

# Conceptual Association and Flow of Funds for WeChat Pay / AliPay Payments in the EU as well as a IBAN Wallet

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Note: Please check accompanying diagram.

Status: Confidential to interested parties. For sales consumption only.

## Project Notes:

Just some added clarifications:

- This arrangement is for the Europe / China corridor only (for purposes of illustration)
- The assumption is, that Company "X" is a authorized delegate / agent (or in technical terms), an EMD - Electronic Money Distributor of the EMI (Electronic Money Institution).
- In this diagram we've shown the EMI to be of EU. The EMI can equally be from UK as well. In either case, multi-currency account can be provided, but for the purposes of this illustration, we will be restricting it to the Euro only.
- The EMD would not be signing up any physical location as place of business &/or be signing any physical merchant locations as merchants.
- The payment app provided by Company "X" integrates into the payment API of the EMI's IT Systems.
- What is not shown in the diagram is Company X's app/middleware that connects to the EMI's IT Systems/API.

## Description of the diagram

Please refer to the accompanying diagram for the explanations given below:

1. **EMI (Electronic Money Institution):** An EU licensed stored value financial institution that is authorized and has its license passported to the entire EEA (European Economic Area).
2. **EMD (Electronic Money Distributor):** A licensed Agent of the principal EMD. This means, the EMD is able to sign on customers directly, and also touch customer funds directly (if applicable/if required). In this example, the EMD is classified as **Company X**.
3. **Customer:** The customer. This can be a person living in the European Union, a person living outside the European Union but from non-sanctioned countries.
4. **Company X API:** This is the API that Company X (Europe) would be connecting to the FX provider and the EMI institution itself also (**not** shown in the diagram as a direct connection to the EMI institution).
5. **Customer:** This customer denotes *another* customer with the same EMI/EMD.
6. **Card Scheme Loading:** Denotes that Customer's can top-up their funds in their account using a card scheme (like VISA / MasterCard). Pre-requisite here is that the the EMD will have to qualify for merchant services with an existing acquirer for purposes of card acceptance. We are already working with two major card acquirers to obtain carte-blanche card acceptance. The loading would *only* be from cards issued in Europe.
7. Denotes internal Customer-to-Customer transfer (intra bank transfer).
8. Denotes mapping of the EUR account to a card issuer in Europe for debit cards.

9. Card Issuer in Europe for Debit Cards.
10. The Card issuer is connected to the EMI's API to check for real-time balances held in the account for purposes of authorization and settlement.
11. Customer accounts are directly connected to the EMI's central system. The EMI is the ledger on record for all balances.
12. The Customer's EUR IBAN account can send/receive funds from member SEPA institutions.
13. SEPA (Single European Payment Area), denotes all the banking institutions that are part of SEPA. Payments can be made to/from the SEPA region by the Customer via their EUR issued IBAN.
14. Denotes connectivity of SEPA and the EMI (EU IBAN issuer).
15. EUR denominated IBAN issued to the Customer, via the EMI through their EMD.
16. Movement of data/money between the Customer and the EMD (Company X) and their API/IT systems. All this is done via the app that Company X provides to the Customer.
17. Connectivity for movement of funds between SEPA and the FX provider. Funds can be debited/credited from the SEPA region to/from the FX provider.
18. API connectivity between Company X's API and the FX provider's API.
19. FX provider. The FX broker would be a licensed entity having the ability to settle inside of China, as well as outside of China for CNY/EUR transactions. The FX company can be a part of the counterpart in China or separate, this can be discussed as per the options available.
20. Banks in the SEPA region that have the ability to make payments to another SEPA member and vice versa.
21. , i.e. take the balance from a Customer's account (virtual IBAN) to their actual bank account in Europe, visa the SEPA rails.
22. Traversing of funds / API / data between Europe and China.
23. FX provider. The FX broker would be a licensed entity having the ability to settle inside of China, as well as outside of China for CNY/EUR transactions. The FX company can be a part of the counterpart in China or separate, this can be discussed as per the options available.
24. Exchange of API information with Company X (China).
25. Exchange of funds (debit/credit) into AliPay/WeChat Pay by the FX broker.
26. AliPay Economy/System.
27. WeChat Pay Economy/System.
28. Ability to load/off-load funds from AliPay/WeChat Pay to the Banking institutions in China (debit/credit).
29. Licensed Chartered Banks in China.
30. Denotes movement of funds between the chartered Banks and Company X (WeChat Pay or AliPay accounts).
31. Company X's WeChat Pay Account.
32. Company X's AliPay Account.
33. Movement of funds between WeChat Pay wallets and Company X's WeChat Pay Account for purposes of debit/credit.
34. Movement of funds between AliPay wallets and Company X's AliPay Account for purposes of debit/credit.
35. Ability of a Customer (of both the Company X app as well as AliPay customer) to move funds to Company X's AliPay account.
36. Ability of a Customer (of both the Company X app as well as WeChat customer) to move funds to Company X's WeChat account.
37. Customer (Chinese side, could be external business, individual, WeChat/Alipay customer, a bank account holder, etc.) that can make payments and receive payments in China.
38. Exchange of API information with Company X (China), this is the sponsoring Company that is able to connect to the FX Broker, AliPay, WeChat Pay and other payment networks and financial institutions in China. The EU EMD will be signing the deal with Company X (China).

