



Benefitting from Chinese customers in Baltics and beyond

May 2019



Content

- I UnionPay Introduction
- II Outbound Tourism Trends 2018
- III Top Destination of Europe
- IV UnionPay Brings Opportunities

A large, light gray world map with a dotted texture, centered on the page. The text "UnionPay Introduction" is overlaid on the map.

UnionPay Introduction

1.1 Introduction – China UnionPay



Founded in March 2002

Headquartered in Shanghai, China

Primary responsibilities include:

- Create proprietary bankcard brand;
- Set up and maintain a inter-bank transaction settlement system;
- Enable inter-bank payment transactions;
- Bankcard business standardization;
- Maintain acceptance market order;
- Control and manage bankcard risks;
- Promote innovation of bankcards.



1.2 Introduction – UnionPay International



- UnionPay International, a wholly-owned subsidiary of China UnionPay, was established in November 2012, headquartered in Shanghai, China.
- UPI overseas international business: expanding global acceptance, promoting overseas issuance/use of UnionPay cards and emerging payment solutions.



1. 3 Introduction – Membership



By the end of Mar 2019, 2051 members have joined the scheme.

Member logos include:

- 中国工商银行 (Industrial and Commercial Bank of China)
- 中国农业银行 (Agricultural Bank of China)
- 中国银行 (Bank of China)
- 中国建设银行 (China Construction Bank)
- 交通银行 (Bank of Communications)
- 花旗银行 (CitiBank)
- PayLife
- NETS (make life great)
- bnz
- Standard Chartered
- ANZ
- HSBC
- WorldPay
- nab
- СБЕРБАНК (Sberbank)
- globalpayments
- TSYS Merchant Solutions™
- 비씨카드 (BC Card)
- 三井住友カード株式会社 (Sanwa Card Co., Ltd.)
- CREDIT AGRICOLE

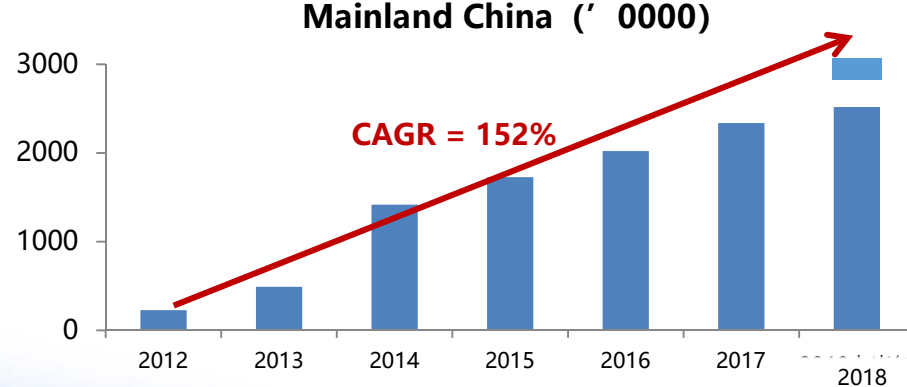
1.4 General Information



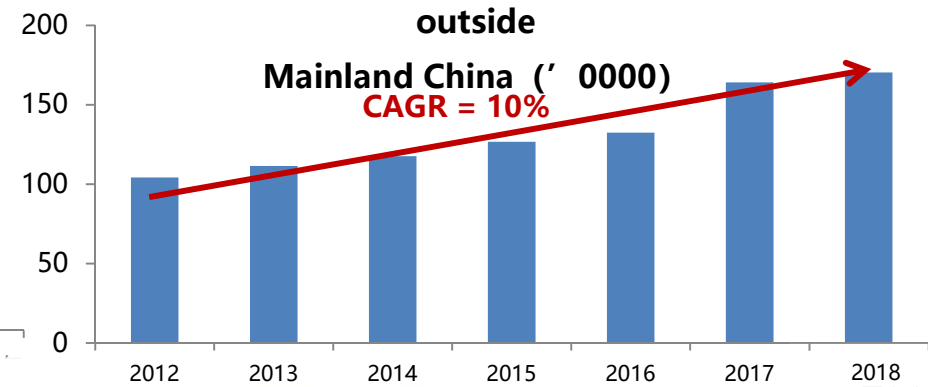
Overseas Acceptance

UnionPay is globally accepted in more than 52 million merchants, including over **26.6 million** outside mainland China, and about 2.60 million ATMs, including over **1.7 million** outside mainland China, by the end of Feb 2019.

Merchants accepting UnionPay cards outside Mainland China (' 0000)



ATM terminals accepting UnionPay cards outside Mainland China (' 0000)

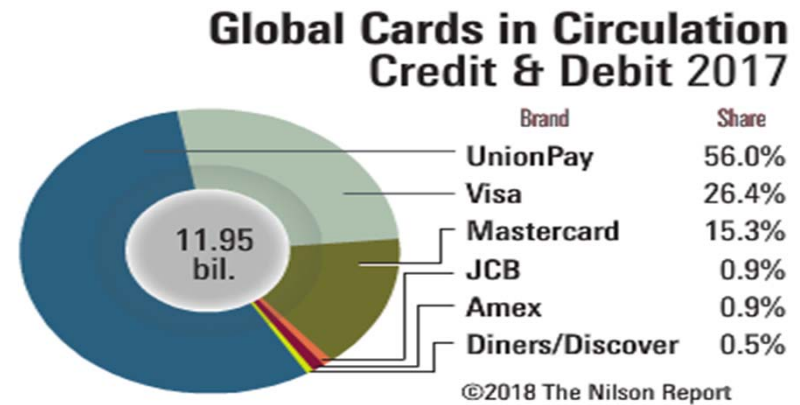
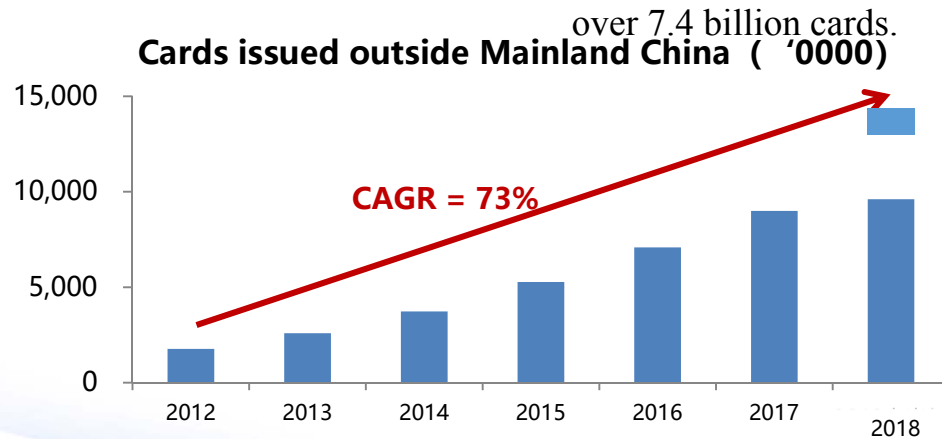


1.4 General Information



Overseas Issuance

- By the end of Feb 2019, UnionPay has issued more than **112 million** cards outside Mainland China.
- Combined with cards issued in Mainland China, UnionPay has been the largest card scheme in the world in terms of cards in circulation, which is



1.4 General Information

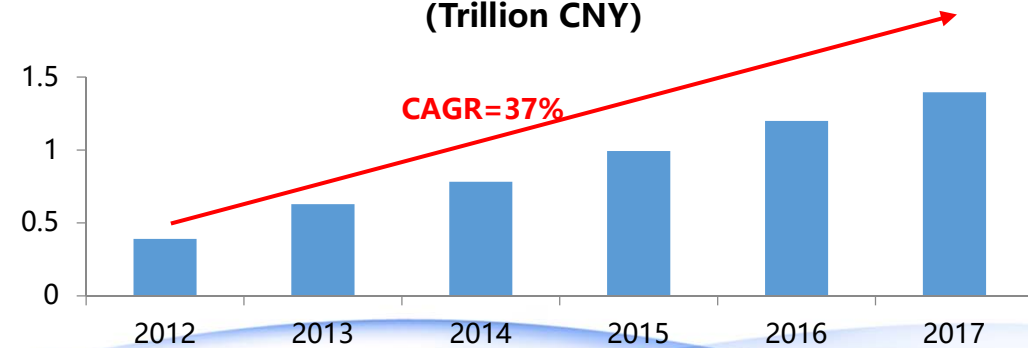


UPI Cross-border Transaction Volume



- UPI takes up the largest market share (76%) in Asia-Pacific according to purchase volume 2017.
- UPI cross-border transaction volume reached 1.2 trillion RMB in 2016, increased 23% than 2015.
- During 2012 to 2017, there was a 37% average growth of UPI cross-border transaction volume.

Total transaction volume (Trillion CNY)



1.5 General Information – Innovation

Quick Pass and other product innovation implemented overseas to build mobile payment ecosystem. Innovation becomes a major drive for localization business development.

Quick Pass product family enriched while service platforms further improved

- Technology architecture for innovative business built through a suite of platforms including TSP, TSM, HCE Cloud, QR Code Merchant Services, U-Plan, Haigou, UnionPay Tax Refund.
- Integrated resources across different platforms, optimized layout and cross utility achieved.
- Innovative products rollout together with financial inclusion initiatives.
- Cross-border B2B platforms in Central Asia, Africa, ME for B&R countries.



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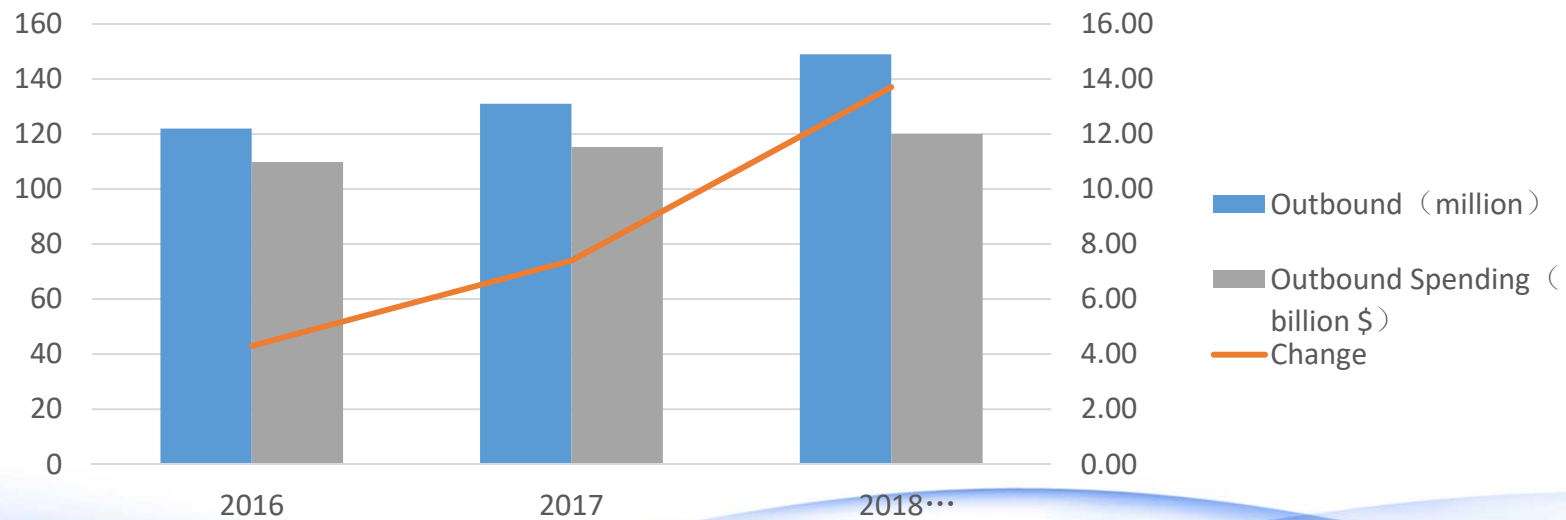
Outbound Tourism Trends 2018

2.1 Overview



- Stable Growth

Outbound Chinese Travelers: **149 million**, with a YOY growth rate of around **13.7%**.



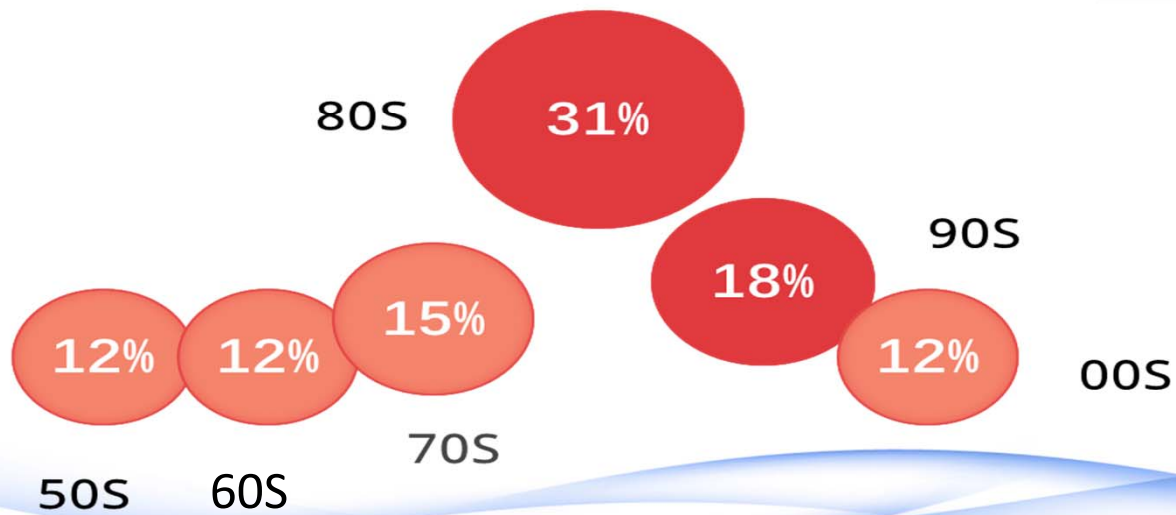
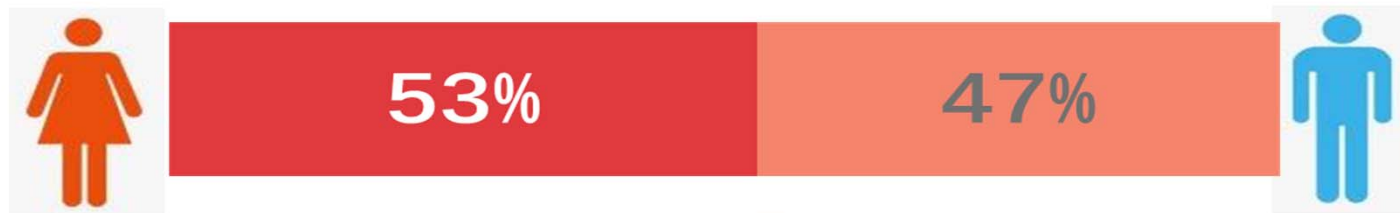
Source: Data of tourism industry in the 2018 by Ministry of Culture and Tourism of China

2.2 Popular Destinations



Country	Rank of Chinese Travelers among All International Travelers in Number	Proportion in All International travelers	Number of Chinese Travelers in 2018 (million)
Thailand	1	28%	10.5
Japan	1	26%	8.4
Vietnam	1	31%	5.0
Singapore	1	15%	3.4
Russia	1	N/A	2.0

2.3 Profile of Travelers



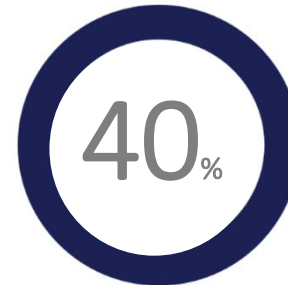
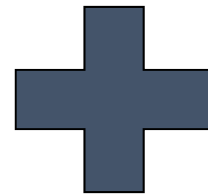
2.4 FIT vs. Group Tours



- Free and Independent Tours (**60%**) vs. Group Tours (**40%**)
- New popular mode for group tours
 - ✓ **Customized tour:** Small-scale family tour
 - ✓ **Theme tour:** travel for study programs, medical cosmetology, sports events etc.



90 million FIT travelers



59 million group travelers

customized tour **400%+ ↑**
theme tour **250%+ ↑**
(according to OTA data)

2.5 Main Outbound Cities

Main Outbound Cities
in 2018

SHANGHAI	BEIJING	GUANGZHOU	CHENGDU	CHONGQING	NANJING	KUNMING	WUHAN	XIAN	HANGZHOU
SHENZHEN	TIANJIN	ZHENGZHOU	CHANGSHA	GUIYANG	JINAN	NANCHANG	NANNING	HEFEI	QINGDAO

Besides Beijing, Shanghai, Guangzhou and Shenzhen, new 1st-tier cities have witnessed a surge in the number of outbound travelers.

- Consumption Upgrade
- Income Increase
- Launching of New International Flights
- Opening of New Visa Centers

Tier 1
Tier 1.5
Tier 2

2.6 Consumption Habits



- Shopping and Sightseeing
- Local traffic
- Catering and accommodation
- Other activities with local characteristics



2.7 Outbound Consumption Upgrade



More common

- Small-scale consumption is becoming more popular. In the past, the group tour tourists usually visited department stores and group-purchase stores, and now more and more Chinese tourists go deep into the destination countries and regions, including restaurants and Cafes. Chinese outbound tourists are more integrated into the local life.

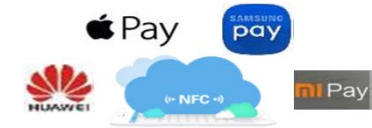
More wide-ranging

- UnionPay cards are used in more than 170 countries and regions. In Japan, South Korea, Northeast Asia, Hong Kong and Macao, and also South America, Africa, South Africa, North Africa and the Middle East, there are more tourists using UnionPay cards.

More rational

- The outbound tourism market has developed from solely sightseeing in the early stage to mainly shopping , and finally to slow leisure experience in the destination. Consumer behavior tends to be more rational instead of buying luxury goods blindly and focus more on the culture-experienced merchants such as museums, chateau, etc.

2.8 Changes in Consumer Behaviors



A world map rendered in a light gray, dotted style. The text "Destination in Europe" is centered over the map, specifically over the European continent. The map shows the outlines of all major continents.

Destination in Europe

3.1 Top Destination in Europe



Five Main Routs of Europe



France-Italy-Switzerland-Germany



Britain - Ireland



Spanish - Portugal



Central and Eastern Europe and the Balkans

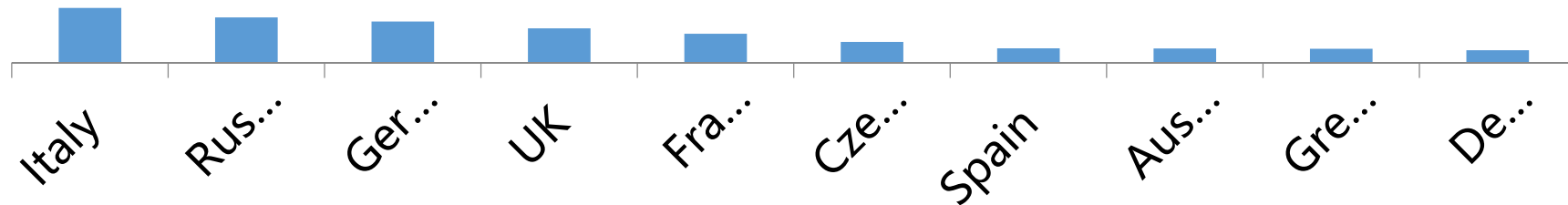


Northern Europe

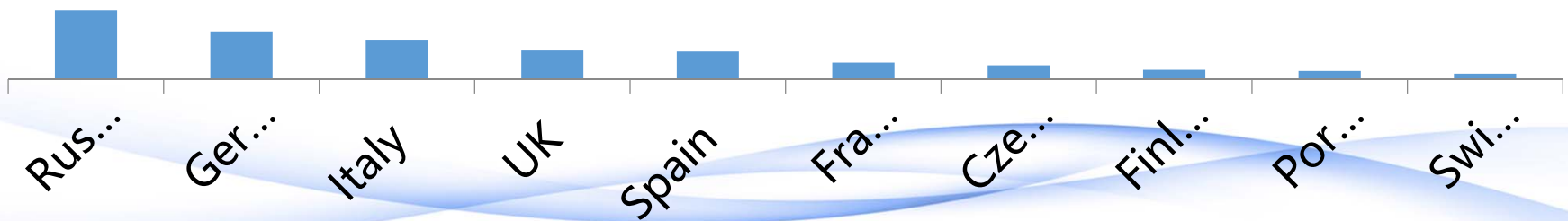
3.1 Top Destination in Europe



Top 10 Destination of Tourists Volume



Top 10 Destination of Growth Rate



3.2 The Number of People Visiting The Baltic States



Number of arrivals in 2018 (10k)	Lithuania	Estonia	Latvia
China	2.6	2.7	1
YOY Growth Rate	7.8%	8.7%	10%
Russia	23.7	47.1	21.9
Japan & Korea	1.6	2.0	1.2
*Middle East	4.4	2.1	1.6

- These countries are typical inbound tourist destinations. The proportion of tourists among all arrivals is more than 60%. People visit frequently among the Baltic region.

*Middle East includes Turkey, Israel, United Arab Emirates and Saudi Arabia.

3.3 Popular Destinations: Capitals more popular



More than 60% visit capitals and culture-oriented attractions are relatively concentrated in major cities

- Finland's Helsinki Airport is a transit hub for the Nordic region and Asia&Europe, so Finland is the preferred destination for Chinese tourists when visiting the Nordic countries.
- The tourist routes in Baltic mostly include Poland, Czech Republic and Hungary.
- Churches are more popular in the three countries in the Baltic Sea.

Lithuania	Vilnius, Siauliai, Trakai, Klaipeda
Estonia	Tallinn, Tartu, Sarrema, Pärnu
Latvia	Riga, Sigulda

Popular attractions in each city

Lithuania	Vilnius: St. Anna's Church, Vilnius Cathedral, Hells Market
	Siauliai: The Hill of Crosses
Estonia	Tallinn: Historic Old Town, City Hall, Alexander Nevsky Cathedral
	Tartu: Tartu Toy Museum, University of Tartu
	Sarema Island: Kuressaare Castle, Kaali Crater, the southernmost lighthouse in Estonia
Latvia	Riga: Old Town of Riga, St. Peter's Basilica, Riga, Latvian War Museum
	Sigulda: Goya National Park

A light gray, dotted world map is centered in the background of the slide.

UnionPay Brings Opportunities

4.1 UnionPay Brings More Tourists



Russia

- More than 10 banks in Russia have issued more than 2 million UnionPay cards. UnionPay cards have become a new payment option for local consumers.
- Russia has become a representative area for UnionPay's QuickPass, with more than one million POS terminals supporting UnionPay QuickPass payment.



Japan&South Korea

Japan and South Korea have issued more than 30 million cards. UnionPay has become a mainstream card brand in South Korea.



Middle East

- In the Middle East, UnionPay card business has reached 11 countries and regions. UnionPay cards have been issued in countries such as Pakistan, UAE and Jordan.
- The total number of cards issued in the Middle East has reached up to nearly 10 million up till now.

4.2 UnionPay Brings More Favorable Offer



Marketing Calendar

Marketing Platform



Global Fly Season
2019.04-2019.06



Global Travel Season
2019.07-2019.10



Global Shopping Fiesta
2019.12-2020.02

Product Marketing

UPOP
(Flight & Hotel Booking)
Quick pass、QR code

UPOP
(Education, Tuition)
Quick pass、QR code

(Flight & Hotel Booking + Online shopping)
Quick pass、QR code

Innovative Marketing

UnionPay APP

"Uplan"

4.2 UnionPay Brings More Favorable Offer

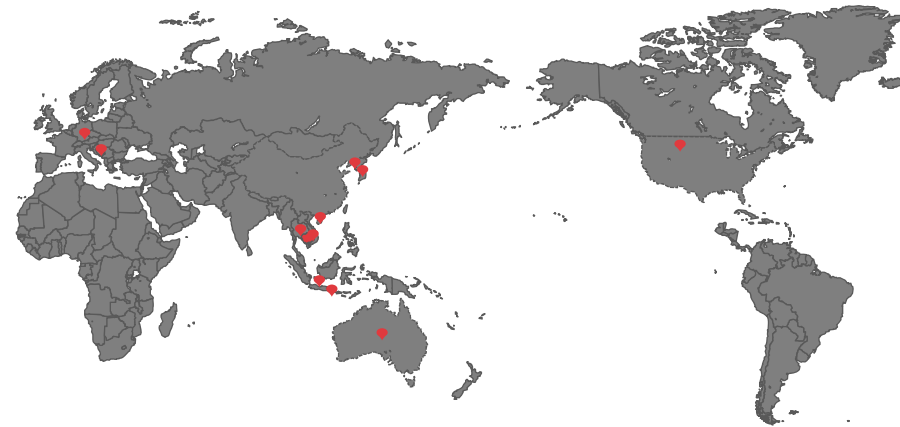


U·Plan: Market Development 80 Traffic Portals

ICBC, CMBC, ABC, BOB, HXB, Aoyou, Ctrip, CYTS, SMZDM...

17 Markets

US, Italy, Singapore, Malaysia, Thailand, Japan, Korea, Australia, New Zealand, Hong Kong, Macao, Taiwan, ...



Note: Data updated until August 16, 2018



4.2 UnionPay Brings More Favorable Offer



Domestic Channels

11 Chinese biggest travel agencies



M.I.C.E groups



Various promotion tools



Implant offer on top FIT Apps

Bloggers fan trip



Earn extra air miles



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