

# The New Flow of Money: Real-Time Payments and Merchant Collections in North Asia

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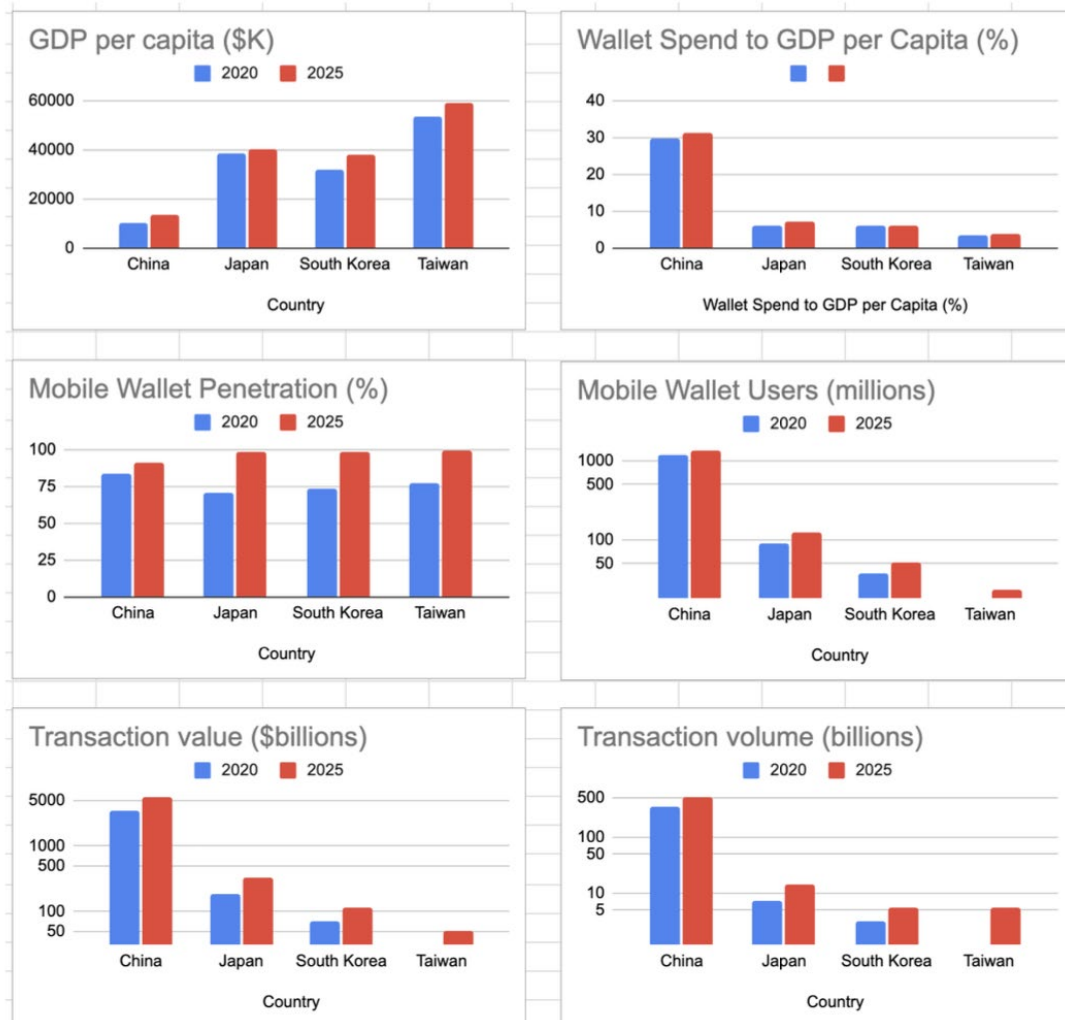
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In our [previous paper](#), we explored Real-Time Payments (RTPs) and its importance in Southeast Asia.

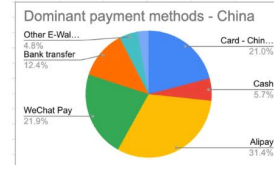
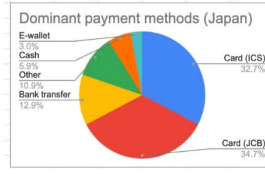
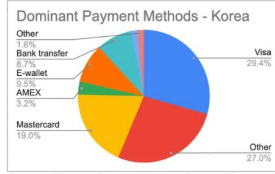
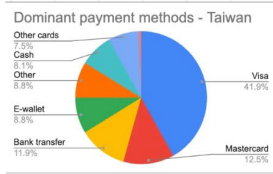
In this paper, we continue our journey to North Asia, where merchants are entering a period where speed and data richness define competitive advantage. While RTPs are growing in use, merchants should continue pursuing wallets and cards, as these remain dominant in this region and will be for the foreseeable future.

We also examine how wallets, cards, and RTP systems coexist across China, Japan, South Korea, and Taiwan, analyse their integration models and merchant settlement flows, and outline practical strategies for merchants navigating this multi-rail landscape.

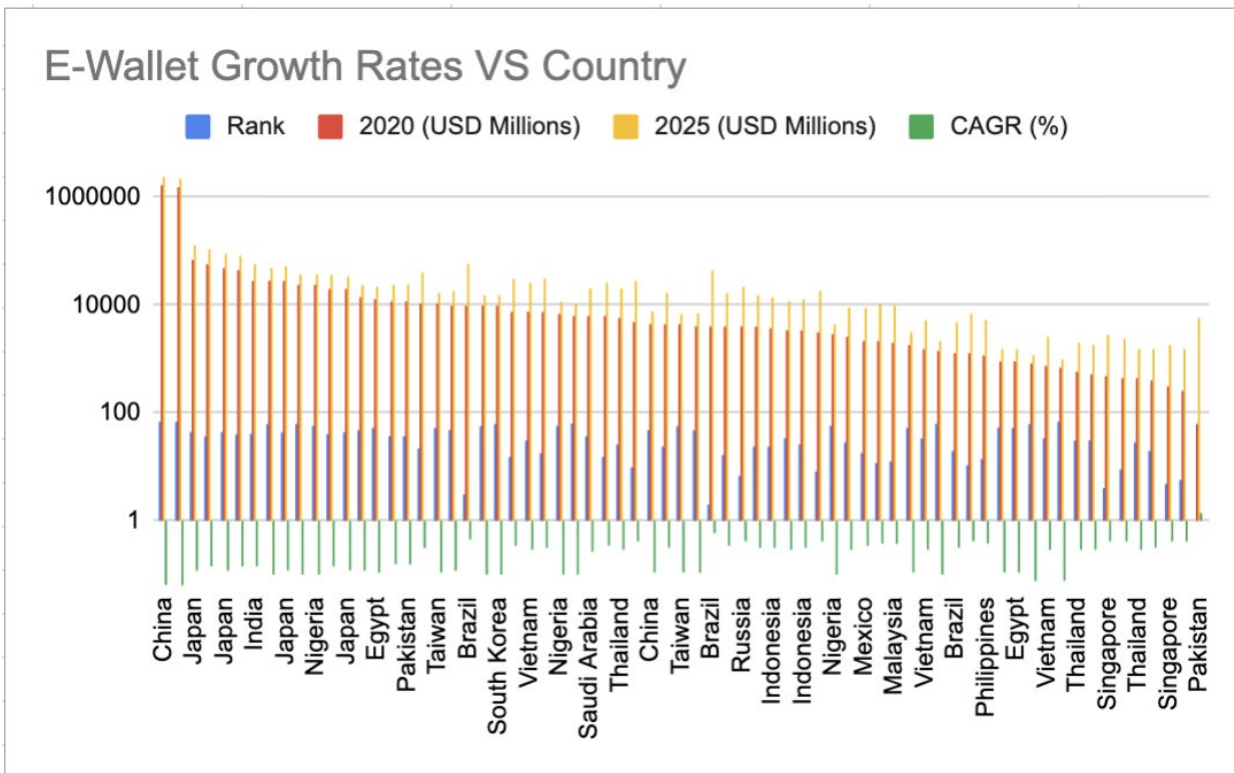
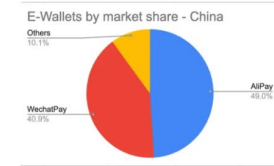
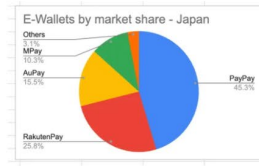
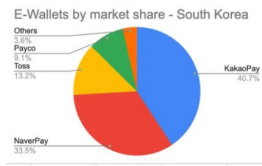
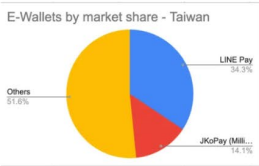
Before we begin, let's analyse a few key statistics of each region: Dominant payments methods by country



## Wallets by market share



## Wallet growth rates by country



## How do wallets and RTP systems compare across North Asia?

Across North Asia, wallets and RTP systems have evolved into distinct yet interconnected ecosystems.

While China's duopoly of Alipay and WeChat Pay dominates with over 90% market share, Japan, South Korea, and Taiwan present more fragmented landscapes where multiple wallet providers compete alongside established card networks. The key distinction lies in how these wallets integrate with national RTP infrastructure — some operate as closed-loop systems with stored value, while others function primarily as interfaces to bank-based instant payment rails. The following table summarises the key differences between wallet and RTP integration models across the four markets:

Country	Wallets/Mobile Wallet Services	RTP/Instant Payment Rails	Operator/Launch Year	Key Notes	Cross-Border Connectivity
China	Alipay, WeChat Pay, UnionPay Cloud QuickPass	IBPS (Internet Banking Payment System)	Operated by PBoC/CNCC, launched 2010	Wallets dominate usage; IBPS handles real-time interbank transfers on the backend.	Connected to Hong Kong FPS, ASEAN PayNow/PromptPay via BIS Nexus pilots. Alipay/WeChat also form merchant settlement bridges through Ant Group and Tenpay cross-border corridors.
Japan	PayPay, LINE Pay, Rakuten Pay, Merpay, d-Barai, au PAY	Zengin System	Operated by Zengin-Net/Japanese Bankers Assoc., real-time since 1973, 24/7 since 2018	Wallet and Zengin network 2 separate entities; Growing but cards-dominant. Zenjin is positioned as a Peer-to-Peer (P2P) rather than a Pay-to-Merchant (P2M) system.	APAC cross-border RTP initiatives under BIS Project Nexus, exploring links with Singapore FAST, Malaysia DuitNow, and Thailand PromptPay. Also bilateral studies via BOJ + MAS.
South Korea	Kakao Pay, Toss, Naver Pay, Samsung Pay, Zero Pay	KFTC Interbank Electronic Banking/Fast Payment Network	Operated by Korea Financial Telecommunications & Clearings Institute (KFTC), real-time transfers since 2001	Hybrid of Wallets and RTPs. Wallets often integrate with RTP APIs but also maintain stored-value functions.	Active cross-border remittance corridors with Thailand PromptPay and Singapore PayNow through BIS Nexus; exploratory Japan–Korea interoperability studies.
Taiwan	LINE Pay, JKO Pay, Taiwan Pay, PX Pay/iCash Pay	FISC Fast Payment Service/Instant Payment Schemes	Operated by Financial Information Service Co. (FISC) under Central Bank of Taiwan, real-time since 1987	Two instant-payment schemes exist; wallets like LINE Pay are integrated and widely used for QR payments; wallets use RTPs on the backend.	FISC ↔ Hong Kong FPS settlement pilot under HKMA–CBC MOU; bilateral discussions with Singapore FAST and Korea KFTC via APN (Asian Payments Network).

# The playbook for going to market in North Asia

Whilst there is adoption of ISO 20022, North Asia is not converging to a single rail for local payments acceptance. Winning merchants will optimise for three rails in parallel: cards for high-AOV and cross-border, wallets for conversion and embedded loyalty, and RTP for lower-cost bank push and instant payouts. Prioritise orchestration over single-rail bets.

When launching in each market, merchants should prioritise the following playbook, with a strong focus on cards and wallets:

Country	Key Wallets	Major Card Schemes	Integration/Technical Path	Merchant GTM Focus
China	Alipay, WeChat Pay, UnionPay QR	UnionPay, Visa, Mastercard (limited domestic use)	Integrate via Alipay+, WeChat Cross-Border Gateway, or UnionPay UPI API; settle CNY through PBOC-approved banks	Prioritise QR acceptance and cross-border FX corridors; highlight tourist conversion; ensure RMB compliance
Japan	PayPay, Rakuten Pay, d-Barai, LINE Pay	JCB, Visa, Mastercard, Amex	Connect via local PSPs (SoftBank Payment, GMO-PG, SB Payment Service); enable EMVCo QR + NFC terminals	Drive cashless adoption; combine wallet loyalty + card cashback; partner with retail chains and transport
Korea	Kakao Pay, Naver Pay, Toss, Payco	BC Card, Hyundai Card, Visa, Mastercard	Partner with local acquirers (Hana, Shinhan, NH, Woori); connect via KFTC or card VAN networks; support KPay/Naver API	Support bank-linked wallets; enable QR/NFC hybrid terminals; emphasise in-app loyalty and K-ID verification
Taiwan	LINE Pay, JKoPay, iPASS Pay	Visa, Mastercard, JCB, UnionPay	Integrate through FSC-licensed PSPs; LINE Pay + iPASS APIs; card acquiring via CTBC, Fubon, Cathay	Focus on mobile-first retail, QR + card combo terminals, LINE ecosystem loyalty, and cross-border Pay

Merchants could encounter barriers to entry in each market, as shown in the following table:

Theme	China	Japan	Korea	Taiwan
Entry Path	Alipay+ WeChat PSP	Local PSP (GMO-PG, SoftBank)	Local Acquirer/KFTC Link	Licensed PSP (LINE/iPASS)
Settlement Currency	CNY → FX → HQ	JPY (Trust)	KRW (Bank Custody)	TWD (Custodial Bank)
Merchant Strategy	Compliance and scale	Loyalty and cashless incentives	Bank API integration	QR ubiquity + LINE ecosystem
Main Barrier	FX repatriation	Complex licensing	Multi-bank routing	Fragmented PSPs

## Which payment methods are best for recurrent billing?

Cards for both business-to-Customer (B2C) and business-to-business (B2B) payments are better suited for recurrent billing. For B2B payments, RTPs have a growing albeit small popularity base.

Country	Cards	Wallets	RTP (Bank Rail)	Key Notes/Merchant Strategy
China	<input checked="" type="checkbox"/> Supported (UnionPay, Visa domestic)	<input type="checkbox"/> Limited – Alipay/WeChat require re-consent each cycle	<input checked="" type="checkbox"/> Supported – PBOC-supervised CNAPS and CIPS allow standing instructions for B2B	Use cards for subscription billing; RTP for enterprise auto-debit; wallets only for consumer re-auth flows.
Japan	<input checked="" type="checkbox"/> Mature – tokenised recurring via JCB/Visa/Mastercard	<input type="checkbox"/> Prepaid top-up only (PayPay, Rakuten Pay, LINE Pay)	<input type="checkbox"/> Limited – Zengin RTP not open for merchant pull debits	Cards dominate for SaaS/media; wallets for reload; RTP still closed-loop.
Korea	<input checked="" type="checkbox"/> Strong – tokenised, 3DS-exempt recurring via BC, Hyundai	<input type="checkbox"/> Restricted – Kakao/Naver/Toss allow scheduled transfers	<input checked="" type="checkbox"/> Supported – HOFINET/KFTC auto-transfer APIs for billers	Use cards for consumer recurring; RTP for regulated billing (utilities, telcos); wallets for linked bank auto-pay.
Taiwan	<input checked="" type="checkbox"/> Full – recurring via Visa/Mastercard/JCB; LINE co-branded cards	<input type="checkbox"/> Developing – LINE/JKo/iPASS auto-top-up only	<input checked="" type="checkbox"/> Pilots – FSC expanding interbank RTP for recurring billers	Cards remain easiest; RTP emerging for domestic recurring; wallets tied to stored value reloads

## Who are the custodians of funds in each country?

It is important to understand how funds are custodied and settled in each market, as this determines settlement timing, regulatory oversight, and the degree of control merchants retain over their working capital. The following table compares custody models across the four North Asian markets:

Theme	China	Japan	Korea	Taiwan
Custody Model	Centralised (State-mandated via PBOC)	Trust-bank segregation	Distributed via multiple banks	Hybrid – transitioning to direct custody
Float Income	None (0% interest on reserves)	Minimal (trust income limited)	None (banks retain interest)	Limited (depends on FSC terms)
Regulatory Objective	Capital control and surveillance	Consumer protection and systemic safety	Integration and transparency	Gradual liberalisation
Merchant Impact	Lowest margin float; strict data visibility	Stable settlement; compliant ecosystem	Strong KYC; limited flexibility	Growing ecosystem autonomy

## In summary

Despite chatter about stablecoins and ISO 20022 mainstream adoption, North Asia presents a multi-rail payments landscape where no single method dominates universally, and RTPs, while innovative, have lower adoption than cards and Wallets.

While launching in North Asia, merchants must adopt a parallel strategy: prioritise cards for high-value transactions and recurring billing, leverage wallets for conversion and loyalty in consumer-facing channels and integrate RTP rails selectively for low-cost settlements and instant payouts. Success requires local partnerships, compliance fluency, and orchestration platforms that route intelligently across all three rails.

The region's fragmentation is not a bug; it is a feature shaped by sovereign financial policy, consumer behaviour, and decades of localised infrastructure investment. Merchants who treat North Asia as a monolithic block will struggle; those who invest in modular, market-specific integrations will capture disproportionate share.

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