



Overview:

The China Electronic Payments Association (CEPA) is a global organization in developing and conducting marketing and educational programs to grow China's electronic payments marketplace. The mission of the association is to leverage the expertise of key participants in the global electronic payments industry to promote the usage of electronic payments in China for the benefit of its members and their customers.

In order to meet the challenges of its accession to the World Trade Organization, to maximize its opportunities in hosting the 2008 Olympics in Beijing as well as the 2010 Expo in Shanghai, and to satisfy the increasing Chinese consumer demand due to the country's unprecedented growth, China's fledgling payments industry has formed a solid base with the launch of China UnionPay. The next step is to increase consumer card usage and merchant card acceptance.

According to The Asian Banker, by 2008, UnionPay wants to raise the number of merchants accepting cards from the current 5 per cent, to more than 30 per cent. Only three per cent of purchases in China are made with bankcards, versus 81 per cent in the US, and 64 per cent in Europe. In China, only one per cent of medium- to high-income residents have credit cards, versus 62 per cent and 74 per cent in Taiwan and Hong Kong, and credit cards are held by less than 10 per cent of residents in cities like Shanghai, Beijing and Guangzhou.

About 97 per cent of all consumer transactions in China are in cash mainly because retailers will not accept bankcards until more consumers use cards for point-of-sale (POS) purchases. Consumers, for their part, will not use bankcards unless more merchants provide multiple payment options at the retail store and at the e-commerce web sites. A recent study showed 60 million people concentrated in the key cities of Shanghai, Guangzhou, Beijing and Shenzhen having a per capita Gross Domestic Product of well within the benchmark range of \$4,000 – \$5,000. This group is expected to increase to 160 million by 2010. Merchants need to see card transactions as an attractive value proposition for customers. In February 2003, market commentators in Beijing reported that only 200 "premier class" restaurants in Beijing had installed card-swiping facilities. With close to 40 thousand restaurants and eateries in the city, penetration is a mere 0.5 percent of the market. Guangdong, for instance has 25,000 POS equipment installed yet some 3,000 POS equipment have reportedly never been used.

This current market condition presents enormous opportunities for industry stakeholders, including China UnionPay, banks, electronic payment service providers, solutions vendors, and merchants.

The key focus of the association is to:

1. Increase consumer usage of card payment by developing and promoting incentive programs for consumers to switch from cash use to card payments.
2. Increase acceptance of electronic payments by educating and promote to merchants the advantage of accepting electronic payments.
3. Increase electronic payments revenues for banks and electronic payments service providers by providing access to global best practice in building a profitable card business, including development and implementation of better costing and marketing strategies.

About China-Next

China-Next was founded to bring a distinctive level of business development and press relations management to our clients. Our unique approach of focusing on developing and maintaining relationships with a community of influential freelance journalists enables us to bring significant value and speedy results to our clients. China-Next works with its community of freelance journalists to develop story ideas, the journalists then pitch the story to their network of editors. This approach leverages freelance journalists as a channel to reach decision makers resulting in speedy results to our clients. China-Next's service is an effective supplement to our clients' traditional public relations efforts. Our clients include QUALCOMM, Ericsson, and UT Starcom.

JENNY WAN-MERNYK
Principle, China-Next

For the past three years Jenny has been devoting her time to promote business activities between U.S. and China and working with key industry organizations like SVC Wireless (Silicon Valley China Wireless) and AAMA (Asian American Marketing Association, the oldest and most respected intercultural organization in the industry) to extend reach. She brings both industry experience and cross cultural expertise and is committed to building bridges between China and the US. She is a board director for Silicon Valley - China Wireless Technology Association and the Chairman for Hwa Shin Chinese School, a non-profit Chinese school operating in Palo Alto, California.

In 1997, Jenny joined the founder of Tellan Software, an electronic payments software company, to drive the sales and marketing effort with an acquisition exit objective. She repositioned and re-launched the company's flagship product WebAuthorize, which became the leading electronic payments solution for enterprises and commerce service providers. She developed strategic relationships with leading payment processors and expanded sales channels. Jenny increased average sales ticket by ten-fold and grew revenues from flat to

an increase of over 120% within 18 months. Her participation and leadership was instrumental in closing the subsequent acquisition by Cybercash achieving a 7x return for investors in 1999. Following the acquisition, Jenny was VP of Product Management for CyberCash until 2000.

Prior to joining Tellan Software, Jenny held various senior level marketing and business development positions at VeriFone, a leading electronic payments solutions company. She was responsible for driving the company's wireless product strategy, which included defining the product strategy for the industry's first SMS/payment transaction gateway.

Jenny holds a MBA degree from Golden Gate University in San Francisco