

Is facial recognition the future of smart payment in China?

It is easy to go cashless in China by simply scanning a QR code, a payment tool used by everyone from shopping centres to street side vendors.

In the latest technological step, you do not even need to get your mobile phone out of your pocket, as a single snap of your face can pay for everything in your shopping basket. However, is it safe to pay using facial recognition?



Alipay, China's mobile payment giant, recently released its latest facial scanning payment product, Dragonfly, which directly reduced access and installation costs for merchants by 80 percent, Beijing Business Daily reported on 14 December.

Seeing the huge potential in facial recognition payment, WeChat Pay and UnionPay, the other dominant players in the Chinese market, are also gearing up to seize their share of the action.

Xue Hongyan, director of the internet financial centre under the Suning Financial Research Centre, told Beijing Business Daily that facial payment could free users from their mobile phones and improve their consumption experience.

Some industry insiders predict that facial payment will see explosive growth in the next three years, as the industry threshold is continuously lowered. While the facial payment market booms, the industry has also noticed rising user concerns about the safety of their bank accounts as well as their privacy.

Xue noted that, compared with a QR code, facial recognition has higher hardware requirements and is affected by factors such as lighting, while privacy protection will also create difficulties for the promotion of the new payment method.

In general, different payment methods, having their respective advantages in convenience, safety, cost and user acceptability, are not likely to replace each other, Xue added.

Though widely applied in the lending industry, facial recognition is still at a preliminary stage when it comes to general consumption. While offering convenience, it also raises concerns that users' name, gender and age are all noted during the process. This type of information is easily leaked if not managed correctly. Su Xiaorui, a researcher for the internet finance think tank Madai Institute, emphasised that although a lot has already been done for facial recognition payment, there are still errors in the process that can lead to financial security issues. For this reason, the technology has mainly been implemented in low-risk fields, she added.