

Analysis of Internet third-party payment based on Alipay mobile payment business

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Abstract: As e-commerce began to rise in the early 21st century, mobile payments began to appear in the public eye and flourished in the following decade. However, in recent years, the development of the mobile payment industry has slowed down, and the industry has reached a new turning point. Various mobile payment companies have begun to continuously look for new markets to develop new technologies and seek breakthroughs. As the leader in the mobile payment industry, Alipay is seeking new development opportunities while consolidating its position. How should Alipay adjust its goals and change its business strategy in the future? This article will start with the definition of the origin of third-party payment, analyze how third-party mobile payment evolved from barter exchange to the use of currency and finally formed the current mobile payment method; and then analyze the mobile payment industry. Profit model, how the mobile payment industry develops at home and abroad, and finally use the SWOT model to analyze Alipay's strengths and weaknesses, combined with the company's opportunity and threat analysis, to comprehensively analyze Alipay's current position. Finally, it was concluded that Alipay should shift its focus from target markets to B2B cross-border payment business and establish a risk prevention system in cross-border e-commerce business.

Keywords: Mobile payment, SWOT, Related markets.

1. Introduction

Mobile payment refers to an electronic money payment system that uses electronic products such as mobile phones and third-party payment platforms as a medium. Mobile payment securely combines enterprises, consumers, and payment institutions to form a payment that is different from traditional monetary entity payments. Way. Mobile payment can not only conduct commodity transactions, but also pay living expenses to meet daily life needs, greatly saving users' time and cost in paying various fees, and improving the operating efficiency of the entire society.

With the continuous development of information technology and the continuous growth of the digital economy, traditional monetary payment methods have gradually been replaced by electronic payments and digital payments. As early as ten years ago, the People's Bank of China issued the "Measures for the Administration of Payment Services of Non-Financial Institutions". In the Measures, non-financial institutions such as Alipay are allowed to enter the market, but they must submit to government management and must not abuse their market dominance. In exchange for their own legitimate business status. With the encouragement of policies at all levels and the continuous optimization of the business environment, third-party payment companies have quickly seized the market with innovative thinking. According to data released by the People's Bank of China, the total amount of mobile payment business incurred by third-party payment institutions in 2022 is 33.787 billion RMB, and the huge scale of the mobile payment industry has already been formed. [1]

According to iResearch's statistical model, the scale of offline personal QR code payment has entered a growth inflection point, and the C-end market has entered a rapid monopoly situation. All companies, including industry

leaders, must seek new markets to maintain their competitive advantages.

Judging from the development of my country's mobile payment industry, early third-party payment companies such as Alipay and WeChat Tenpay contributed a lot to the construction of domestic mobile payment and occupied a huge market share. [2] Alipay is far ahead of other payment companies in the industry in terms of the number of customers and the number of financial institutions it cooperates with. It can be said to be the leading company in the domestic mobile payment industry. Therefore, this article will take Alipay as an example to study the existing problems in the third-party payment industry. problems and how to develop in the future.

2. The Development History of Third-party Payment

2.1. Types and models of payment platforms

Third-party enterprise payment platform. The People's Bank of China officially released a series of technical standards for China's financial mobile payment in 2012. Since then, third-party payment institutions have entered the mobile payment system one after another. This is mainly reflected in the following two aspects: First, various mobile banking APPs are developing rapidly, but third-party payment institutions have been developing for a certain period of time, which has a greater impact on banks. Through mobile banking, users mostly use account inquiry, transfer, and payment functions. However, specifically, these functions have been impacted by third-party payment institutions. In 2016, nearly half of users used Alipay as their main function for transfer and remittance, while less than 20% of users used mobile banking.

Bank payment platform. As early as the beginning of the 20th century, some Chinese communication companies

carried out mobile payment business trials with various commercial banking institutions, and launched pilot trials for mobile phone users in developed areas such as Beijing, Shanghai, Guangzhou and Shenzhen. [] Bank payment developed in 2005, and Bank of Communications launched a web version of mobile banking, becoming the first pilot bank in China. Since then, smartphones have become increasingly popular, and banks have developed new systems for smartphones to adapt to the mobile payment system. In 2011, Shanghai Pudong Development Bank and China Mobile launched products such as mobile phone cards. Customers can pay on UnionPay terminals marked with "Cloud Quick Pass" while keeping their original mobile phones. Because Alipay and other companies occupied the market earlier and had a higher market share, early banks did not correctly analyze the market conditions and misestimated their own position. After more than ten years of development, mobile payment users accounted for less than 10% of mobile phone users. Commercial banks were defeated in the competition with third-party payment companies such as Alipay.

2.2. The principle of third-party payment

Third-party payment operating model. Third-party payment platforms combine consumer financial institutions and enterprises through network technology, simplifying the fund transfer process, reducing fund circulation time, and improving transaction efficiency. Today's third-party payment is different from the original online banking. Instead, it integrates online and offline. You can pay for online shopping through apps such as Alipay, or you can pay by scanning QR codes in offline physical stores. Third-party payment models can be divided into the following two types:

The independent third-party payment model refers to a payment service that only provides consumers with payment services without a guarantee function. It only acts as an intermediary, conducts financial transactions between banks and consumers, and plays the role of information collector. Consumers can choose how to pay. Banks and enterprises use their own unique information and unique channels to make profits. The independent third-party payment operation platform mainly targets the mass market, and its main partners are small-scale enterprises and some individual industrial and commercial households to provide solutions for merchants and enterprises in need. []

The payment transaction model with credit guarantee means that the third-party payment platform has the help of a large parent company behind it. It has the best resources in the market and grasps the latest information in the market. It relies on the strength and credit of the parent company to establish relationships with various banks. Partnerships with financial institutions make transactions safer and more convenient. [3]

Profit model of third-party payment. Funds are deposited. When consumers pay, they do not pay money directly to the payment company, and then the payment company transfers the funds to the merchant. Although a sum of funds may not be large and the time the funds stay is relatively short, the e-commerce platform has a huge number of transaction orders every day, so the platform can use more funds. Third-party payment companies can use such accumulated funds to invest or make profits from capital turnover.

Service fee. Payment platforms such as Alipay will charge a small transaction fee when merchants conduct a certain

amount of transactions as remuneration for providing technology and platforms, and platforms such as Alipay and WeChat will charge a certain percentage when users make transfers and withdrawals with financial institutions such as banks. Handling fee.

Income from financial products. The Alipay service in Alipay is a typical example. From its initial cooperation with Tianhong Fund to now having dozens of fund partners, Alipay has huge profits and good development prospects. At present, most Chinese people still don't understand much about financial management. They only know how to deposit their savings in banks to earn interest. With bank interest rates getting lower and lower in recent years and the gradual rise of the securities market, some people have gradually begun to change their minds and try to put part of your savings into Alipay, a company with credibility second only to banks, and make a lot of profits. As long as the securities market is profitable, more and more people and funds will pour in, and the development prospects are great. Third-party payment platforms There is still a lot of room for profit in terms of income from financial products.

2.3. Mechanism analysis of third-party payment

Principal-agent theory: The relationship between the government and citizens can be understood as a principal-agent relationship. This kind of principal-agent relationship can be divided into two types: one is that citizens entrust the government to manage; the other is that the higher-level government entrusts the lower-level government to manage. Once the principal-agent problem is involved, the problem of opportunistic tendencies such as "moral hazard" will inevitably be encountered. How to avoid opportunistic tendencies has become the key to dealing with issues between the government and citizens. Therefore, in the process of government departments exercising public power, citizens need to perform the task of supervision and give suggestions to the government's actions [4]. And the government needs to respond promptly to citizens' questions. Chinese scholars have applied principal-agent theory to issues such as government corruption, saying that due to information asymmetry and other issues, there has always been a distrustful relationship between the government and citizens. Therefore, citizens formulate incentive policies to motivate and constrain government behavior. Our country's government is determined by the People's Congress, which is different from other countries. The people's government is elected by the people. At the same time, the higher-level government entrusts the lower-level government to carry out local governance. This principal-agent relationship is more direct and the incentive mechanism is more effective. Therefore, studying the accountability relationship between different subjects in our country can be based on the principal-agent theory. Implementing environmental responsibilities to specific responsible subjects can more effectively play the role of the incentive system, thereby solving ecological and environmental problems to a certain extent.

Responsible government theory: Responsible government was originally proposed to standardize government power, specify the government's responsibilities, and use a series of specific regulations to constrain the government's legal, moral, and administrative responsibilities. Avoid unlimited expansion of the government's power without assuming its

due social responsibilities, thereby leading to the government's "rent-seeking" behavior. "Responsible government" originated from Western bourgeois society, where the contradictions between the bourgeoisie and the bourgeoisie were serious. In order to constrain government behavior, a responsible government system was created. Although our country's political system is different from that of Western bourgeois society, this type of government management method is worth learning from our government. Ideas such as democracy are the common denominator of responsible governments in all countries. How to check and balance the power and responsibility of the government and transform from a government with unlimited power to a government responsible for the public is the primary issue faced by governments everywhere today. The theory of responsible government continues to make progress on the road to the development of modern social democratic politics. Scholars continue to expand and refine the theory of responsible government, and the theory of responsible government continues to diversify. The improvement of the ecological environment is an important responsibility of our government. Our country's laws stipulate that environmental governance and protection are the responsibilities of our government and environmental protection departments. All departments should cooperate with them in the improvement of environmental issues.

Another important issue in responsible government is how to ensure the people's right to supervise the government. The government is also composed of people. It is not a perfect government. Mistakes are inevitable in the process of administrative law enforcement. Therefore, the people's right to supervise and question the government is particularly important. A promising government will also have ex post opportunistic tendencies such as "moral hazard". Therefore, it is inefficient to only have a moral concept such as responsible government without a system to restrain it. With the continuous evolution and practice of the concept of responsible government in our country, the government is an organ that represents state power to the people and has the highest credibility. They will unconditionally believe that the government will be responsible to the people and serve the people. Responsible government is not only responsible in theory, but also needs to be implemented in practice. Therefore, how to hold the government accountable has become a key part of the construction of my country's administrative governance system. Holding the government accountable will improve the government's credibility, and the improvement of the government accountability system will improve the efficiency of government management in our country. A key link in government accountability: environmental accountability is a key innovation in the government's management of public goods. Inadequate environmental governance will directly hold local governments accountable. For the sake of their own self-interest, local governments will prioritize the management of environmental pollution, thereby improving the local environment. The theory of responsible government provides a theoretical basis for the impact of the ecological compensation system on environmental pollution control in this article.

3. Literature References

Yang Lihua (2019) believes that in the relationship between the supervision of the third-party payment industry and the regulation of antitrust laws, the universal application of competition policies should be achieved and a fair competition review of financial supervision should be formed. [5] Wu Jiajun (2014) stated in the article "Research on the Relationship between Third-Party Payment Platforms and Commercial Banks" that currently third-party payment service companies such as Alipay and Tenpay have formed a monopoly in the country, and users have also become dependent on them. [6] They have the greater advantageous position is gradually taking root in the hearts of users, and the growth of intermediary business income of commercial banks has been affected. However, the advantages and disadvantages of banks and such third-party companies are very different, so cooperation can achieve a win-win situation. Cheng Guoshu (2010) believed that the rapid development of e-commerce has contributed to the formation of third-party payment platforms, and proposed that banks and mobile payment platforms should cooperate with each other to maximize efficiency in capital operations, and commercial banks should use mobile payment platforms With efficient operation methods, privatized enterprises will be more efficient. [7] Mobile payment platforms should use the credit guarantee of banks to absorb more consumer users. The two parties should not form a vicious competition relationship, but should maintain a certain relationship of competition and cooperation. Song Lizhi (2017) analyzed the risk issues that have arisen in mobile payment companies in recent years, analyzed the various systemic risks that exist in the third-party payment industry, and how to deal with such risks, how the market should operate, and how the government should create A good business environment and how companies should self-regulate. [8] Liu Min and Wang Qin (2009) pointed out in "The Impact of the Development of Third-Party Payment on the Bank Card Business of Commercial Banks" that after the mobile payment industry occupied the payment market, the business of commercial banks was affected to a certain extent. [9] Banks and other relevant departments We are also thinking about and actively implementing various measures. Various measures taken by banks are bound to affect the interests of leaders in the mobile payment industry such as Alipay.

Study Abroad. Cynthia (2003) combines macro and micro studies to study online transactions, study guaranteed trading platforms, and discuss the risks involved. Taking PayPal as an example, he discusses problems such as information asymmetry in the market that can easily lead to opportunistic tendencies [10] to discuss. Lin (2010) believes that the development of mobile payment is inseparable from the development of mobile communication devices. [11] The development of smartphones has enabled the mobile payment industry to quickly appear in the payment market and successfully become people's main payment method. In the article, the author also mentioned issues such as mobile payment web page security, believing that the most concerning issue for enterprises and users in mobile payment is system security. In transactions without physical currency, all links exist on the Internet. Due to the openness of Internet data, the possibility of errors or attacks in each link is greatly increased. For this reason, network security is the basis for solving mobile payment security.

4. SWOT Analysis

4.1. Advantage analysis

Huge customer base. When Alipay was first established, there were very few application requirements, and the requirements were very low. As long as you were "over 18 years old, a resident of the mainland of the People's Republic of China, have an 18-digit ID card number, hold an Alipay real-name authentication account, and have at least one yuan to open a Alipay account." [12]. Such a low threshold has led many young users to apply for Alipay with the attitude of giving it a try, thus forming the first batch of users. Young people are synonymous with daring to take risks. Currently, most of Alipay's users are relatively young. group. The financial management function of Alipay gives some young people who dare to try but suffer from insufficient funds an opportunity to invest and manage finance. After all, the bank's financial management products are not affordable for young people who have just entered society. The emergence of Alipay has created a great opportunity for my country's financial management market and people. It has a new and deeper understanding of the concept of financial management products, allowing more users to enter the financial management market.

Stronger security. The 2020 Mobile Payment User Survey Report shows that people in our country are most concerned about the mobile payment industry is security issues. The reason why mobile payment takes so many years of development to gradually take shape is because people are worried about the security issues of mobile payment. Some people are worried about depositing their money in a private enterprise such as Alipay. You must know that banks have achieved the trust status in people's hearts through thousands of years of development and the country's credit guarantee, allowing people to not only deposit their money in a company and trading with it must be an extremely difficult process. Companies such as Alipay have used the power of the market to create a level of security comparable to banks after years of hard work. Although there is no need to worry about software security issues, mobile phone security issues still need to be solved. There are risk factors such as loss of mobile phones and information leakage, which places high demands on users' risk awareness.

As a secured trading platform, Alipay uses its own reliable credibility to guarantee, and the risk of transaction default between buyers and sellers will be transferred to a third-party payment platform like Alipay. [13] For buyers, the payment for the goods must be paid to the third-party platform first when making payment. Only when the acceptance is correct, the third-party platform will transfer the payment to the seller. Once there is a problem with the goods, the seller will not receive the payment. Under such circumstances, we can only provide follow-up services to the buyer, thus avoiding the moral hazard caused by post-event opportunism. Third-party platforms are not biased towards the buyer's market. They also increase the security of transactions for sellers. Some e-commerce platforms have introduced marketing methods such as pay now and enjoy later or cash on delivery. Third-party platforms also ensure that the seller will pay after sending the goods, the buyer can pay in time after enjoying the service, and the seller can finally get his own benefits.

Alipay, like commercial banks, uses advanced SSL encryption technology to ensure transaction security. During

the information transmission process, it is difficult for criminals to steal information, and transaction information can be safely transmitted through the Alipay platform. Alipay also adopts a dual password model, account password and payment password. Some criminals who want to crack the account must solve both passwords at the same time when cracking, otherwise the system will detect anomalies and freeze the account. Alipay will also take security measures when binding it to a bank card. It usually checks the identity with the banking institution. After multiple authentications, the account system will be more secure and stable.

Business diversification. Alipay not only provides mobile payment services. When you open the Alipay interface, you can see the various services derived from Alipay, from online shopping guarantees to financial transfers, public transportation, capital exchanges, educational charity, etc. Alipay, which was supposed to be a payment tool for buying tickets at the cinema, has turned its focus on customers. On Alipay, you can choose theaters and movies. Alipay, which was originally supposed to be a payment tool for taxis, can be used to hail a taxi by opening the Alipay interface and selecting a taxi app. It can be said that Alipay, as a mobile payment company, has achieved the ultimate in business diversification and is no longer just a simple mobile payment tool.

Alipay has now proposed the concept of digital keys and is gradually implementing and promoting them. The so-called digital key is to use Alipay to unlock wirelessly. If you do not have a house key or a car door key, you can open Alipay to unlock, similar to Alipay. means of payment. Physical keys have been replaced by digital keys such as password locks, fingerprint locks, and remote control locks. Once Alipay popularizes this function, digital keys will replace physical keys in the same way that mobile payments replace cash payments.

Development of cross-border business. As a credit guarantee enterprise for cross-border e-commerce, Alipay's operation method is quite similar to that of domestic third-party payment platforms. The specific operation method is that before the transaction occurs, the buyer transfers the funds in the bank account to the Alipay account as Alipay's own currency. After the buyer and seller conclude a transaction, the buyer uses Alipay's own currency to pay. Alipay deducts the account balance and then notifies the seller to ship the goods. The seller will receive the payment when the goods arrive. This third-party payment model is also applicable to cross-border payments. However, due to the nature of cross-border transactions, when the buyer and seller are in different countries, they must go through a series of measures such as customs to ensure fair trade between countries. Therefore, this process may be slower than domestic transactions. The e-commerce payment process is much longer. As a third party, Alipay uses its own credit as a guarantee and uses its own huge foreign exchange reserves to bear foreign exchange risks. This has greatly promoted the development of cross-border e-commerce business and made trade between countries more convenient.

Alipay has been involved in cross-border electronic payments as early as 2007. Based on Alipay's huge domestic customer base, it must make good use of the rich domestic resources, buy a large amount of foreign exchange, and cooperate with a large number of foreign merchants to provide payment settlement services and stimulate Domestic

people's consumption of foreign goods has accelerated the flow of funds. At present, Alipay's cross-border payment business has covered most developed countries and some developing countries in Asia, Europe and the United States.

4.2. Disadvantage analysis

Competition with banks. Alipay's savings interest rate is higher than that of banks, and the threshold is lower than that of banks, which made banks compete with Alipay for a time. Alipay does not charge any fees for transferring cash from bank cards to Alipay accounts, but it does not charge any fees for withdrawing cash from Alipay accounts. When you add a certain amount to your bank card, you will be charged a certain percentage of handling fees. [14] Banks have also imposed restrictions on the amount of cash that can be continuously transferred out of accounts. There is a limit on the amount that can be transferred out every day. Once we have formed a relationship with Alipay, we will gradually reduce the use of debit and credit cards and will Alipay and Huabei are used as their alternatives. Therefore, there is a certain degree of competition between banks and Alipay.

Alipay turns most cash transactions into virtual transactions, which has an impact on the survival of banks and forces banks to develop mobile payment services to regain the trust of customers. The birth of UnionPay is the result of the competition between commercial banks and Alipay, but banks and third-party companies such as Alipay The competition among the three-party payment institutions is moderate competition, not a life-and-death competition. Banks need Alipay to provide them with more efficient "software" facilities. Alipay also needs banks to gain people's trust as a channel to improve credibility. Banks and Alipay must maintain the same Moderate competition. Once the competition is excessive, Alipay encroaches too much on the interests of banks, or banks cut off Alipay's livelihood, this balance will be broken, and it will evolve into a threat to Alipay's development.

Transaction security. The existence of the third-party payment platform serves as a guarantee for transactions. Therefore, domestic and foreign buyers and sellers do not know each other's information and rely entirely on Alipay's own identification capabilities. In this process, Alipay replaces the work of the original bank and plays the role of As the original role of banks, Alipay must consider many aspects when reviewing the operating conditions of overseas merchants. It can choose to cooperate with banks or local governments and relevant departments. For some enterprises with operating risks, it can limit their transaction scale.

Alipay has always attracted a large number of users with the advantage of low threshold, but this will cause some criminals to transfer illegal funds on Alipay or engage in a series of other illegal and criminal activities by forging false account information. The current growth in the number of Alipay users has reached an inflection point. In the future, the entry threshold can be raised, existing users can be regularly reviewed, identity information and user account information can be compared and calculated, and big data information can be used to eliminate risk factors.

Imperfect laws and regulations. my country's market supervision laws and regulations can only effectively supervise domestic institutional accounts, but it is difficult to implement supervision of overseas companies on the other side of the transaction. Such a blank area is likely to make

criminals profitable, due to the conflicts between countries. The legal systems are different, and the cross-border e-commerce business has developed too rapidly, resulting in the corresponding laws and regulations being late and incomplete. Even if new laws and regulations are promulgated, they can only unilaterally restrict domestic enterprises. If we want to achieve results that are satisfactory to both parties, we must reach an agreement between countries and restrict cross-border e-commerce transactions from both parties at the same time. Therefore, in the development of third-party cross-border payments, how the relevant Chinese government departments restrict supervision will become the benchmark for future cross-border payments.

Due to the rapid development of the mobile payment industry, relevant laws cannot be quickly established and implemented. In order to regulate the market, the government can only promulgate a series of rules and regulations. However, compared with the law, these rules and regulations have lost the guarantee of national coercive force and can only act If it has a certain restrictive effect, it cannot protect the rights and interests of consumers well, and companies will also profit from it based on the loopholes in the regulations. Moreover, there are sometimes communication barriers between government agencies, making it difficult to cooperate effectively, leading companies to exploit management loopholes to disrupt the market, which is a great threat to both consumers and the mobile payment industry. [15]

4.3. Opportunity analysis

The development of Internet finance and e-commerce. Internet finance refers to the extension of traditional financial services to the Internet field. Since the Internet can be said to have given birth to mobile payment platforms such as Alipay, it has reached a full climax with the development of Alipay. Before the birth of Taobao and Alipay, Internet finance was only a small-scale development. It was mainly reflected in the emergence of online banking, with only a small number of users. The emergence of e-commerce platforms such as Taobao, coupled with transaction guarantees such as Alipay, Payment model, Internet finance has opened a new era.

Since Apple entered the Chinese market and brought the concept of smartphones to China, China's smartphone market has begun to gradually develop. Mobile phone manufacturers such as Huawei and Xiaomi have closely followed Apple's pace in developing smartphones and achieved overtake, giving full play to the role of my country's smartphones. The latecomer advantage of the industry. [16] The development of smart phones has pushed online shopping into a new trend in society. At this time, China's real estate economy has been on the verge of collapse due to excessive real estate expansion. Both large companies and small and micro enterprises have to bear the pressure brought by the real estate industry. Online shopping has given birth to a new model of commodity marketing, eliminating the need for It has eliminated the space occupation cost and rent cost that troubled most enterprises, opened up a new world for countless businesses, saved countless enterprises, and at the same time consumers can enjoy higher quality goods and services. Therefore, online shopping has become a social With the new shopping trend, a large number of e-commerce companies are also pouring into the market, stirring up the market and making online shopping marketing methods more and more abundant.

Mobile payment is a revolutionary innovation under the modern payment system. It combines the Internet with financial institutions to create a new industrial chain. Therefore, it is bound to create a situation where all parties compete for the interests of this industrial chain. [17] Commercial banks, payment institutions and other closely related industrial chains are paying more attention to the distribution of interests this time, and are all planning to take the lead. In order to achieve orderly competition in the market, the central bank and the government have announced a series of measures to create a good business environment and enable various enterprises and commercial banks to form healthy competition and win-win cooperation. This situation will take shape as the market gradually develops. More and more stable.

Small and micro enterprises and individual industrial and commercial households have great demand for mobile payments. My country's small and micro enterprises and individual industrial and commercial households rarely have the awareness to cooperate with banks, especially in remote areas where commercial banks are difficult to enter. Such market gaps give mobile payment companies such as Alipay opportunities to get involved. Once this type of payment becomes popular, Mobile payment for small and micro enterprises can occupy a large number of small and micro user markets before commercial banks. The years of hard work of Alipay and WeChat Pay have confirmed this. Now whether it is the CBD of a metropolitan city in Beijing, Shanghai, Guangzhou or Shenzhen or a canteen in a border town, WeChat Alipay payment has become hard currency.

Development of mobile communication technology. In terms of mobile communication technology, the full arrival of the 5G era has made domestic mobile communication technology lead the world, and 5G base stations have been deployed around the world. This technology provides a strong security guarantee for mobile payments and cross-border e-commerce. In recent years, mobile payment technology has also been developing continuously. Not only can you scan QR codes to pay, but NFC payment on mobile phones and watches can complete payment as long as you are close to the field. There is also iris payment, which Alipay is gradually improving. It can be used for everything when you go out. Payment can be completed by simply swiping your face without a phone, giving customers more convenience and choice.

The 5G era has not yet reached its peak, and there is still a lot of room for development in the future. Analogous to the development of 4G, Verizon Mobile Communications launched nationwide 4G services ten years ago. Since then, the development of the U.S. mobile communications industry has entered a period of rapid growth, and related industry chains have also grown accordingly, driving several industries. Millions of workers enter the market, generating more than a trillion dollars in revenue. The same is true for China's 5G. Mobile payment, as a related industry chain of 5G communications, will be greatly affected. Some experts and scholars predict that 5G will bring more than 10 trillion US dollars in revenue to China in the next ten years and promote the high-quality development of China's economy. If Alipay, the leader in the mobile payment industry, can ride on the wave of 5G technology development, it will surely continue its position in the mobile payment industry and develop further.

Increase in idle funds. China's economy has experienced a period of rapid development and has now achieved high-quality development. A large amount of idle funds have flooded society. Excessive idle funds will inevitably pose a threat to society. For this reason, the country attaches great importance to savings, guides funds for economic construction and stable development, applies industrial policies to savings funds, and encourages various enterprises to absorb idle funds from society. There are problems in society with excessive idle funds and financing difficulties for small and medium-sized enterprises. The reason why these small and medium-sized enterprises have difficulty in financing is that they cannot obtain bank loans. Banks are stricter on the financing of these small-scale or small and medium-sized enterprises because banks They mainly rely on loans from large enterprises with good reputations to survive. With high-quality and stable large customers, it is naturally difficult for some small and medium-sized enterprises that cannot guarantee continued operations to pass the review. Under such economic development, Alipay absorbs idle funds from society, and then derives its own financial institutions to use the absorbed funds to invest in these small and medium-sized enterprises that have passed the qualification review, which can effectively solve the difficulties of small and medium-sized enterprises and solve social problems at the same time. The problems of excessive idle funds and financing difficulties for small and medium-sized enterprises are actually just the lack of a risk guarantee institution, and Alipay and its associated financial companies have just assumed this role. This is also what the country wants to see between banks and third parties. Competition and cooperation among three-party mobile payment companies.

4.4. Threat analysis

Threats from competitors. As the leader in the industry, Alipay still has competitors and has not achieved its monopoly position. The biggest rival is WeChat Pay The e-commerce platform Alipay mainly relies on is Taobao under Alibaba. Tencent has many partners, whether it is JD.com, an established e-commerce company, or TEMU, which has a tendency to catch up from behind. WeChat Pay relies on the powerful social functions of WeChat and has attracted many small and micro enterprises and individual industrial and commercial households. [18]

Alipay and WeChat compete not only on e-commerce platforms, but also on various payment methods. Alipay and WeChat have successively launched fingerprint payment and face payment. There is also competition with UnionPay. UnionPay's third-party payment platform China Unionpay Quick Pass has carried out various activities in recent years to gain a share of the market, and has even entered university campuses to seize campus users.

It is not only a threat to established domestic mobile payment companies. In May 2018, the world's number one company entered the Chinese mobile payment market under the review of the Chinese government and other relevant departments. Foreign mobile payment companies issued a challenge to domestic companies. This is just the beginning. , once large foreign capital withstands the Chinese market, Alipay will be attacked from both sides. However, domestic laws and regulations have not yet fully relaxed restrictions on foreign capital in this regard, but Alipay must always beware of this force.

Threat to banks. The threat to commercial banks lies in the credibility they have accumulated over hundreds of years. Before the birth of companies like Alipay, commercial banks could be said to be monopolies in the mobile payment industry. Although Alipay absorbs small-scale enterprises that have been ignored by banks, it is impossible for some large companies that have long-term cooperation with users to take risks and choose to cooperate with enterprises like Alipay. It is impossible for Alipay to get involved in this type of business of banks.

The credit of commercial banks is currently unmatched by Alipay. Banks have complete systems to prevent system risks and market risks, and have more complete information to evaluate customers' business conditions. Compared with Alipay, banks have extremely high security.

Commercial banks are backed by the central bank. The national mobile financial security and trustworthy public service platform established by the People's Bank of China provides various commercial banks with rich resource information. As competitors, the central bank will definitely give priority to businesses that have been established for a long time and have a sound system bank.

Cross-border risks. Third-party platforms play the role of risk bearers in cross-border payments. Cross-border risks are mainly due to the problem of capital precipitation. In cross-border transactions, funds will be deposited in Alipay for a period of time before being transferred, and during this period due to the procedures between cross-border transactions are complex and capital precipitation lasts for a long time, which involves exchange rate risks. The exchange rates between different countries are not always fixed. Once the exchange rate changes during this period of capital precipitation, Alipay will have to Take the risks involved.

In addition to exchange rate risks, there are also risks in the security management of third-party cross-border payment platforms themselves. The development of the Internet has promoted the development of third-party cross-border payment platforms. However, at the same time, due to the openness of the Internet platform, there are certain risks in the security of the platform's network system. The problem is that when they were first established, such platforms were attacked by criminals and stole customer information, jeopardizing network security. After all, the issue that people are most concerned about with mobile payment platforms is security. Once the Alipay platform has security issues in cross-border payments, it will definitely lose a large number of customers.

5. Conclusion

5.1. From end C to end B

Stabilize C-end users. The growth in the number of C-end users of third-party payment business has entered a stable period. Alipay does not need to invest too many resources at this stage and only needs to maintain its current position. If Alipay wants to expand C-end users, it can focus on Users who go overseas to pay offline. However, due to the impact of the epidemic, overseas travel has received a huge impact in recent years. However, once the epidemic is over, overseas offline payments will usher in new growth, and retaliatory consumption will be extremely popular in overseas travel. By then, Alipay C End-user consumption will be greatly increased.

Develop new cross-border B2B markets. In 2019, the total transaction volume of China's cross-border e-commerce accounted for more than 80% of the total cross-border e-commerce transaction volume. Such a huge market has made third-party payment companies such as Alipay begin to target the cross-border e-commerce B2B market in the past two years. However, the current foreign exchange policy does not support domestic third-party payment companies to carry out B2B business. Whether there is room for development of cross-border B2B in the future still needs to be comprehensively judged from the perspective of policy access, merchant needs, payment company income, and the difficulty of business development.

5.2. Establish a risk prevention system

Improve user information. The openness of the Internet is a risk for third-party payment, and improving user information can effectively prevent such risks. Alipay has improved the real-name authentication mechanism, and what it needs to do now is how to ensure the legality of transactions while protecting user privacy, to prevent criminals from using Alipay to conduct money laundering transactions. Alipay must ensure that the information of both parties in each transaction is complete and the identity is legal, and it must track each order without revealing user privacy to prevent risks.

The user's real-name identity information should be checked with the public security department and obtain support from the public security department to ensure that the user's identity information is complete and accurate. At the same time, the company's qualifications and operating conditions registered on Alipay should be checked with relevant government departments to see if they are consistent, combined with big data analysis Whether there is the possibility of false transactions to reduce Alipay transaction risks. It is worth mentioning that while improving user information, some third-party payment platforms often analyze user information too much, resulting in violations of user privacy. Such behavior is not only illegal, but also brings bad consequences to users. Impression and lose some loyal users.

Strengthen self-regulation. Alipay should regularly consider the qualification verification and business specifications of its cross-border transaction practitioners, strengthen internal audit work, and promptly correct violations within the company, such as private misappropriation of customer funds, leakage of buyer and seller information or transaction information, such incidents lead to The risks must be eliminated promptly. We must continue to learn from the international regulatory system and integrate with the international credit system. At present, domestic credit regulatory laws and regulations are still in the process of continuous growth. We must continue to learn from foreign experience and prevent major risks.

5.3. Improve cross-border payment business

Integrate with the international credit system. Only by integrating Alipay with the international credit system can Alipay gain market access recognition from overseas countries, and more foreign merchants will enter Alipay's payment system. Establishing a credit system that is in line with international standards can also better prevent credit risks. Credit risks mainly come from third-party payment companies. After all, these companies are guaranteed

payment platforms and sell their own credit services. Once the company's If credit cannot be guaranteed, users will not use such a platform for transactions. Alipay's ability to become a trusted payment platform mainly relies on Alibaba's credit guarantee. It relies on large companies to have enough strength to support such a huge amount.

Reduce foreign exchange risk. According to 'iResearch' data analysis, China's cross-border e-commerce transactions exceeded 10 trillion yuan in 2019. This figure would have been higher in 2020, but due to the economic downturn caused by the sudden new crown epidemic, the scale of cross-border e-commerce transactions in 2020 is expected to only reach the scale of 10 trillion in 2019. Judging from the exchange rate with a normal fluctuation level of 8%, the scale of funds affected by foreign exchange fluctuations is about 800 billion yuan, which is still a quite huge amount. The Belt and Road policy and the new development pattern in recent years have facilitated a large number of transactions between my country and foreign emerging markets. If the exchange rate changes too much, cross-border payment institutions such as Alipay will bear huge foreign exchange risks. Exchange rate risk management has become a new market opportunity, but this field is brand new and blank. If Alipay can seize this opportunity, it will open up a new market.

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