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Research on the Localization Mechanism of Alipay in Thailand from the Perspective of Multi-level Governance

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Abstract:

Under the background of the reshaping of the global digital governance order, digital payments are facing challenges from national sovereign regulation, market competition, and social acceptance in overseas expansion. The paper uses multi-level governance theory as an innovative analytical framework that breaks through the limitations of the traditional single perspective and works out the localization mechanism of Alipay in Thailand. According to research, distinct demands from the social level, cooperative embedding at the platform level, and distinct backing from Thailand's regulatory authorities all create dynamic interactions that propel localization. Alipay's merchant coverage and user penetration dramatically rose after integrating with PromptPay, confirming the crucial significance of tripartite synergy. This paper proposes a new negotiated embedding path that includes cultural adaptation, local cooperation, and regulatory coordination, extending multi-level governance to cross-border digital banking. It provides theoretical and practical insights for regional government cooperation and the global expansion of Chinese digital platforms.

Keywords: multi-level governance, Alipay, Thailand, localization mechanism

1. Introduction

As digital economy globalization and the economic and trade cooperation between regions deepened constantly, digital payment has become an important link to promote cross-border trade and connect domestic and international markets. China and Thailand are close geographically and maintain robust economic and trade ties. Under the Regional Comprehensive Economic Partnership framework, bilateral digital economy cooperation has been thriving, creating a favorable environment for Chinese digital payment platforms to enter the Thai market. Alipay's deployment in Thailand is not only a simple market expansion but also a typical sample of digital governance interaction and platform localization practices between China and Thailand.

However, Alipay's expansion in Thailand hasn't gone as easily as expected. Thailand's complex local payment system and strict restrictions make it challenging for international platforms to quickly copy its domestic models. Because local payment methods are dominant, Thailand's market is under tremendous pressure from competitors. The varied payment methods and cultural preferences of local users further raise the bar for localization adaptation. Even though a lot of research has been done on platform localization tactics, cross-border payment laws, and Thailand's digital payment industry, there are still glaring holes. Most studies focus solely on government legislation, platform strategy, or user approval in isolation, lacking comprehensive analysis of many issues. Furthermore, there is a lack of specialized study on bilateral situations involving China and Thailand. Since it is rare for multi-level governance perspectives to be methodically applied to reveal the interacting links among platforms, government, and society, it is difficult to fully describe Alipay's mechanism in Thailand.

This research has theoretical as well as practical implications. Based on multi-level governance theory, this paper examines the interactions between the state, platform, and society during Alipay's localization in Thailand through data comparison and case analysis. By combining its experiences and paths, this research addresses the limitations of single-perspective studies and expands scholarship on cross-border digital finance and platform governance. What's more, it deepens the understanding of China-Thailand digital governance cooperation and provides useful examples for Chinese digital payment companies entering Southeast Asia.

2. Literature Review

2.1 Cross-Border Digital Payment:Regulation and Institutional Constraints

Digital payment platforms' international expansion is more than just a business move; it's a window into a governance space that is restricted by the institutional frameworks of host nations. National data sovereignty and international commercial efficiency are fundamentally at odds in cross-border data flows, with institutional obstacles resulting from disparate national regulations on data transmission and storage[1]. The administration of multi-party power balance in international operations presents a difficulty for digital platforms as non-state actors. Cross-border compliance burden is further increased by the lack of regulatory standardization in fintech areas like capital flow management and licensing authorization[2][3].

Thailand has established a standardized cross-border payment regulatory framework based on QR codes in recent years by enforcing strict data localization and financial isolation rules on international digital payment firms. Additionally, it requires international platforms to completely comply with local regulations before they may access domestic systems[4][5]. Cross-border payments are becoming a key component of bilateral trade as Sino-Thai digital economy cooperation continues to grow under the RCEP framework. Nonetheless, there is still opportunity to maximize regional regulatory cooperation[6].

2.2 Localization and Adaptation Strategies of Global Digital Platforms

The key to overcoming institutional obstacles and achieving operational implementation for international payment platforms is localization. Regulatory adaptability, local cooperation, and operational optimization are its main constituents. Platforms can swiftly adjust to the regulatory frameworks of host nations by using regulatory sandboxes as a compliance buffer[7].A crucial strategy for international platforms to integrate into local markets is local cooperation, which can lower compliance costs and improve ecosystem synergy[8].In the meantime, platform governance models need to be continuously adjusted through interactions with local actors because they change dynamically with market conditions[9][10].

2.3 Thailand's Digital Payment Ecosystem and User Behavior

With PromptPay serving as a national real-time payment system, Thailand's digital payment business has grown into a complex ecosystem dominated by the central bank and focused on local tools. With the aim to create a basic payment network across the country, it depends upon the Bank of Thailand's campaign to establish binding between bank accounts and mobile phone numbers. In order to create ecosystem loops and gain a dominant market position, local platforms like TrueMoney simultaneously take up high-frequency offline scenarios like retail and transportation[11]. According to previous research, Thailand's payment system places a strong emphasis on interconnectivity. Through independent operation, foreign platforms find it difficult to overcome local ecological constraints; instead, they must collaborate with local businesses or systems to join the market[12].

At the user level, Thai mobile payment users are mainly aged 18–34. Although this group has a high acceptance of digital services, it generally focuses on transaction security, privacy protection and platform reliability, making risk perception a key factor in user choices[13]. Meanwhile, Thai users are heavily influenced by social referrals and habits, requiring foreign platforms to adapt interfaces,

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languages and risk disclosures[14].Post-pandemic digitalization among local SMEs has also boosted demand for low-cost, convenient tools, driving market compatibility and cooperation[15].

2.4 The Foundation and Application of Multi-level Governance Theory

Multi-level governance theory, first proposed by Marks et al., emphasizes the coordinated interaction among actors at different levels and diverse stakeholders, breaking through the limitations of traditional single-perspective governance. The theory has been widely applied in research on regional governance, transnational policy, and digital governance. In transnational situations, it can successfully describe the power dynamics and cooperative ties between many actors, including governments, platforms, and society[16].

Multi-level governance reveals relationships between nations, organizations, and businesses and describes the balance between data sovereignty, compliance, and platform operations in the digital economy and cross-border regulation[17]. It provides an integrated viewpoint on institutional adaptation and social acceptance for global digital platforms, which is very appropriate for research on the globalization of digital payment[18][19].

In the areas of multi-level governance, cross-border platform regulation, and digital governance, current research has produced rich findings; however, despite these advances, three shortcomings still exist. First, research frequently concentrates on platform strategy, user acceptance, and government regulation independently, lacking a cohesive analytical framework that incorporates all three. Second, developing bilateral digital cooperation scenarios like that between China and Thailand receive less attention in cross-border payment research, which is mostly focused on European and American markets. Third, there aren't many case studies that focus on Alipay's localization in Thailand, which makes it challenging to discern its implementation pathway in the face of local competition, policy restrictions, and cultural adaption. To successfully solve the previously mentioned constraints and provide a suitable research framework for this study, multi-level governance theory can integrate the three interconnected relationships among government, platform, and society.

3. Theoretical Framework

The international development of digital payment platforms is more than just technological and economic growth in the context of the constantly changing global digital regulatory landscape. It is closer to a process of coordination and interaction between users, platforms, and the state. With the goal to understand Alipay's localization operation mechanism in Thailand, this paper uses multi-level governance theory as an analytical framework. There will be obvious limitations if analysis is done from a single point of view. The Bank of Thailand's strict data security management is at times overstated when government regulation is the exclusive focus, ignoring the real needs of the market and users. Payment convenience is one-sidedly pursued by concentrating only on the social level, ignoring regulatory red flags. Alipay's coordinating role among several parties is not shown when concentrating only on the platform itself. Multi-level governance theory emphasizes communication and compromise between many stakeholders. It demonstrates how Alipay attains steady growth by balancing user expectations and regulatory concerns, which cannot be explained by a single viewpoint.

Figure 1 provides a visualization of the three-level interaction structure of state, platform, and society during Alipay's localization process. The platform level handles compliance, collaboration, and adaptability; the social level represents a variety of user needs; and the state level offers institutional support and regulation. The localization effect of Alipay in Thailand is driven by the dynamic interactions between the three levels.

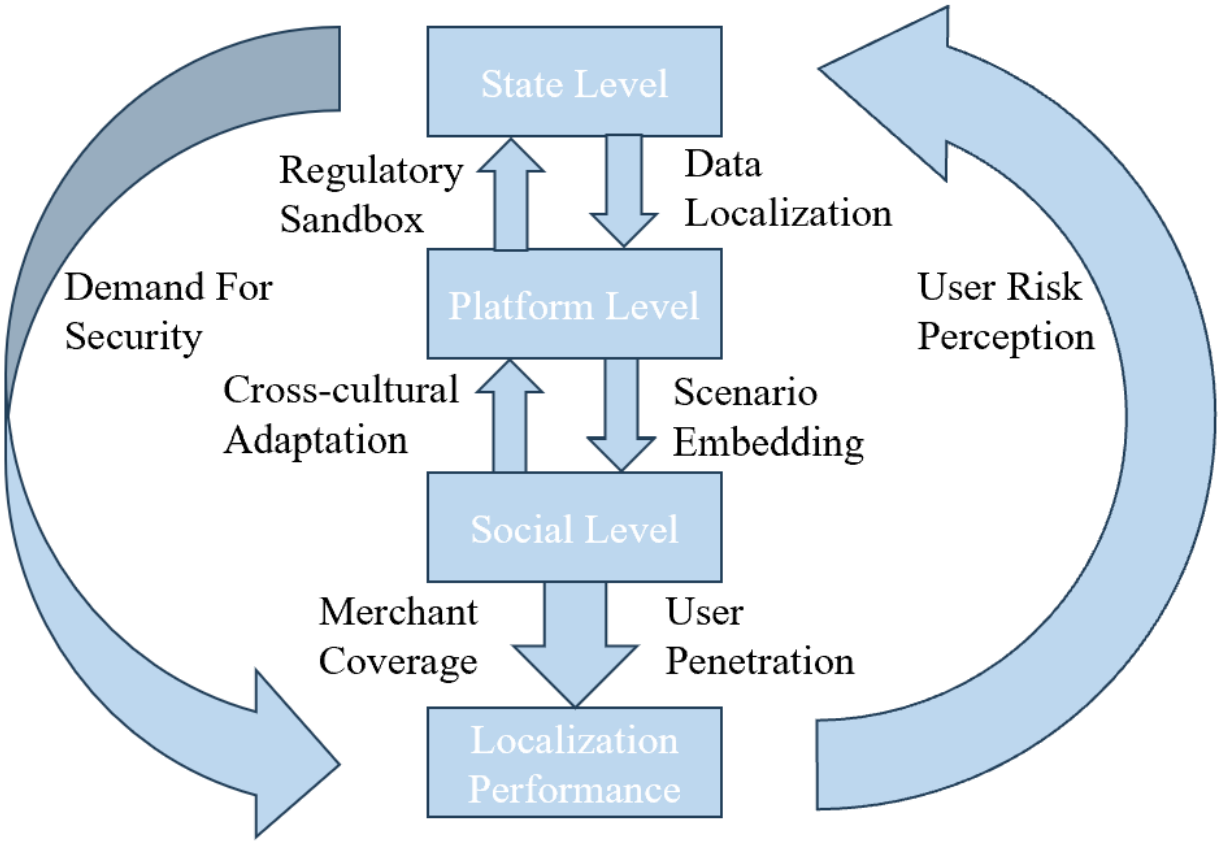

Fig. 1 Interactive Mechanism of Multi-level Governance for Alipay's Localization in Thailand (Picture credit: Original)

The following analytical claims are set out in this paper based on this framework. Alipay will use a strategy that combines collaboration and competition to overcome market restrictions and local competitiveness in Thailand. In order to adapt to the local circumstances, it will constantly enhance its operations, goods, and cooperative strategies. Based on Sino-Thai relations, industry interests, and financial safety, the Thai government would regulate Alipay differently. Alipay's localization space is directly affected by this regulatory direction. The payment patterns of foreign visitors, Chinese living abroad, and Thai residents varies. Alipay will be forced to make specific adjustments to standard terms, usage circumstances, and services as a result of these variations. The way Alipay localizes and its outcomes will depend on how country regulations, platform strategy, and social requirements interact and adapt. Stable and efficient localization is created by improved coordination.

Based on these analytical propositions, this article will analyze Alipay's cooperation strategies, product modifications, regulatory alignment, and user adaptability in Thailand. The mechanism of Alipay's localization in Thailand is fully explained by incorporating the interacting relationships between the three-tier actors.

4. Case Analysis

4.1 Development and Evolution Stages

Alipay's entry into the Thai market is an example of how a Chinese digital payment company typically moves from providing service to outbound visitors to achieving localization. Alipay initially made an appearance in Thailand's well-known tourist destinations in 2015. At first, the company concentrated on offering services to Chinese travelers who needed to make cross-border payments. Following the full recovery of cross-border travel in 2023, Alipay started to develop its localization plan and extend its services to local users. With over a million linked merchants and 71.2% of Thailand's mainstream e-payment retailers, Alipay formally integrated with PromptPay, the country's payment system, in October 2025. From a tourist payment instrument to a local universal payment system, this act has made a significant transition.

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4.2 Institutional, Market and Social Challenges

Although Alipay has certain progress in localization, it still faces challenges from regulation, market competition, and social acceptance in Thailand. Research data shows that Chinese users in Thailand have a high acceptance of Alipay. A questionnaire survey conducted among 200 Chinese people in Bangkok revealed that 89% had used Alipay, 55.6% believed it improved payment convenience, 74.2% approved of its security for cross-border use, and the brand loyalty reached 94.4%[20]. Because of its China-centric design, absence of direct Thai Baht settlement, and clear distinctions from regional payment methods, Alipay is not well-liked by Thai resident. Overall, Alipay mainly faces three challenges in Thailand. First, there may be certain uncertainties brought about by dynamic changes in Thailand's financial regulations. Second, there is fierce competition between domestic and foreign payment systems. Third, it is challenging to increase user acceptance because local people are reluctant to use traditional payment methods.

4.3 Localization Strategies under Multi-level Governance

In order to overcome the previously mentioned obstacles, Alipay encourages localization through market collaboration, regulatory compliance, and cross-cultural adaptation, progressively creating an operational system specific to the Thai market.

Alipay complies with Thai data protection, anti-money laundering, and the cross-border data regulations of the Association of Southeast Asian Nations by partnering with Thai-licensed financial institutions for local data storage. Thailand provides Chinese digital platforms with special regulatory assistance, increasing the sandbox user cap to 500,000—much higher than the 50,000–100,000 cap for Western platforms[1].

In order to integrate into the local ecosystem, Alipay uses a strategy that combines partnership for competition at the level of market co-opetition. Alipay covers high-frequency situations like BTS Skytrain and 7-Eleven convenience stores by collaborating with local organizations like Bangkok Bank. Chinese tourists' spending at Central Pattana increased by 218% during the 2025 Songkran Festival compared to the same time last year due to real-time RMB-THB settlement[2].

Alipay makes unique product modifications for various user groups at the cross-cultural adaptation level. It better fits the usage habits of locals by introducing a Thai-language interface, combining with local bank accounts, and running marketing campaigns in line with Thai holidays. It also allows multi-currency, card-free payment for foreign visitors and keeps a Chinese interface for Chinese living abroad, which greatly improves the user experience for various user groups[3].

In summary, Alipay's operations in Thailand demonstrate that expanding cross-border payments requires more than just replication. It needs to find a balance between market competitiveness, regulation, and cultural adaptation. Its localization depends on bilateral cooperation, compliance, and local demand orientation. For other Chinese companies seeking to enter Thailand, this is also a valuable resource.

5. Data discussion on Alipay's Localization in Thailand

5.1 Core Indicators Comparison Before and After PromtPay Integration

In order to examine market changes before and after Alipay's October 2025 access to Thailand's national payment system PromptPay, this research chooses relevant clues from January 2023 to December 2025. Every piece of information comes from respectable and open sources. The paper only organizes, compares, and analyzes the data without conducting independent primary data collection or questionnaire surveys[4].

Table 1 reflects the changes in key indicators of Alipay's localization in Thailand. Before integrating with PromptPay at the end of 2023, Alipay had approximately 420,000 partnered merchants with a merchant coverage rate of about 30%. By the end of 2025, partnered merchants exceeded 1 million, with coverage rising to 71.2%. Meanwhile, the payment penetration rate among Chinese tourists, the adoption rate among Thai Chinese and local Thais have all increased to varying degrees, with the level of localization showing a trend of steady improvement.

1 Bank of Thailand. Regulatory Sandbox Rules for Fintech in Thailand. 2025; ASEAN Pay Association. ASEAN Payment Industry Development Report. 2024.

2 Ant Group. Official Announcement on Alipay's Cross-Border Consumption Data in Thailand. 2025.

3 Economic and Commercial Office of the Chinese Embassy in Thailand, "WeChat and Alipay Enable Direct QR Payment in Thailand," November 10, 2025.

4 All data in this paper adopt official statistical definitions. The tourist penetration rate is sourced from the Tourism Authority of Thailand. The adoption rate among Thai Chinese refers specifically to permanent ethnic Chinese residents in Bangkok, Chiang Mai, and Phuket. The adoption rate among local Thais comes from the Bank of Thailand. Merchant data only covers offline physical stores.

Table 1. Comparison of Key Localization Indicators of Alipay in Thailand (2023-2025)[5]

Indicator	Before accessing PromptPay (End of 2023)	After accessing PromptPay (End of 2025)
Number of Partner Merchants	About 420,000	Over 1 million
Merchant Coverage Rate	About 30%	71.2%
Payment Penetration Rate among Chinese Tourists	52.3%	68.4%
Adoption Rate among Thai Chinese	71.4%	82.7%
Adoption Rate among Local Residents	12.6%	22.1%

5 Data Sources: Bank of Thailand (BOT), 2025; Ant International, 2025; Tourism Authority of Thailand (TAT), 2025; Thai-Chinese Chamber of Commerce, 2025

Table 2 compares the differences in regulatory conditions between Chinese-funded and Western payment platforms in Thailand. According to Table 2, Thailand imposes looser regulations on Chinese payment platforms, offering advantages in user limits, approval cycles, data rules and system integration, which facilitates Alipay's localization.

Table 2 Comparison of Regulatory Conditions for Chinese-funded and European/American Payment Platforms in Thailand[6]

Regulatory Condition	Chinese-funded Platforms (Alipay/WeChat Pay)	European/American Platforms (PayPal/Apple Pay)
User Limit in Regulatory Sandbox	500,000 persons	200,000 persons
Access Period	Average 6–12 months	Average 18–24 months
Data Localization Requirement	Supported for negotiated implementation	Strictly mandatory
Connection with Local Payment System	Access to PromptPay completed	Not fully accessed

6 Data Sources: Bank of Thailand (BOT), 2025; ASEAN Payment Industry Report, 2024; Personal Data Protection Authority (PDPA), Thailand; National ITMX, Thailand.

5.2 Verification and Interpretation of Analytical Propositions

This study confirms each of the four previously proposed analytical propositions using the data mentioned above. First, Alipay generally takes a cooperative approach rather than a confrontational one, and its model and features adapt to the local market, which somewhat enhances merchant penetration. Second, Alipay may benefit from a more stable institutional framework and a simpler translation process thanks to Thailand's unique regulatory backing for Chinese-funded platforms. Third, Alipay has undertaken multilingual and multi-scenario cross-cultural adaptation to some extent due to the notable disparities in payment practices and acceptability among tourists, ethnic Chinese, and locals. Fourth, the interplay of platform strategy, user demand, and regulations might improve the stability and depth of Alipay's localization in Thailand.

Data changes also indicate that integration with PromptPay and relevant policy support from Thailand may be important factors driving the improvement of various indicators, rather than mere organic growth. With similar technological level, Chinese-funded platforms are more likely to benefit from the China-Thailand bilateral governance collaboration, thus lowering the barriers from institution and operation.

6. Conclusion

This paper examines the interactions between regulatory agencies, the platform, and users in order to evaluate and explain Alipay's localization mechanism in Thailand from the standpoint of multi-level governance theory. The findings demonstrate that, as opposed to straightforward company growth, its localization depends on dynamic coordination between state regulation, platform collaboration, and social demand. With the goodwill between China and Thailand, Alipay entered Thailand. It steadily overcame market obstacles by establishing institutional and cultural integration through compliance, local partnerships, and modified services, although being constrained by local

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regulations and market conditions. Its market performance has significantly improved as a result of the integration with PromptPay, demonstrating the crucial role that three-fold interaction plays.

The study supports the explanatory power of multi-level governance theory for cross-border payment practices by finding that localization outcomes are affected by the degree of cooperation among regulation, platform strategy, and user demand. In the meantime, Thailand's comparatively flexible regulatory policies also aid in lowering institutional obstacles for Alipay.

This study explains the international relations behind digital payments. Using Alipay as an example, it confirms that globalization requires a thorough discussion of institutions, culture, and strategy that goes beyond simple technology export. In addition to offering useful references for Chinese digital payment platforms to explore Southeast Asian markets within the RCEP framework, the findings strengthen the application of multi-level governance in cross-border digital finance. The long-term effects of platform competition and modifications to laws on localization sustainability can be explored more thoroughly in future studies.

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