



## การใช้ Alipay ในอุตสาหกรรมการท่องเที่ยวประเทศไทย Using Alipay in Thailand Tourism Industry

Mengyu Gu<sup>1\*</sup>  
เมิ่งยู กู<sup>1\*</sup>

<sup>1</sup>*Department of Business Chinese, Faculty of Arts, The Far Eastern University  
120 Mahidol Road, Muang District, Chiang Mai, 50100*

<sup>1</sup>ภาควิชาภาษาจีนธุรกิจ คณะศิลปศาสตร์ มหาวิทยาลัยฟาร์อีสเทอร์น  
เลขที่ 120 ถนนมหิดล อำเภอเมือง จังหวัดเชียงใหม่ 50100

### Abstract

With the development of China's economy and internet technology, when more and more Chinese tourists visit to Thailand, China's smart phone payment systems start to grow on Thai people. Alipay, the most well-known third-party online payment in China, as a safe, fast and convenient online payment platform, is widely recognized and accepted by the people. It is not only Chinese tourists who have used to use Alipay online payment systems in China, but also Thai people who dealing with Chinese tourists frequently. This paper conducted a study on Alipay using in Thailand, especially in Chiang Mai. First of all, this paper introduces the profile of Alipay payment system, describes its development and market environment. Secondly, this paper analyzes the status of using Alipay in the development of Thai tourism industry. Thirdly, this paper also points out the problems and limitations of using Alipay in Thailand.

### Keywords

Alipay, Thailand, Tourism Industry, Online Payment Systems

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\*Corresponding Author  
E-mail: Mengyu@feu.edu

## บทคัดย่อ

ด้วยการพัฒนาเศรษฐกิจและเทคโนโลยีอินเทอร์เน็ตของประเทศจีน และมีนักท่องเที่ยวชาวจีนเข้ามาเที่ยวในประเทศไทยมากขึ้น ระบบการชำระเงินออนไลน์ของจีนจึงเริ่มเติบโตขึ้นในประเทศไทย Alipay เป็นระบบการชำระเงินออนไลน์ผ่านฝ่ายที่สามที่มีชื่อเสียงมากที่สุดในประเทศจีนและก็เป็นระบบการชำระเงินออนไลน์ที่มีความปลอดภัย ความรวดเร็วและความสะดวกสบายจึงได้รับความนิยมและการยอมรับจากประชาชนเป็นอย่างดี คนที่นิยมใช้ระบบการชำระเงินออนไลน์ของ Alipay ไม่เพียงแต่เฉพาะนักท่องเที่ยวชาวจีนเท่านั้น แต่ยังรวมถึงคนไทยที่ติดต่อกับนักท่องเที่ยวชาวจีน ในบทความนี้ได้นำเสนอการศึกษาเกี่ยวกับ Alipay ในประเทศไทย โดยเฉพาะในจังหวัดเชียงใหม่ บทความนี้แบ่งการนำเสนอออกเป็น 3 ประเด็น โดยประเด็นแรก เป็นการเสนอข้อมูลโดยย่อ (Profile) และอธิบายการพัฒนาและสภาพแวดล้อมทางการตลาดของระบบการชำระเงินของ Alipay ประเด็นที่สองเป็นการวิเคราะห์สถานการณ์ใช้ Alipay ในการพัฒนาอุตสาหกรรมการท่องเที่ยวในประเทศไทย นอกจากนี้บทความนี้ยังบ่งชี้ปัญหาและข้อจำกัดของการใช้ Alipay ในประเทศไทย

## คำสำคัญ

Alipay ประเทศไทย อุตสาหกรรมท่องเที่ยว ระบบการชำระเงินออนไลน์

## Introduction

In recent years, China has already become the biggest source of tourists for Thailand. According to Thailand's Department of Tourism, from January to August in 2017, 3.2 million Chinese tourists have already visited to Thailand, accounting for 18.5 percent of total foreign tourists in Thailand. However, at the same period last year, the number of Chinese tourists to travel to Thailand was no more than 2 million. Thailand's Department of Tourism estimates that there are more than 4 million Chinese tourists will visit Thailand this year (Samuitimes, 2017, 1). Thailand has become to the popular destination country for Chinese tourists and will continue to attach importance to China.

Chiang Mai, the second largest city in Thailand, is one of prime tourist attractions due to a wide of variety of accommodations, restaurants and entertainment. In the last few years, the blockbuster success of the Chinese comedy "Lost in Thailand" made Chiang Mai one of the most popular destinations for Chinese visitors to Thailand. This movie has since contributed to the great growth of Chinese tourists in Chiang Mai, especially attracted a number of Chinese tourists to visit the scenes from the movie on university campuses, in temples and around the city of Chiang Mai. The president of the Chiang Mai Tourism Business Association, Sarawut Seatiao pointed out that estimated about 90% occupancy rate for the 40,000 hotel rooms in Chiang Mai was attributed partly to "Lost in Thailand" in 2013. Even now, Chiang Mai University is still a hot tourism destination of Chiang Mai and encourages more than 500 Chinese tourists per day to visit the campus. (Mary & Tanya, 2016, 8)



Chinese tourists not only contribute to hotel occupancy but also to the retails in Thailand, especially uniquely Thai products. This is the reason why government and marketers are trying to attract Chinese tourists. A recent report shows that in 2016 Chinese tourists spent 400 billion Baht in Thailand. As reported by Thailand's Department of Tourism, Chinese tourists spend to 50% of the travel's budget on retail products. (Huang, 2016, 1) Chinese tourists spend on products in Thailand ranging from fashion to electronics. They usually intend to buy Thai products, such as food, snacks, gifts, souvenir, clothing, cosmetics and personal-care items. (Korawan, 2013, 4-5). Researcher Korawan (2013, 5) also points out that most of Chinese tourists visiting Thailand spent around 25,000 – 50,000 Baht per trip. And for souvenir, Chinese tourists loved to buy dried fruits, fried seaweed, skin cream, and other Thai herbal products in Thailand.

Chinese tourists spend on Thai products and they bring smart phone payment systems with them as well. In Thailand, many merchants allow consumers to use Alipay which is China's largest online payment platform. Chinese consumers can pay in RMB (Chinese currency) when shopping in Thai stores, and Alipay's payment system will settle with retailers in Thai currency automatically. According to the statistics, Chinese consumers can use Alipay in nearly 9000 7-Eleven convenience stores in Thailand (Huang, 2016, 1).

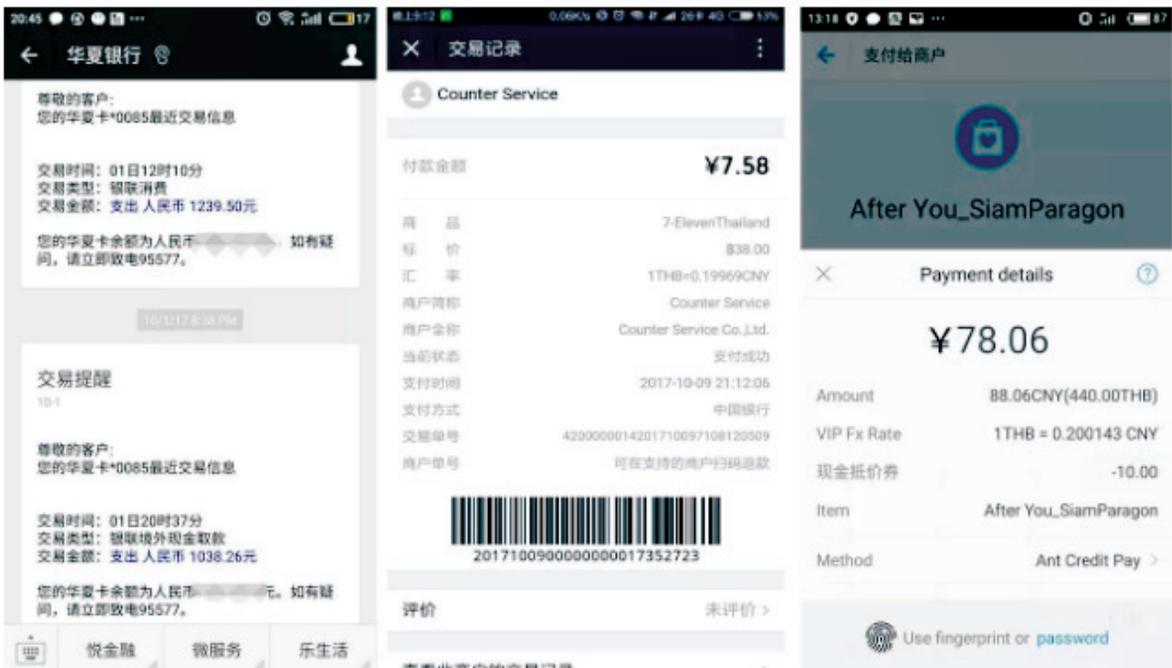


Figure 1: Screens from the phone to show the payment by Alipay in Thailand  
Source: Sohu, 2017

### Alipay Profile

Alipay is a third-party smart phone online payment platform. Alipay was launched in China in 2004 by Alibaba Group. In August 2008, the number of Alipay users broke through 100 million, which was 40% of the total amount of internet users. In October, Alipay went to the public utility payment market. Chinese people could pay for water, electricity and communication by using Alipay. Alipay also launched mobile APP in 2008, which began to layout in mobile payment field (Song & Pithoon, 2016, A347).

After a decade of uninterrupted growth, Alipay became the world's largest online payment platform in 2013. Alipay plays the most important role in China's online payment market. In 2015, there were more than 700 million people, 50% of the Chinese of China's population, depend on it and 65 financial institutions provided payment services for e-commerce business. In addition, Alipay also supports online payment services for Chinese large websites, such as the TaoBao.com, Tmall.com and also other Chinese online shopping website. About 70% of Alipay transfers and payments were made through mobile applications in 2015, up from 65% in 2014. (Liu, 2015, 25)

At present, Alipay still has the largest share of third-party online payment market in China, but Tenpay, Baidu Wallet and other third-party smart phone online payment platform are all stepping up their efforts. According to Big Data Research data, in 2015, Alipay made up 73% of the China third-party online payment market, while its next biggest competitor, Tenpay, would have 18%. (Gao & Shang, 2016, 3-4)

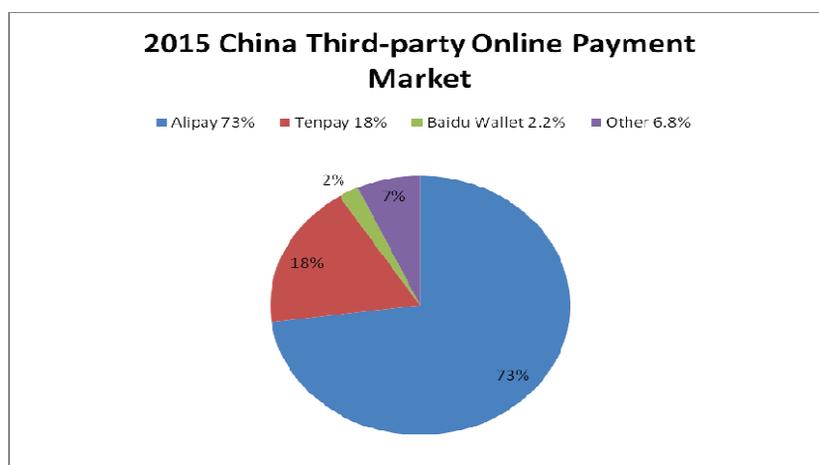


Figure 2: 2015 China third-Party online payment market

Source: Gao, 2016, 3-4

### Alipay Cross-Border Online Payment

To maintain and improve its competitive advantage, Alipay is now taking its place in the world. Depending on the Alipay's official statement, now Alipay supports cross-border online payments. It indicates that Alipay users are able to make purchases on international merchants' websites and in merchants' apps with Alipay. During the purchases, Alipay is able to deduct the amount of payment from the users' Alipay account in Renminbi Chinese currency and send the payment to the merchants in different foreign currencies. (Jeyashoke, Vongterapak & Long, 2014, 3)

This function is beneficial for foreign merchants who can attract Alipay users, specifically Chinese customers. Meanwhile, Chinese customers can use Alipay when they travel abroad. For instance, at present, Chinese tourists are able to use Alipay online payment to request and pay for Uber rides all around the world. Another good example is Chinese favorite luxury brands, by using Alipay app services, Chinese customer who travel abroad can transfer funds which is linked directly with user bank accounts for instant payment to assure quicker transfer of money (Jeyashoke, Vongterapak & Long, 2014, 4).

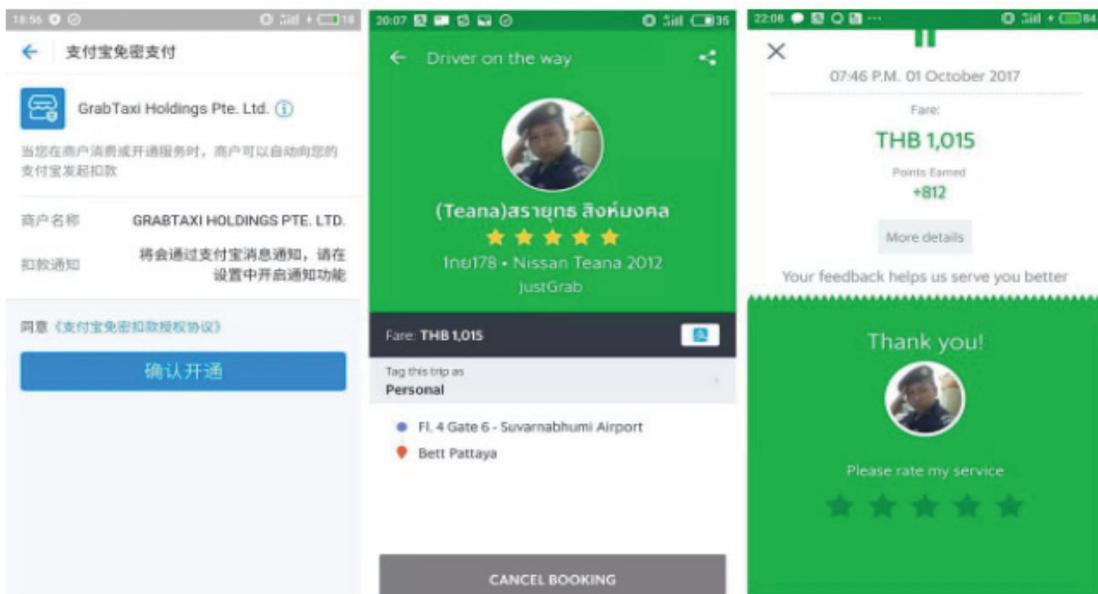


Figure 3: Screens from the phone to show that Grab offers Alipay option in Thailand

Source: Sohu, 2017

### Alipay Transaction Process

Usually when the buyer wants to pay through Alipay, only four steps that the buyer and the seller can complete all transactions. (Liu, 2015, 32)

1. The buyer selects the product.
2. The buyer pays for the product through Alipay.
3. The seller delivers the goods to the buyer.
4. Alipay transfers payment to the seller once the buyer indicates satisfaction with the product.

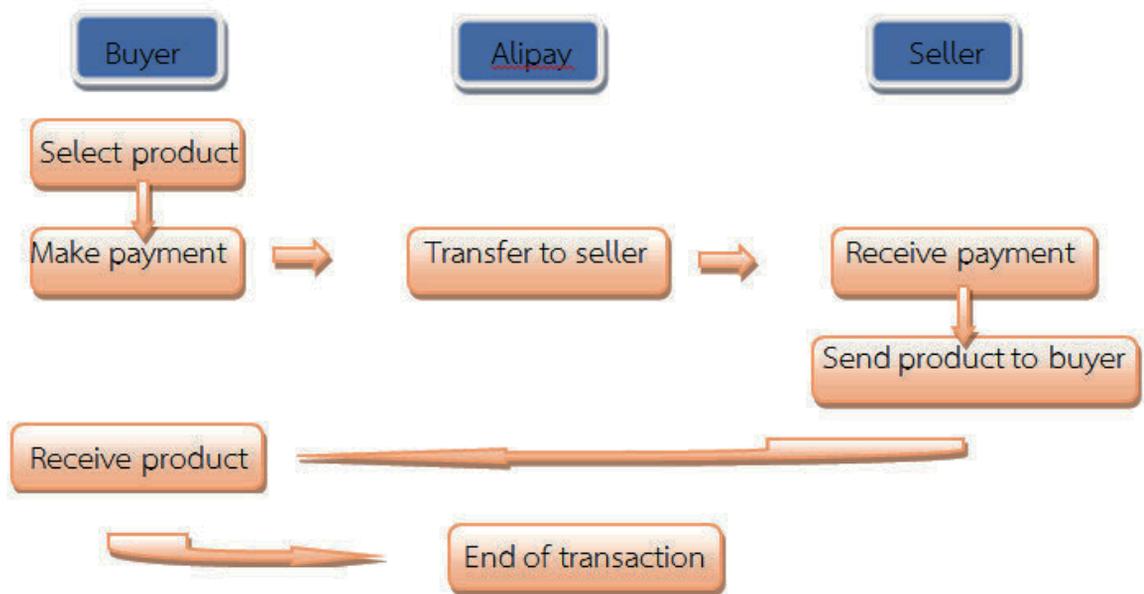


Figure 4: A direct transaction process with Alipay

With an example to give an illustration, a Chinese Alipay user travel to Thailand, s/he wants to pay for Thai Dried Durian at a 7-Eleven convenience store. At the cash register, s/he just pulls out her/his mobile phone, instead of cash in the Thai Baht. And then s/he opens the Alipay app and swipes it over QR codes to pay for his/her purchases. Normally funds are in the merchant's account within two business days after the date of transaction.



### Alipay Using Situation in Thailand

Alipay online payment system began its global expansion in 2015. With a smart phone, Chinese tourists can pay almost everything such as shopping, booking an air ticket, paying a taxi when they travel to abroad. In many other countries, payment with Alipay is becoming a new trend. Now Alipay has more than 200 million users in 25 countries and regions. The payment service will cover more and more domestic regions and international regions as well (Song, 2017, 1).

At the same time, in the year of 2015, Alipay's payment service made Thailand to be its first stop to go abroad, and Thailand is also one of the fastest growing countries in using Alipay's payment service. The percentage of the number of Alipay's customers in Thailand has increased 6.4% from 2014 to 2015. That is because the Chinese and Thai people have close exchanges like relatives. For Chinese tourists, Thailand tops their most popular overseas destinations. The Central Group, Thailand's No. 1 department store brand, owns nice Central Department Stores in Thailand, all of them accept Alipay online payment system. Chinese tourists already account for 35 percent of transaction. Alipay is not only popular with big shopping mall, but is also accepted by shop owners. The shop owners are all very willing to use Alipay, because they can send their own marketing information into the customer's hand through Alipay in an efficient way. It's not surprising that the Alipay logo is bound to become ubiquitous in Thailand be it at department store counters, street stalls or in convenience stores as Alipay transaction become part of people's everyday lives in Thailand in just a few short years (Huang, 2015, 125). Although only about a quarter of payments are paid by Alipay online payment system, there is a strong desire for changing payment because the stores have many Chinese customers. By 2017, Alipay has over 450 million users in the world, and it has over 10,000 retailers in Thailand (Feng, 2017, 23).

Alipay is a payment platform that connects merchants and Chinese customers. The Alipay payment option would help boost spending by Chinese tourists at the merchants who accept Alipay, and better connect their merchants to the Chinese customers Although the using group is almost Chinese tourists, however, as the biggest group of foreigner tourists, the behavior of Chinese tourists has already impacted to Thai merchants. In recent years, many shopping centers and convenience stores in Thailand use the Alipay online payment system to facilitate Chinese tourists, especially in tourist attractions. No matter whether they are shopping malls or small gift shops, to attract Chinese customers, more and more merchants are realizing the importance of using Alipay. According to incomplete statistics, there are more than 100 merchants in Chiang Mai to accept Alipay as a payment option. (Jeyashoke, Vongterapak & Long, 2014, 7)



Now, in Thailand, Alipay online payment system not only becomes the primary means of attracting Chinese customers by Thai retailers, such as restaurants, shopping malls, duty-free shops and convenience stores, but also more and more Thai commercial banks become its financial partner. Kasikorn Bank, one of the most important commercial banks in Thailand, has already designed a new mobile app which can support payments by scanning QR codes. This means that Chinese tourists can pay using their regular accounts in Renminbi, and the money arrives in Thailand accounts in the Thai currency, so that they do not need to exchange currency when they travel to Thailand. And they do not need to worry about exchange rates because, in generally, the exchange rate in Alipay is higher than banks. This Kasikorn app is expected to cover 200,000 shops and quickly adopted in the whole country by the end of 2017. (China Daily, 2017, 1)

On the base of the above, author believes the development prospect of Alipay online payment in Thailand is extremely feasible. First of all, Thailand earns most of its income from the tourist trade, tourism drives the consumption effectively, and Chinese tourists are the most important foreign tourists in Thailand. It causes Thailand tourism industry must be adjusted payment system to encourage Chinese tourist consumption and increase tourism income of Thai tourist destination. What is more, with the popularity of smart phones and incoming of mobile internet area, as the most important application type, online payment as grown rapidly and is favored by mobile users. Most Chinese visitors in Thailand prefer to use Alipay, especially young people who still use smart phone and network in Thailand. It is very convenient for them to use their smart phone to pay. They only need to sweep the QR code instead of the cash Thai Baht.

### Limitation of Alipay

Although Alipay online payment systems has been able to partner with international brands and retailers eager to capitalize on Chinese tourists. And even QR codes are common sights in many parts of Thailand. However, Alipay reached cooperation with Thai enterprise which is not only the opportunity, but also enormous challenge for Thailand market, especially in the area of security control, reliability, acceptability and legality.

#### 1. Security Control

Security control of an online payment system has naturally been the most attended and emphasized by the users because the system links to users' financial details. Because it hasn't set up a perfect safety management system and a standard process for the third-party online payment in China, so that it will lead up to operational risks, for example, cursoriness from the seller or the shopkeeper, breaching the duty from the third-party.



## 2. Reliability

The next important factor is reliability of Alipay online payment system. Reliability is an effective determinant of web-based service quality. For instance, the interests between buyer and seller will be damaged if the third-party payment operator defaults for the contact. In other words, Alipay online payment didn't send the money to the Thai seller, the Thai seller will face liquidity risk. Therefore, the Bank of Thailand, the country's central bank, has warned local merchants that it may be risky to use unauthorized payment services from China. It will be hard for Thai merchants to get their money back if any economic disputes arise, as the Chinese payment services are not regulated by Thai authorities. (Huang, 2016, 1)

## 3. Acceptability

Although Alipay online payment system has developed in China, it is still a new payment method to Thai people. As the researchers Guo & Noor (2011) point out that customers with different ages have their own consumption ideas. For example, the old generation pays attention to the quality of the product. However, the young generation pays more attention to the experience of goods. By the same token, it is a big challenge to change Thai people's consumption habits from traditional consumption and payment to a combination of traditional payment and online payment.

## 4. Legality

The legal responsibility of the third-party online payment is not very clear in China even though it has developed more than ten years. The situation in Thailand now is also similar that Thailand doesn't have the specific legal for online payment, is hard for the law to protect the parties for the online payment if there are some dispute issues. Another legal risk is that the character of the business is undefined.

## Conclusion

This article makes a brief review of the development of Alipay in China and abroad, especially in the using situation of Alipay in Thailand. Although in many of the countries, online payment platforms have become a popular trend, Alipay brings great development space to Thailand's tourism industry. However, as a new payment platform, it is needed to be perfected gradually and to struggle continuously in the future.

According to the above information about the using situation of Alipay in Thailand, the author believes that if Alipay wants to continue to develop, it must continue to play a role in the development of

advantage, and to improve the existing deficiencies, in particular, to expand the depth of cooperation with Thai local financial institutions, banks, and establish an international business relationship with different banks. Despite the user base of Alipay now is still primarily Chinese, but it's actually readily apparent that Thailand constitutes a big financial transaction pie.

Author also believes that with the continual development of Alipay in Thailand, more and more Thai people have putting into the upsurge of using Alipay. Facing new trends of payment, Thai lifestyle and consumer habits will be adjusted and Thai people should change their business pattern in time. Alipay online payment system can provide a simple online payment services in order to help Thai people build trust and confidence in online transactions. Additionally, the online assistance helps build trust between sellers and buyers, and further makes shoppers feel comfortable while shopping.

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