

Millions of US users to be hit by WeChat block

19 September 2020, by Paul Handley



Universal app

In China, WeChat took the country toward cashless commerce in just a few years, and it is used by hundreds of millions for everyday payments.

It is a kind of universal app, a digital bank account and identification card, for ordering food or a car, sending gifts, managing medical issues, and interfacing [government services](#).

Owned by technology giant TenCent, WeChat in the United States has around 19 million active daily users, said Adam Blacker of Apptopia, a mobile apps consultant.

The US will slow down WeChat to make it unuseable for videochats with family and friends

Washington's crackdown on WeChat will disrupt communications between millions of people in the United States and their friends, families and business partners in China.

But the app had not managed to reproduce in the US its success in China as the dominant smartphone-based payments platform.

The US Commerce Department announced partial bans on Friday on WeChat as well as video app TikTok.

The order will slow down WeChat to make it unuseable in the United States for videochats with family and friends.

"They are slowing the speed to technically make it virtually impossible to use audio, video, or send images," said Wu Ziyi, a Chinese graduate student in political science at the Massachusetts Institute of Technology.

"It's mostly used by Chinese visiting or working here or by Chinese-Americans staying in touch with their relatives," said William Reinsch of the Center for Strategic and international Studies in Washington.

That includes several hundred thousand Chinese students in the US, who use it for "at least 90 percent" of their daily online conversations, according to Wu.

He said that it can be used to exchange small amounts of money.

But it cannot be connected to a US bank account or credit or [debit card](#), and because it only works in Chinese yuan.

US businesses also use WeChat for communications with Chinese suppliers, and can possibly use it for payments, though other services—like the Alipay function of TenCent rival Alibaba—are better built to handle large sums and foreign exchange.

If US businesses do use its payments function, said Reinsch, "I haven't heard of anybody complaining that they might be stopped from doing that."

Now, under the Commerce Department order, WeChat cannot be used for transferring money inside the United States.

Reinsch said US businesses were mainly concerned that the long-flagged crackdown would apply to use of WeChat outside the United States, which would hamstring their China businesses.

That usage appears to still be allowed.

Tough competition in US

WeChat did once try to break into the US payments market, but made few inroads due to resistance by banks and merchants, regulations that favor credit and debit cards over digital wallets, and stiff competition.

In 2018 the company declared its WeChat Pay app was poised to take off, especially in brand-name shops where Chinese tourists abound, hoping to leverage that for a broader expansion.

The gambling and tourism conglomerate Caesars Entertainment began taking WeChat payments at restaurants, shops and entertainment venues in Las Vegas, aiming to help Chinese tourists spend their money.

But with US-based rivals like Zelle, Venmo and Apple Pay contesting the market, WeChat barely registered, and Caesars appears to have given it up.

The company did not respond to a query on WeChat.

Wu said Chinese in the United States might still find ways to use the app, through VPN networks or by other means, but most are already moving to other chat apps for communications with families back home.

"My family is very traditional, so we will probably just go back to the phone call," he sighed.

© 2020 AFP

APA citation: Millions of US users to be hit by WeChat block (2020, September 19) retrieved 4 December 2021 from <https://techxplore.com/news/2020-09-millions-users-wechat-block.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.