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FINTECH

UnionPay continues regional expansion: Myanmar partnership is latest win

By Fintech Innovation editors | 2016-02-11

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(http://usa.chinadaily.com.cn/epaper/2015-10/30/content_22325653.htm) cites market research firm Packaged Facts as estimating the global payment card market to have reached at US\$17.26 trillion in purchase value in 2014. The same article claims [China UnionPay](#) (<http://www.enterpriseinnovation.net/article/chinas-payment-market-why-apple-wants-776888340>) (CUP) accounted for 24.3% or US\$5.92 trillion in the same period.

First impression of UnionPay is that its international ambitions are tourism-related. After all, Chinese mainland tourists now rank number one in terms of the number of outbound tourists and outbound tourism spending. But a closer look at the 2015 activities by the

company's international arm reveals a broader and more ambitious desire: to become a major card payment network potentially rivaling global brands like Visa and MasterCard. According to the Nilson Report (see Figure 1), UnionPay topped the region in terms of purchase payments volume in 2014 beating out Visa and MasterCard by a wide margin.

Figure 1: Card Payment Purchase Volume in 2014 by Brand

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Source: *The Nilson Report*

UnionPay International (UPI), a subsidiary of China's largest card association and charged with the brand's global expansion, has partnered with Myanmar's Asian Green Development (AGD) Bank and local payment switch, Myanmar Payment Network (MPU) to launch the first co-branded debit card for local customers and further the development of the country's cashless payment ecosystem.

The International Monetary Fund and World Bank reinforced strong growth momentum for Myanmar, with economic growth forecasts at above 8% annually till at least 2017. This represents great potential for businesses to tap on and innovate. The launch of the co-branded card comes as ecommerce and mobile payments start to take root in what is traditionally a cash only market.

First created by the Central Bank of Myanmar (CBM) in cooperation with 17 domestic banks in 2012, the MPU allowed consumers to withdraw cash from any ATM nationwide and make payments at shops and restaurants. With more than 900,000 MPU-branded debit cards circulating in the market, the cards can only be used for payments in kyat, the local currency. Co-branded cards with the UnionPay label will enable the country's consumers to use in 150 countries globally to settle transactions in foreign currencies at the current exchange rates.

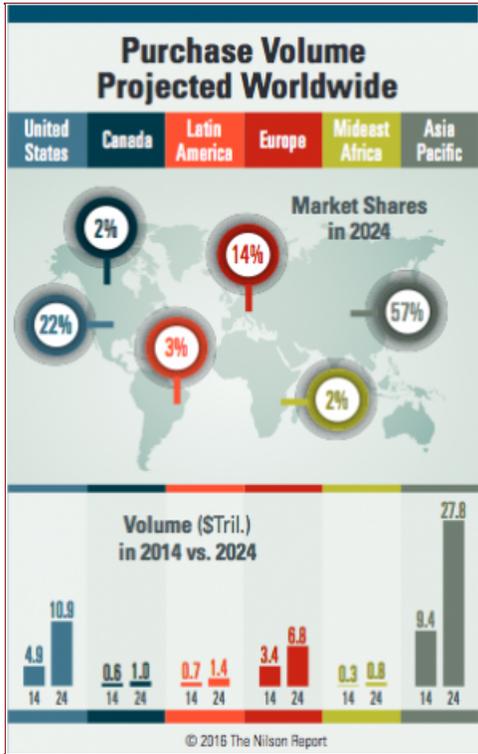
UPI established its business in Myanmar in 2012 and early on partnered with the MPU to enable UnionPay cardholders to access ATMs and Point of Sale terminals linked to MPU network for cash withdrawals and secured transactions.

Across Asia Pacific, CUP continues to market its payment products and services targeting [cross-border applications](http://www.enterpriseinnovation.net/article/retails-new-frontier-cross-border-deals-connected-shoppers-and-mobile-payments-311062534). The company claims that 10 million online merchants in over 100 countries outside China now accept online payments with UnionPay cards. Taking a queue from Hong Kong's Octopus Card, CUP cardholders can book railway tickets online,

pay for taxis in Australia, Singapore, South Korea and Taiwan, and rent cars in Taiwan and Thailand, The company continues to extend its reach in emerging Asia building bankcard facilities and infrastructure to promote the electronic development of the countries' local currencies. Several [pilot projects](http://www.unionpayintl.com/en/enaboutUpi/ennewsCenter/enmediaReports/3009044.shtml) (<http://www.unionpayintl.com/en/enaboutUpi/ennewsCenter/enmediaReports/3009044.shtml>) in the areas of mobile payment and big data in the Asian market are underway. The company also claims it is expanding the scope for tax refund service and emergency cash assistance.

The Nilson Report is projecting that spending at merchants via payment cards will reach US\$48.67 trillion by 2024 with Asia Pacific accounting for 57% of the global market in the same period. So the race continues (see Figure 2).

Figure 2: Purchase Volume 2014 vs 2024



(http://www.enterpriseinnovation.net/files/u21703/the_nilson_report_purchase_volume_2014_vs_2024.png)

Source: *The Nilson Report*

(<http://www.globenewswire.com/NewsRoom/AttachmentNg/e8aa086f-7c27-4351-bd94-215b71a50087>)



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