

## China Charts the Course for Next Phase of Global E-Commerce



By [David Heun](#)  
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Payments providers experienced in cross-border transactions need only look to the Asian market to find the next golden opportunity.

China has established itself as fertile ground for online marketplaces in Asia, but other regions are quickly catching up in their ability to provide global exposure to e-commerce sellers.

And those marketplace providers, or the manufacturers and merchants increasingly placing their products on those sites, are seeking help from companies that can navigate the complex world of payments.

"We are in the early days of a massive evolution in how cross-border business is happening all over the world," said Scott Galit, CEO of Payoneer, which manages cross-border payment logistics in providing an online mechanism for companies to pay or accept payments from other companies or individuals in various currencies.

"The new developments in consumer-facing marketplaces all over the world have really paved the way for businesses to actually sell across borders," Galit said.

While Amazon.com and eBay are the clear heavyweights in the U.S., China paved the way for such a phenomenon in Asia through **Alibaba Group**, JD and Vipshop, while Jumio did the same in Africa, Linio in Latin America, and Lazada in Southeast Asia.

In the past year, more manufacturers and suppliers have found online marketplaces to be an easier place to sell products globally to consumers and other businesses. In compiling statistics from Amazon, Lazada, Wish.com and other sites, Payoneer observed that the percentage of Asian sellers placing products on multiple marketplaces gained momentum in the past year.

In 2014, the number of Asian sellers [manufacturers or merchants] on three or more sites was at .07%, compared to 96.2% appearing in only one marketplace. In 2015, the number on three or more sites rose to .69%, or 318 sellers compared to 17 the previous year. This small but meaningful spike is an indication of how popular the marketplace concept is getting for sellers.

In flexing its marketplace muscle, China's cross-border sales in 2014 were five times that of Japan and 60 times that of South Korea. In 2015 the numbers showed the marketplace trend spreading, but China remained a powerhouse with sales 10 times that of Japan and 35 times that of South Korea.

Behind those numbers is a growing realization amongst manufacturers and suppliers that they can more easily sell products in large or small numbers to other businesses or individuals in other countries through the online marketplace. And if it works well on one marketplace, it is worth betting on other sites to do the same.

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Payoneer essentially simplifies the entire process for the marketplace providers or companies selling goods by managing all of the payment details.

"We get calls from companies knowing they need to expand to the marketplace, and need help managing the payment complexities," Galit added. Payoneer ensures the seller doesn't have to collect payment details, screen transactions, or handle any errors or missing money transfer instructions, while providing customer support and handling language and currency translations.

"They do a single API to us and single money flow gateway, and we take care of everything else," Galit said.

Payoneer and other companies like it find themselves in a unique position with a focus on mass payments in the marketplace arena, said Nancy Atkinson, wholesale banking expert and senior analyst with Aite Group.

"Others have looked at a debit card scheme or ACH transactions, but those are not ideal solutions internationally," Atkinson said. "Additionally, by using Payoneer, those companies don't have to go open accounts in every country they are going to do business in, or fund an account to do wire transfers."

Aite Group has been encouraging banks to get more focused on helping small sellers reach an international market, but "not too many banks have really figured out how to service the small business customer in a way that would help them to do this type of international business," Atkinson added.

In the meantime, manufacturers looking to expand business-to-business cross-border payments through consumer-facing marketplaces will find advantages in working with third parties that can provide lower fees and eliminate the need to work with multiple providers, Atkinson said.

Unlike the card brands or other companies seeking to enter the Chinese market with products that would compete against Chinese brands, Payoneer enters as a helper and facilitator of all things payments.

"It is a much easier discussion to go into a market and explain how you are helping that market grow exports," Galit said. "That is something that almost universally, politicians and regulators are quite keen on supporting their businesses to grow exporting."

Apple has tried to take a page out of that approach in landing a **partnership with China UnionPay** to get footing in that market.



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