

# Beijing considers adding WeChat Pay to Tencent's financial overhaul

## Article

**The news:** Chinese regulators are reportedly looking into requiring **Tencent** to add **WeChat Pay** to its financial holding company, sources familiar with the matter told Bloomberg.

**Key context:** Last May, authorities ordered Tencent to set up a financial holding company to house all of its banking, securities, insurance, and credit-scoring services. The entity would be regulated like a bank to give authorities a clearer picture of Tencent's financial operations.

- Early indications suggested WeChat Pay would not be included in the financial holding company, but sentiments may have changed: Regulators allegedly don't think WeChat Pay's extensive services are covered by the payments license owned by TenPay—the back-end provider of WeChat's wallet services.
- The order would be similar to that of Ant Group, which was asked last year to **restructure** into a financial holding company to cut what regulators called “improper linkages” between **Alipay** and Ant Group's consumer credit offerings.

**Why this matters:** WeChat Pay is an integral part of the WeChat super app, which this year is **expected to reach 811 million users**, accounting for more than half (57.9%) of China's population, **per** Insider Intelligence forecasts. The mobile wallet provides the transaction infrastructure that lets WeChat users do everything from sending peer-to-peer payments to paying bills and booking flights.

- WeChat users may still be able to do all these things with WeChat Pay folded into Tencent's financial holding company. But the restructuring might lead to additional steps for consumers that wear away one of WeChat's biggest advantages: convenience.
- Bringing WeChat Pay under the financial holding company would also give the government access to the mobile wallet's user data, including transaction information. This could open a Pandora's box of unwanted regulatory scrutiny for Tencent.

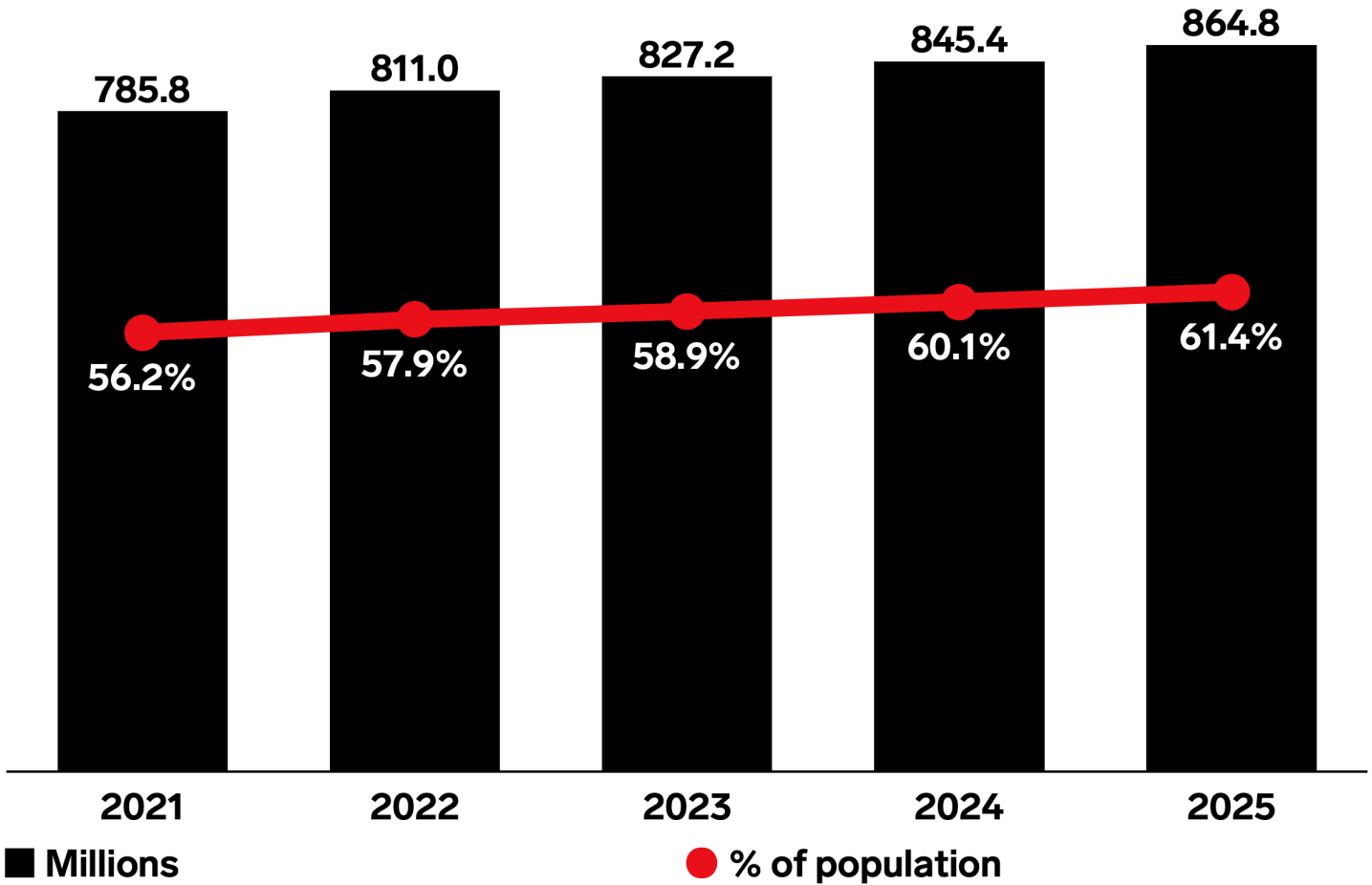
**The bigger picture:** While not definite, an order to bring WeChat Pay under Tencent's financial holding company would extend the government's **crackdown** on Tencent and other Chinese tech powerhouses.

It also coincides with Beijing building out its central bank digital currency (CBDC)—it recently **updated** a pilot version of its CBDC wallet that adapts to Apple's latest mobile software. The parallel actions reflect the government's efforts to regain control of its financial system.

**Related content:** *Want to learn more about what China's regulatory crackdowns mean for mobile payments? Check out our **[“China Mobile Payments Forecast 2021”](#)** report.*

# WeChat Users

China, 2021-2025



*Note: mobile phone users of any age who access their WeChat account via mobile phone app at least once per month; excludes Hong Kong*

*Source: eMarketer, June 2021*

*Methodology: Estimates are based on the analysis of survey and traffic data from research firms and regulatory agencies; WeChat company releases; historical trends; internet and mobile adoption trends; and country-specific demographic and socioeconomic factors.*

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