

Ant Bank taps BNPL demand in Hong Kong with Alipay tie-up

Article

The news: Ant Bank Hong Kong (one of Ant Group's wholly-owned subsidiaries) rolled out Ant Bank PayLater for AlipayHK wallet users, per a press release.

Here's how Ant Bank PayLater works: The buy now, pay later (BNPL) program lets AlipayHK users spread purchases worth HKD 100 (\$12.87) or more across a three-month installment

plan. It's available for AlipayHK merchants and on **Taobao** (Alibaba's online shopping platform). For a limited time, Ant Bank will waive handling fees.

The opportunity: Ant Bank PayLater can help AlipayHK tighten loyalty by offering customers flexible payment options. It could also lead to larger carts and higher conversion rates, helping boost revenues for both merchants and AlipayHK.

- Ant Bank can use Hong Kong as a testing ground for the BNPL program before rolling it out in neighboring markets.
- This can help strengthen Ant Group's growth prospects as it faces tighter regulatory oversight in mainland China: Last year, [Beijing ordered Ant Group to break off its loans businesses](#)—including short-term loan product **Jiebei** and virtual credit card **Huabei**—from subsidiary **Alipay**.

Ant Bank PayLater also lets Ant Group tap Asia-Pacific's credit market.

Zooming out: BNPL is gaining traction across Asia-Pacific. The share of **ecommerce payments made with BNPL grew about 67%** year over year (YoY) in 2021, according to FIS. And in Hong Kong, **12% of adults made a purchase with BNPL** last year, [per](#) a YouGov survey.

Here are some factors driving BNPL growth in Asia-Pacific.

- **Consumer demographics.** The lower middle class is the largest social class in Asia-Pacific, representing **two-thirds of the regional population**, [per](#) World Data Lab stats cited by the Brookings Institution. This segment comprises “entry consumers”—people purchasing consumer packaged goods and durables like refrigerators for the first time. They may be more likely to use BNPL services to help manage their expenses.
- **Limited access to traditional credit.** Entry consumers and young consumers who haven't yet reached their full purchasing power may struggle to obtain credit from traditional financial institutions (FIs) because of factors like limited credit histories. The share of consumers in China ages 21 to 24 who have credit cards is **more than 20 percentage points lower than older generations**, [per](#) McKinsey. This makes them more likely to use alternative lenders, including BNPL providers.
- **Ecommerce.** BNPL is most prevalent across digital shopping channels—and in Asia-Pacific, this is where many consumers shop. [Retail ecommerce sales in Asia-Pacific](#) are expected to **hit \$3.477 trillion** by the end of 2022, growing 10.2% YoY and accounting for 28.6% of total retail sales, per Insider Intelligence forecasts.

Adults Worldwide Who Made a Purchase Using Buy Now, Pay Later (BNPL), by Country, Dec 2021

% of respondents in each country

Indonesia	27%
Mexico	24%
Australia	22%
China	22%
India	22%
United Arab Emirates	18%
Sweden	16%
Poland	16%
France	15%
Singapore	14%
UK	13%
Germany	13%
Hong Kong	12%
Spain	12%
US	10%
Canada	10%
Italy	9%
Denmark	7%
Worldwide	15%

Note: in the past three months

Source: YouGov, "The Future of Financial Services: A Global Exploration of Evolving Trends in the Financial Services Industry," March 30, 2022

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