

Virtual Currencies in China

Q Coins, Gold Farms, and Real Money Trades

Report Summary

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In China's online world, weak payment systems remain perhaps the greatest obstacle to overall sector growth. With a banking system slow to reform, heavy restrictions on PayPal-like online payment platforms, and little credit card usage among China's online population, virtual currencies have quickly found a niche. These currencies cover a wide range of uses, from Q Coins, the standard payment for countless virtual goods and services on Tencent's QQ.com, to the gold and credits in the virtual economies of China's popular online gaming sector.

Virtual Currencies in China is the first in-depth look at the virtual currency phenomenon in China. In it we provide a comprehensive overview of all key companies and currencies. We examine a number of recent reports - virtual currencies threatening China's official currency, "gold farms" producing and selling virtual gold for real cash, virtual money laundering, and rumors of major government restrictions in the near future - and separate fact from fiction. Looking ahead, we forecast the potential for growth in virtual currencies and which companies (and currencies) will come out on top.

Key Players Covered

Virtual Currencies in China covers the following key companies and interest groups in China:

- **Instant messaging and portal-based virtual currency issuers:** Tencent (Q Coins), Sina (U Coins), NetEase (POPO Gold Coins), and Baidu (Baidu Coins)
- **Online game-based virtual currency issuers:** Blizzard Entertainment/The9 (World of Warcraft), Netease (Fantasy Westward Journey), Shanda (Woool, Legend of Mir II), and others
- **Virtual currency users:** QQ users, online gamers, gold farmers, and virtual currency traders
- **Virtual currency exchange sites:** Taobao, 5173.com, IGE, eBay China, and others
- **Virtual currency regulators:** China Banking Regulatory Commission, Ministries of Culture and Commerce, others

In-depth Analysis and Key Questions Answered

Below are some of the key questions answered in this report:

- How strong is user demand for virtual currencies in China?
- How will virtual currencies influence China's economy?
- How well can virtual currencies compete with other online payment systems in China?
- How will today's virtual currencies in China fare in the long run?
- How will China's government regulate virtual currencies?
- To what extent will virtual currencies become conduits for illegal activities in China?
- What role will China's virtual currencies play globally?

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