instant messaging, email and social media.

## Sales channels employed



## Breakdown of online sales channels



Consumer Payment Acceptance

Corporate Payment Acceptance

Supplier Payments

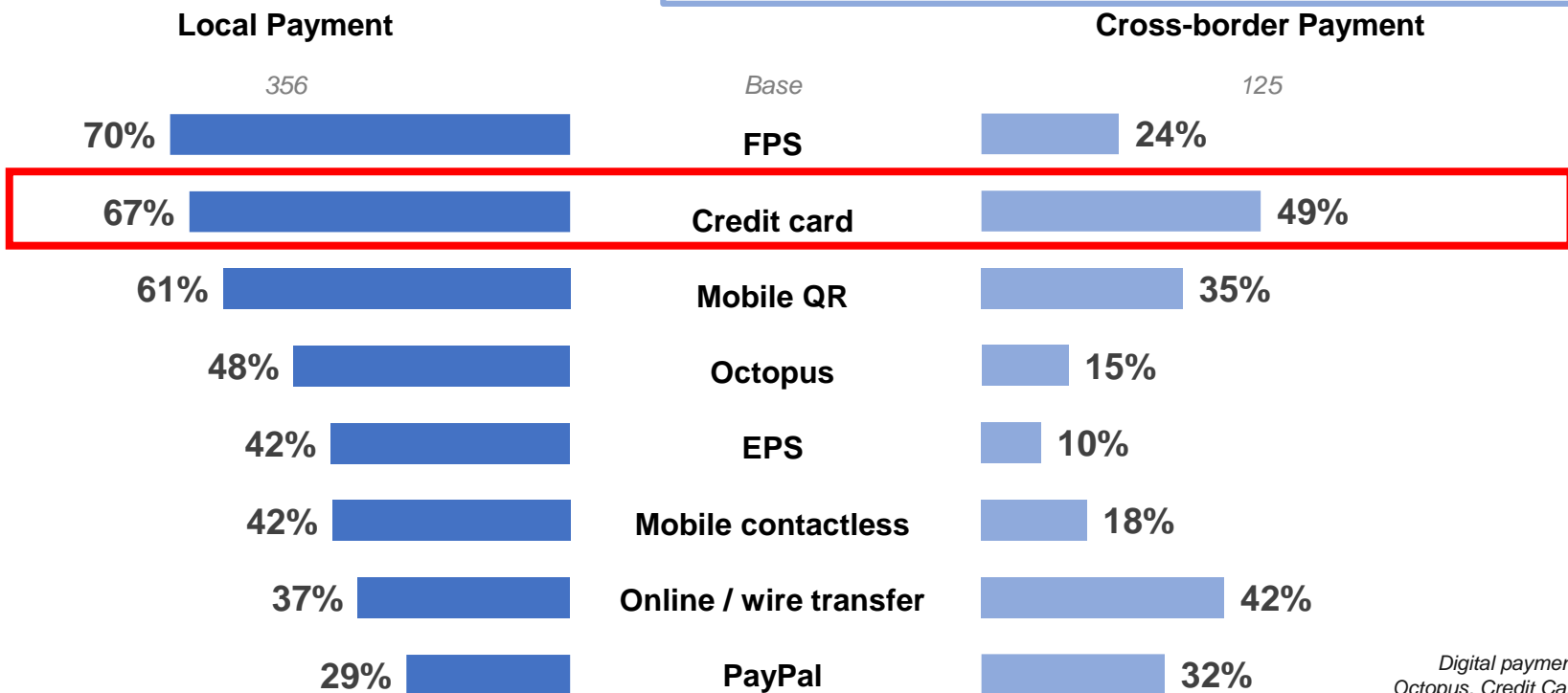


## Low cross-border payment acceptance hinders international transactions

While credit cards are widely accepted for both local and cross-border transactions, it is important to note that only a limited number of payment methods are commonly accepted for cross-border payments. This can be a pain point for overseas consumers looking to make international payments to Hong Kong, as they may find that their preferred payment method is not widely accepted.

### Digital payment methods accepted

**Average Number of payment method accepted: 5.6**  
(of which 4.1 are digital options)



Digital payment methods covered in this survey include FPS, Octopus, Credit Card, Mobile QR, mobile contactless and PayPal.

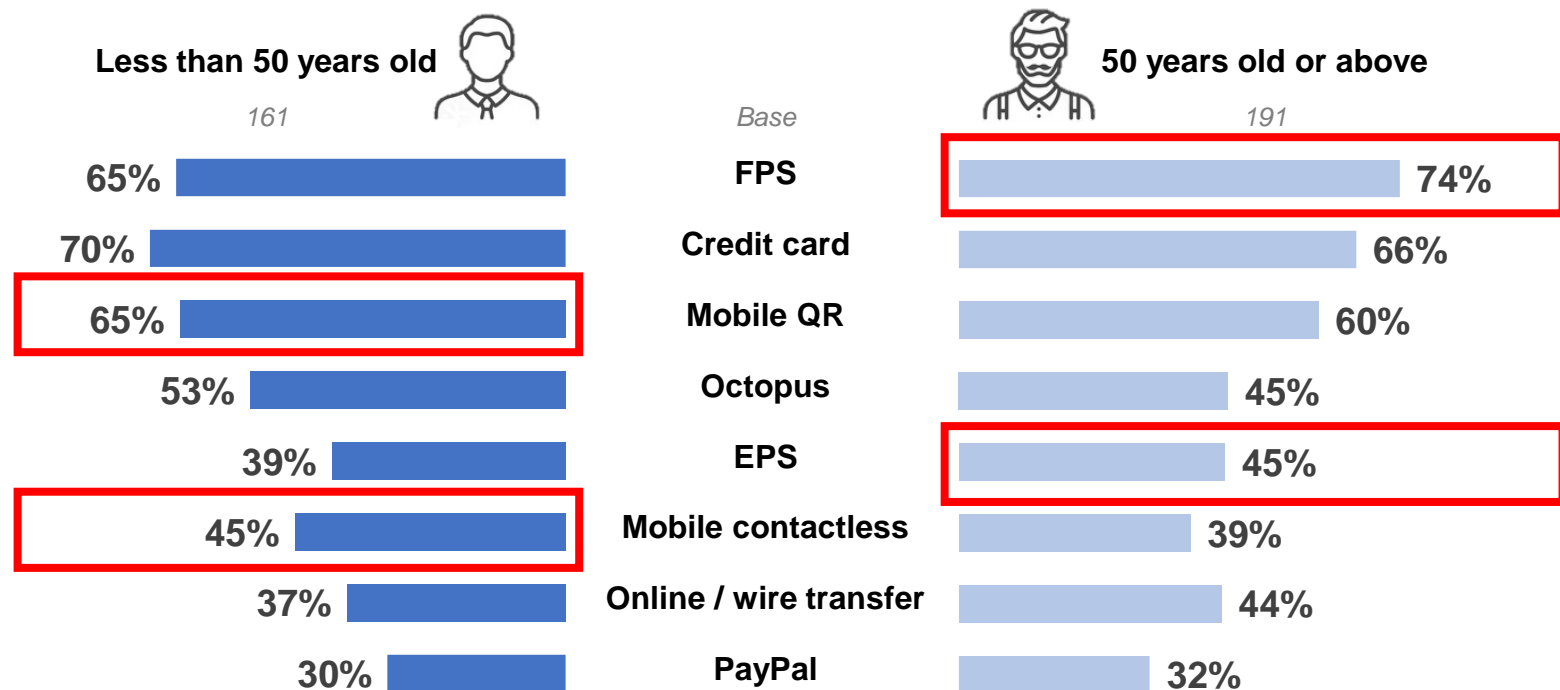
Mobile QR includes WeChat Pay, Alipay, Tap & Go, PayMe, etc.; Mobile contactless includes Apply Pay, Google Pay, Samsung Pay, etc.



## Younger top management drives surge in mobile payment acceptance

While more senior members of top management tend to exhibit a higher preference for accepting digital types of payment methods such as FPS and EPS. However, up-and-coming members of top management are more receptive to mobile payment, including mobile QR and contactless payment.

### Digital payment methods accepted by company top management age



Mobile QR includes WeChat Pay, Alipay, Tap & Go, PayMe, etc.;  
Mobile contactless includes Apply Pay, Google Pay, Samsung Pay, etc.



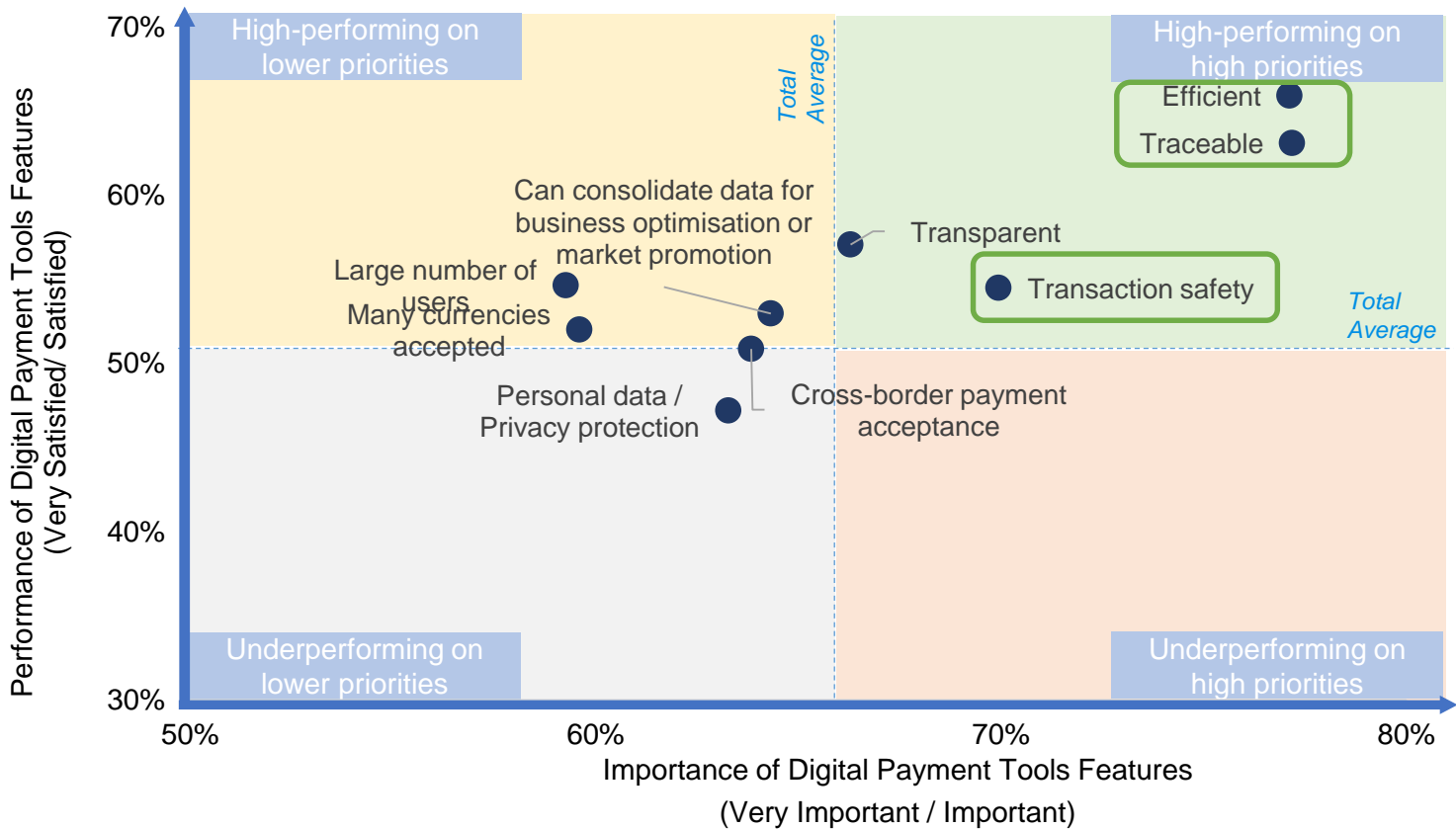
# B2C companies express satisfaction with payment tools, call for enhanced payment security

Half of surveyed B2C companies are satisfied with the performance of their digital payment tools. Efficiency and traceability are the primary drivers of satisfaction, however better performance in transaction safety could move the needle further.

51%

of companies are satisfied with the Overall Performance of Digital Payment Tools in Hong Kong

## Alignment between perceived importance and performance of digital payment tools



Ref.:  
(Q21) The followings are some features of digital payment tools. How important is each of them in handling payment process and other related operations? Please rate on a scale of 1 to 5, with 5 being "Very important" and 1 being "Not at all important". (SA per feature)  
(Q22) As a company in Hong Kong, how do you think Hong Kong's digital payment tools perform in each of these features mentioned? Please rate on a scale of 1 to 5, with 5 being "Very satisfied" and 1 being "Very dissatisfied". (SA per feature)

Consumer Payment Acceptance

Corporate Payment Acceptance

Supplier Payments



## Key Finding #2 – Corporate Payment Acceptance



Corporate  
Consumers



Enterprises

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**B2B companies are less satisfied with their payment tools.** Not only is the payment landscape dominated by traditional payment methods, cross-border payment acceptance, diversity of currency acceptance and transaction safety are key points for improvement.

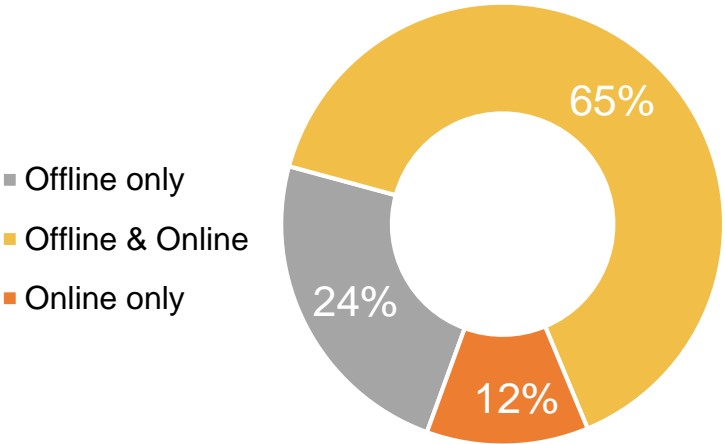




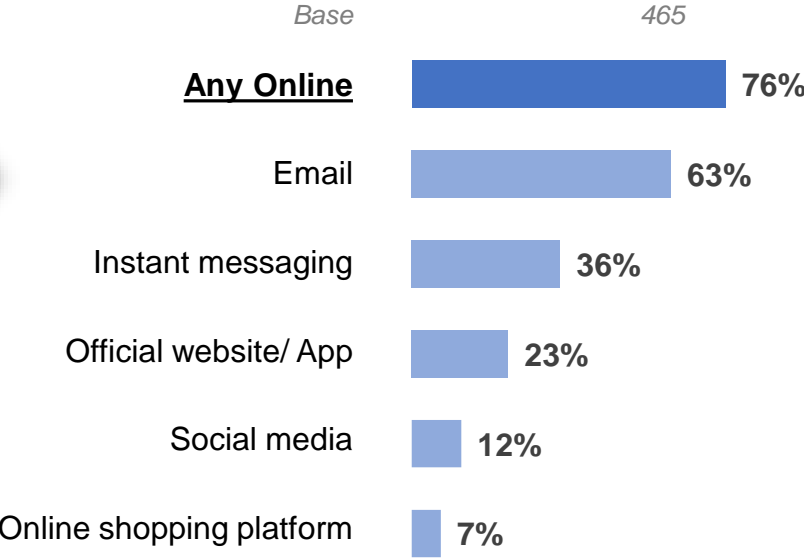
# B2B companies skew more toward email as a sales channel

While B2C companies tend to lean into instant messaging and one-stop platforms, B2B companies are employing the more traditional route of email communications for online sales.

Sales channels employed



Online sales channels employed



Consumer Payment  
Acceptance

Corporate Payment  
Acceptance

Supplier Payments

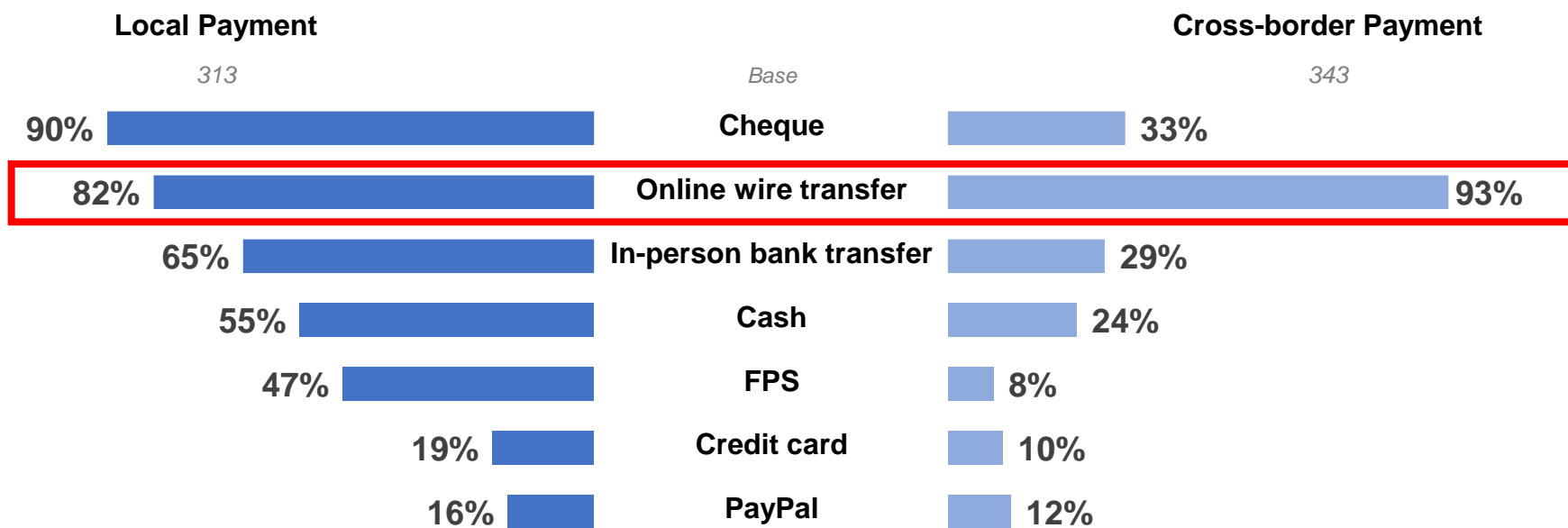


## Digital payment acceptance remains sluggish save for online wire transfer

Although a majority of B2B companies are selling online, companies are still relying on traditional payment methods such as cheque, bank transfer and cash. Online wire transfer is the only digital form of payment acceptance that businesses regularly lean to for both local and cross-border transactions.

### Payment methods accepted

**Average Number of payment method accepted: 2.3**  
(of which 2.1 are digital options)



Digital payment methods covered in this survey include FPS, Credit Card, Online wire transfer and PayPal



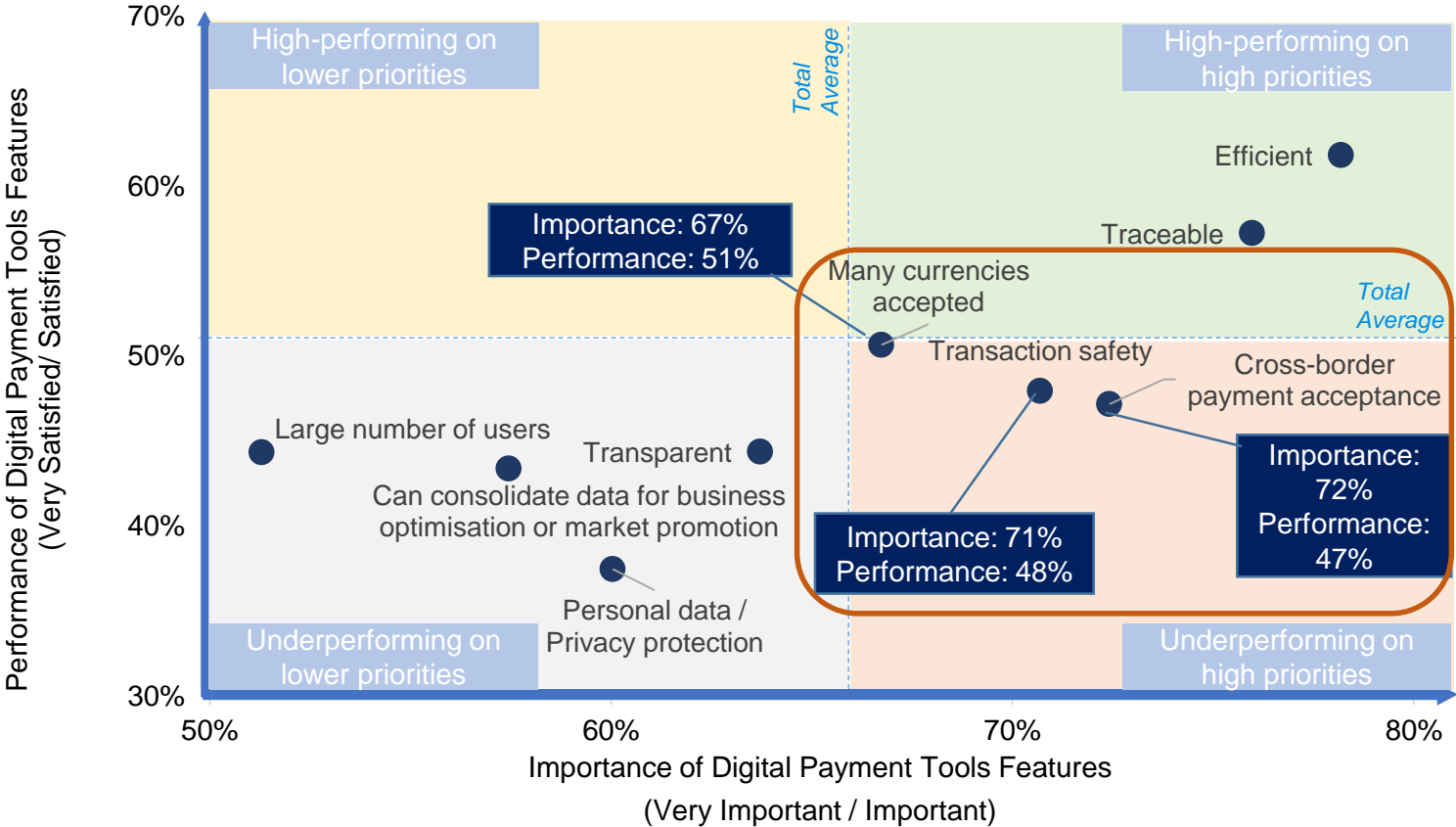
## Corporate payment satisfaction falls short on cross-border and multi-currency acceptance

The performance of digital payment tools in facilitating corporate payments is considered lower than ideal, especially in handling cross-border payments and multiple currencies, as well as managing transaction safety – key areas which these B2B companies consider important.

41%

of companies are satisfied with the Overall Performance of Digital Payment Tools in Hong Kong

### Alignment between perceived importance and performance of digital payment tools



Consumer Payment Acceptance

Corporate Payment Acceptance

Supplier Payments

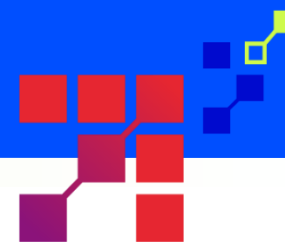
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(Q22) As a company in Hong Kong, how do you think Hong Kong's digital payment tools perform in each of these features mentioned? Please rate on a scale of 1 to 5, with 5 being "Very satisfied" and 1 being "Very dissatisfied". (SA per feature)



# 3

## Different Paths to Digitalisation: Supplier Payments

Procurement side vs. Sale side





## Key Finding #3 – Supplier Payments



Enterprises



Suppliers

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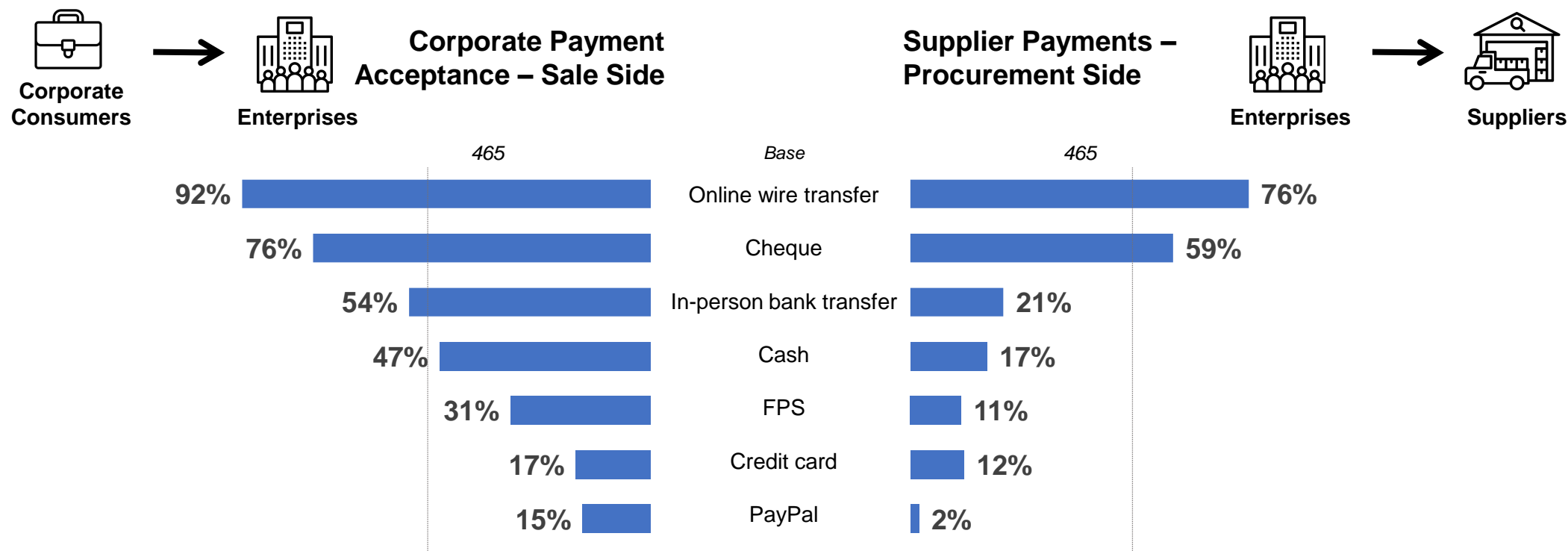
The **supplier payments landscape** is dominated by traditional payment methods and **sticking to the status quo is a key barrier to expanding payment optionality**. There is room for improvement in the adoption of digital payment solutions within the procurement process.



## Procurement settlement as a bottle neck to advancing digitalisation

Traditional payment methods such as online wire transfer, cheque, and in-person bank transfer dominate both the corporate and supplier payments landscape. While payment acceptance for corporate payments is generally high, there is a need to expand the range of payment options available for procurement to avoid certain methods monopolizing the market.

### Payment methods for settling transactions with suppliers



Consumer Payment Acceptance

Corporate Payment Acceptance

Supplier Payments



## Case study – Credit cards for corporate payment: Businesses' preference to maintain the status quo is the key barrier of advancing digital payment, not additional charges

Businesses are hesitant to use credit cards for both receiving payments and paying suppliers, often due to a preference for sticking with current payment methods and avoiding change. As a result, they may be slow to embrace new payment technologies, even if they offer potential benefits. Comparatively, additional charges is not a significant barrier to adoption.

### Reasons for not accepting credit card payments from corporate customers

- 61% Used to the current payment methods
- 33% No requests from consumers
- 26% Additional charges incurred

Base: Those who are mainly selling to corporate customers and do not accept credit card as payment method

### Reasons for not using corporate card for procurement settlement

- 51% Vendors not accepting credit card as payment method
- 25% Credit limit not sufficient for handling big payments
- 20% Additional charges incurred

Base: Those who are mainly selling to corporate customers and do not use corporate card as payment method

Consumer Payment Acceptance

Corporate Payment Acceptance

Supplier Payments

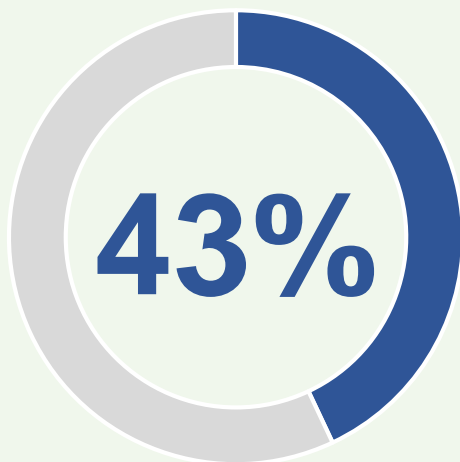




## Less than half of surveyed companies are familiar with virtual corporate cards

Those that see value in virtual corporate cards appreciate the cost savings for overseas remittance (a factor that businesses see important in digital payment), the real-time expense reporting and analysis, as well as its ability to pre-set credit limit to avoid cashflow issues.

### Awareness of Virtual Corporate Cards



Less than a half of SMEs and enterprises have heard of virtual corporate cards

### Most Preferred Virtual Corporate Card Features

60%

No need for overseas remittance charges for overseas spending

58%

Can check and analyse expenses instantly

49%

Can pre-set credit limit for each credit card issued

Consumer Payment  
Acceptance

Corporate Payment  
Acceptance

Supplier Payments

Ref.:

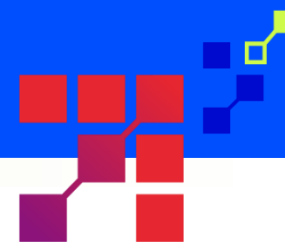
(Q25) Imagine there is a brand-new virtual corporate card concept, which not only contains all features possessed by a ordinary corporate card such as bonus points, but it also has the following features. How much do you like each of these features? Please rate on a scale of 1 to 5, with 5 being "Like it very much" and 1 being "Not like it at all". (SA per feature)  
(Q26) Have you ever heard of this virtual corporate card concept prior to the survey? (SA)



# 4

## Enterprise Payment Attitudes

Views on Becoming Cashless and Expectations for Payment Tools





## Key Finding #4 – Attitude Towards Payment Methods



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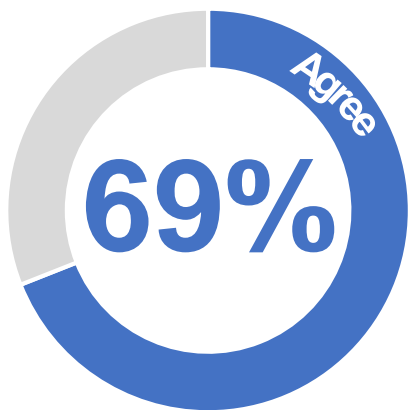
3 in 4 companies are making changes or will make changes to their payment and receivable methods. **Enhancing payment security and increasing optionality are major areas of focus.**



## Companies yearn for greater payment optionality in Hong Kong

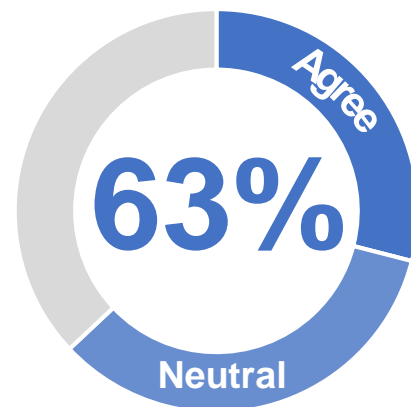
Over 2 in 3 companies believe that customers should be able to choose their desired payment method regardless of the amount or merchant size. In addition, 2 in 3 companies also agree or hold a neutral view towards the possibility of Hong Kong becoming cashless in five years.

### Perception towards providing greater payment optionality



Agree that “Customers should be able to choose their desired payment method regardless of amount or merchant size”

### Perception towards becoming cashless in five years



Agree or hold a neutral view towards “Hong Kong will become completely cashless in the next 5 years”

Consumer Payment  
Acceptance

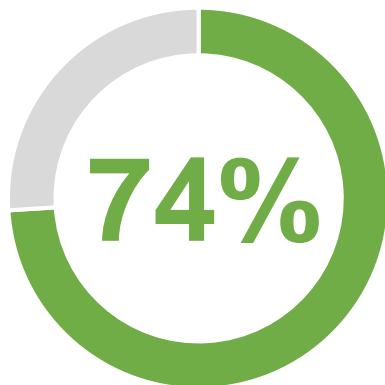
Corporate Payment  
Acceptance

Supplier Payments



## Most companies are open to diversifying their payment methods

Enhancing security during transactions will become a key focus for the next two years, while using payment data to better understand and analyse customer behaviours are the growing trends in the longer term.



**said they are currently making changes, or will make changes to their payment and receivable method**

### Top payment features companies want to enhance in the next 2 years

62%

Enhance security during transaction

53%

More payment methods

40%

Use payment tool to analyse customer data

Consumer Payment Acceptance

Corporate Payment Acceptance

Supplier Payments



## Half of non-improving companies are motivated by industry-wide incentives

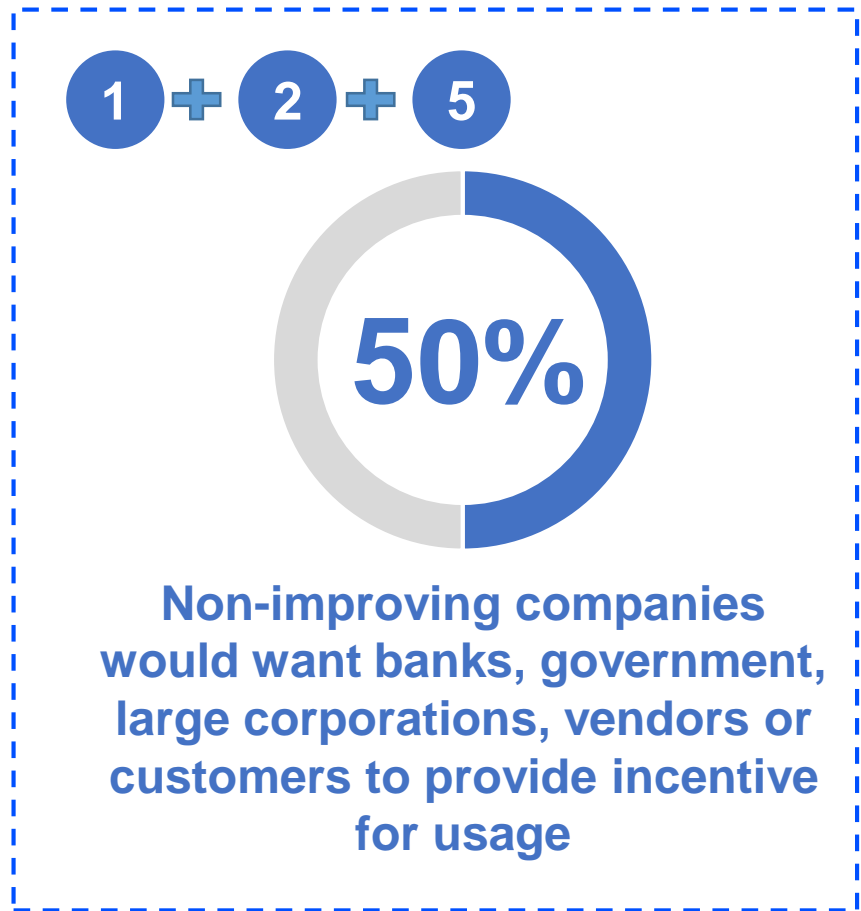
Of the remaining quarter who are not planning to enhance their payment method, half of those surveyed believe they would be more incentivised by the combined effort of every party in the financial ecosystem.

### Top 5 Incentives for enhancing payment method

- 1 When banks provide incentive for such usage
- 2 When government provide subsidies to encourage such usage
- 3 When competitors are also optimising their payment method
- 4 When I know payment technology can reduce cost in the long run
- 5 When large corporations vendors or customers provide incentive for such usage

Base: Those who won't enhance the payment and receivable method in N2Y

185



Consumer Payment  
Acceptance

Corporate Payment  
Acceptance

Supplier Payments

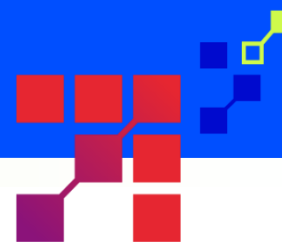




# 5

## What's Next?

How can enterprises move forward in this era of digital payment adoption?

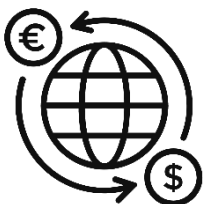






# MOVING FORWARD

## Cross-border Payment Acceptance



- As Hong Kong forges greater ties with the Mainland and other parts of the world, corporate payments must be more seamlessly with less hassles.
- **Greater advancements in cross-border payment and acceptance** will accelerate the globalisation of local companies, and in the long term, facilitate trade between Hong Kong and other regions.

## Transaction Safety and Multi-currency Acceptance



- The imbalance between the satisfaction of B2C and B2B companies signifies that there are expectations for the latter to provide more seamless payment experiences.
- **Developing better tools for transaction safety and fortifying multi-currency acceptance** will help to mitigate the gap in expectations and move the needle.



# MOVING FORWARD

## Industry Education



- There is room for improvement in companies' openness to change for **procurement**, particularly when newer forms of payment such as the virtual corporate cards concept could elevate current operations and improve satisfaction levels.
- **Revamping the supplier payment experience, which requires the support from the whole payment ecosystem**, will help balance out the disparity between payment acceptance and settlement.

## Payment Journey Optimisation



- Although many companies recognise the advantages of inclusive payment systems and are adapting their payment tools accordingly, the support of payment ecosystem players can provide additional motivation for those who require further encouragement.
- **Enhancing security, providing greater payment optionality and using payment tools to analyse customer data will be key areas of focus.**



# Thank You

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