Breaking Down the Barriers for Mobile Money in Asia

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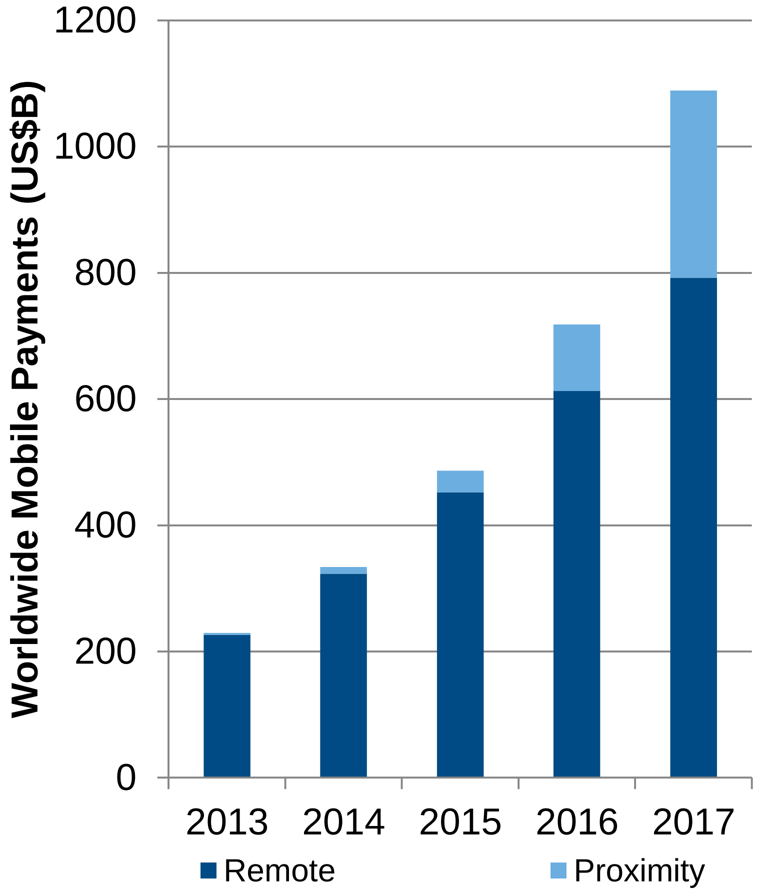
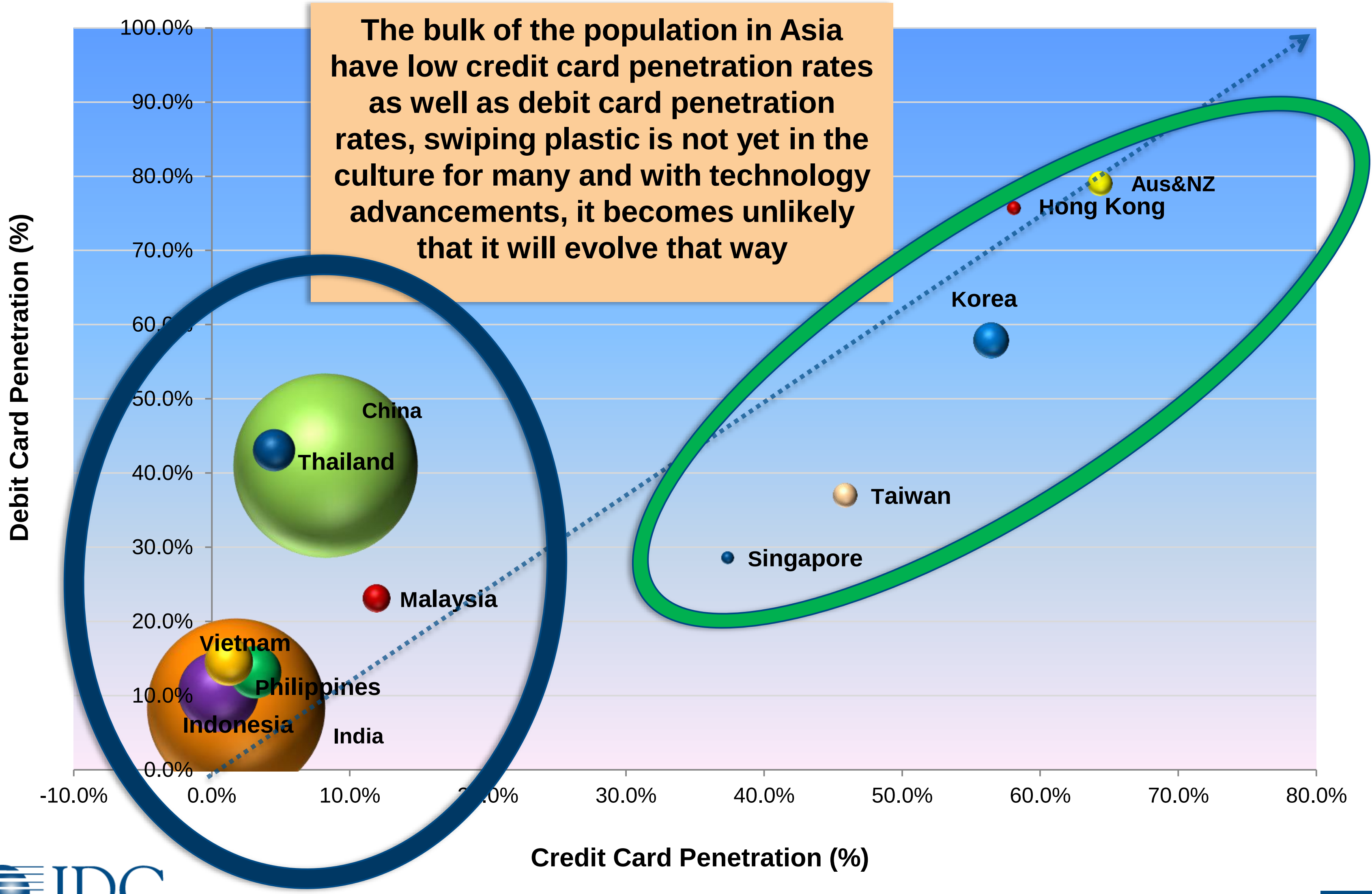
Mobile Payments Are Set to Grow at an Impressive Rate Worldwide Up to 2017



- IDC projects that mobile payments will account for more than US$1 trillion in value in 2017.
- The bulk of mobile payments today come from remote payments, typically related to mobile commerce transactions.
- However, proximity payments are rising fast, driven mainly by NFC based transactions

Asia/Pacific seems unlikely to follow the payments evolutionary path of already developed nations



Mobile Payments in the West: Driven by Plastic

Wallets

Pay

Google wallet

SOFT CARD

Universal Credit Cards

coin

plastc™

Credit Card Emulators

Loop™

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But in Asia, Limited Card Adoption Shifts the Focus to Mobile Wallets

Third Party

Telco-Led

Bank-Led

There are a lot of factors pushing payments in Asia/Pacific to follow its own unique path

Financial Instruments

Large population markets in Asia/Pacific have low credit card penetration rates

Financial Inclusion policies in markets such as India & Thailand are trying to push debit card usage

Technology

NFC penetration for smartphones is still relatively low across Asia/Pacific

QR codes have emerged in some markets as technology-agnostic methods of payment

Five Main Criteria for Assessing mPayment Market Readiness

Financial Readiness

Cultural Readiness

Regulatory Readiness

Technology Readiness

Market Need for Mobile Payments

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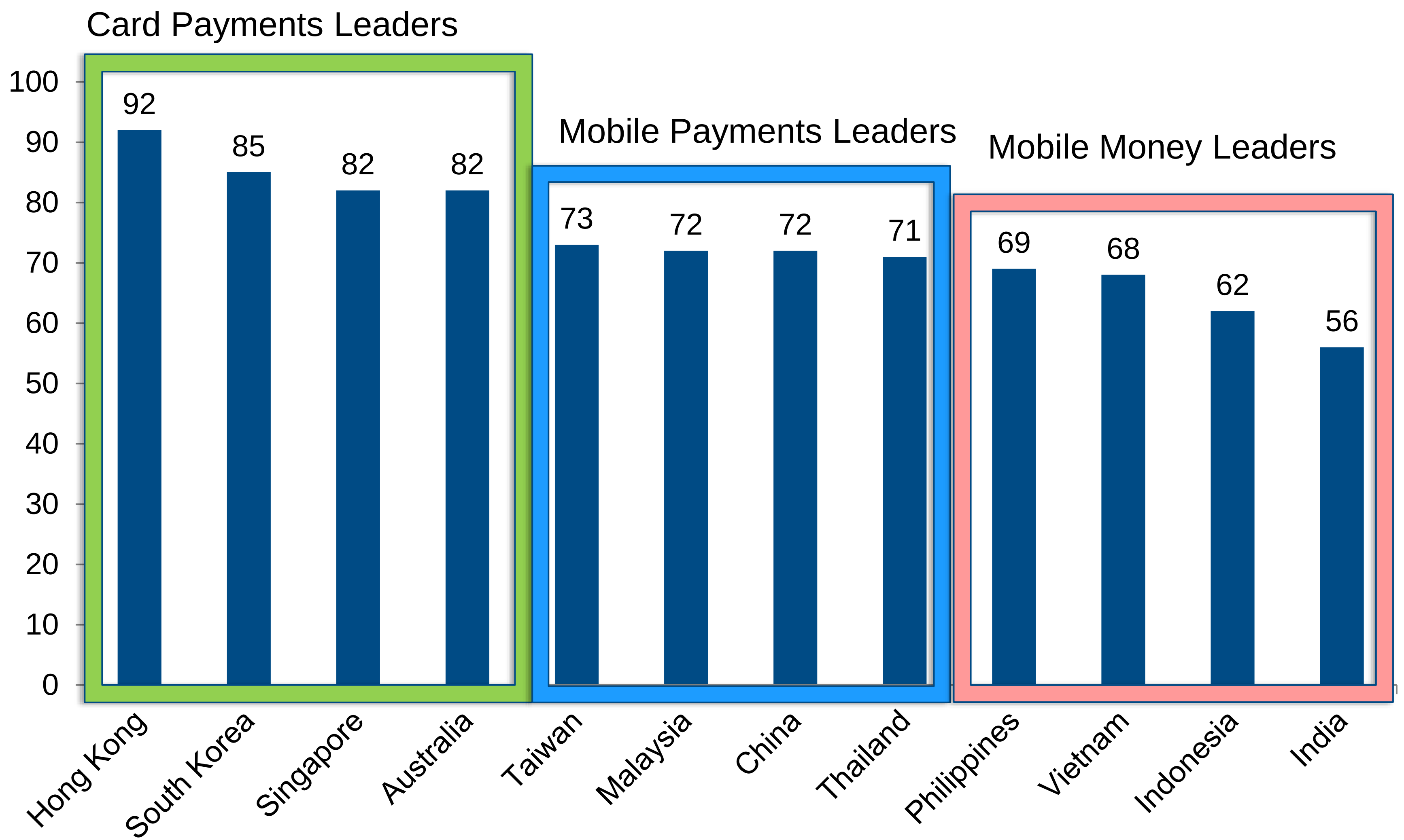
We Then Grouped Markets into clusters Depending on Their Rank and Characteristics



An Explanation of the Clusters and Their Associated Characteristics

Card Payments Leaders

Hi tech and high income markets unlikely to give up their cards, NFC will be the major model

Mobile Payments Leaders

Middle income markets with a lot of smartphones but with low card usage - the perfect brew for mobile wallets to flourish

Mobile Money Leaders

Emerging markets which lack the infrastructure for internet based payments, mobile money is the most effective method here

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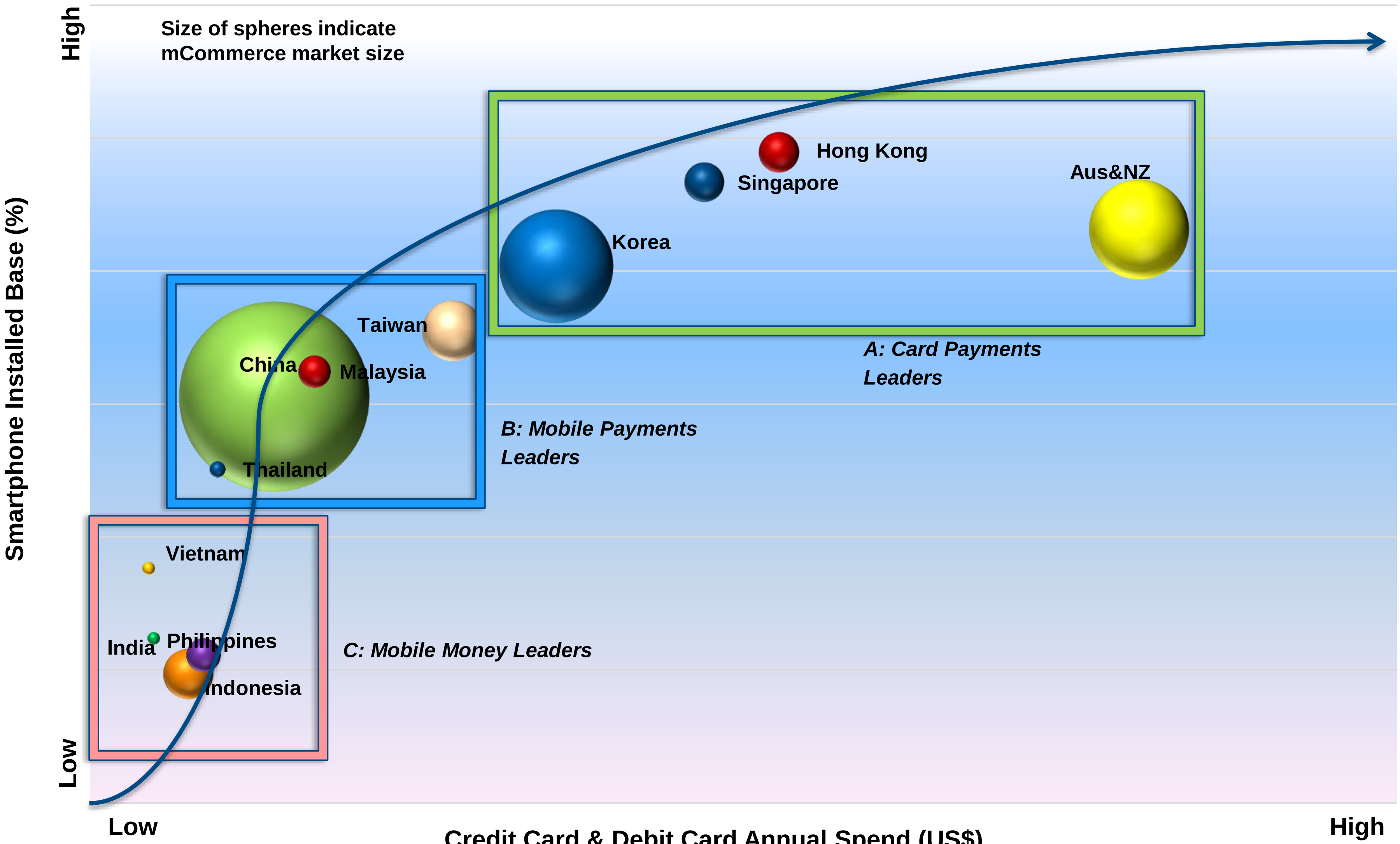
Asia/Pacific Payments Landscape 2015



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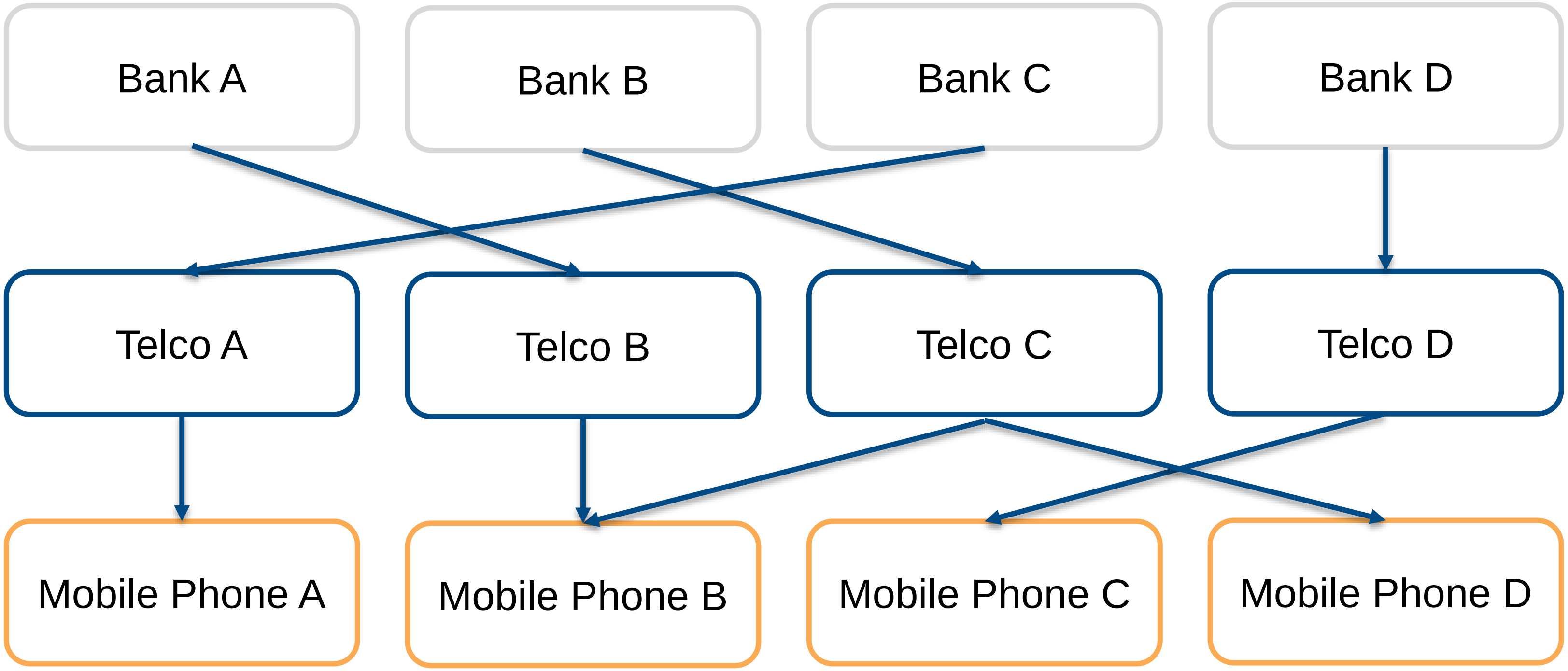
What We See Today

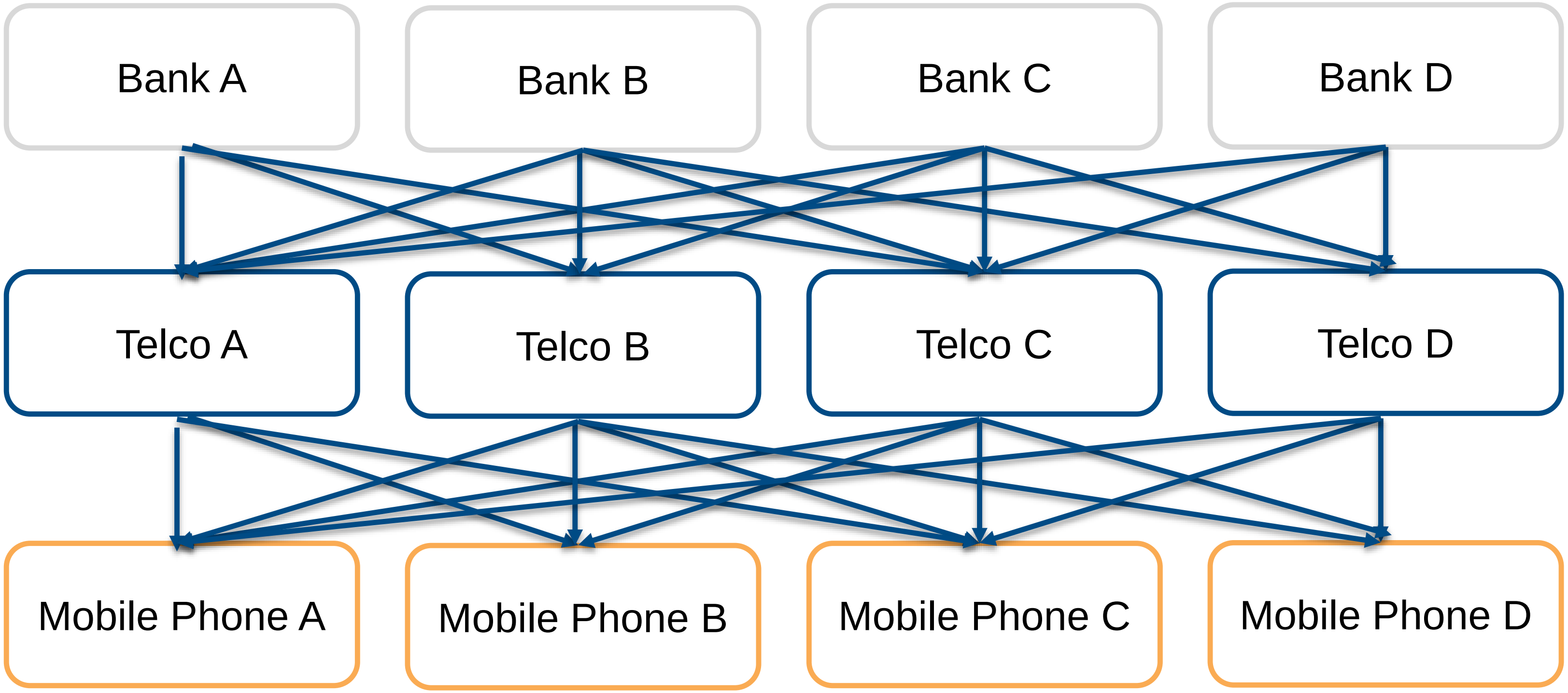
How to start using a mobile payment



Highly limited customer pools who need to have a combination of a bank with a telco and maybe even a certain phone brand before they can make payments

What Can be Done..

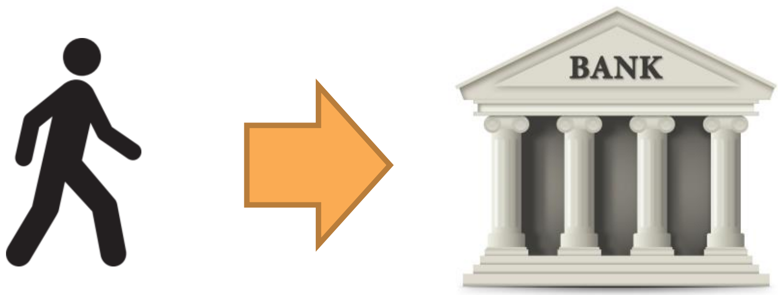
Situation after regulator intervention



Already seen in Thailand, Indonesia, Pakistan

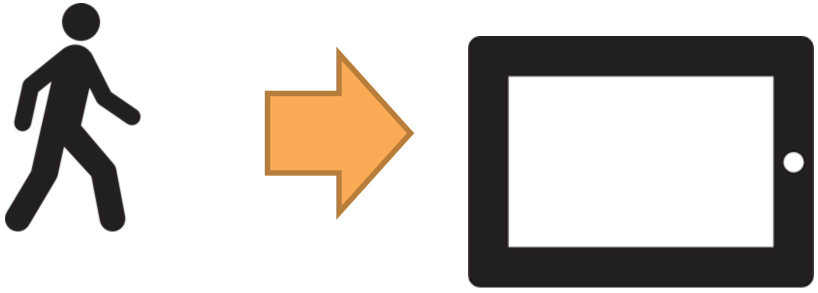
What We See Today in “Branchless Banking”

Signing up for branchless banking and payments



Branchless banking needs a visit to the…..branch?

What can be done..



Use mobile agents to digitize and mobilize whole process

What We See Today in Cross Border Remittances..

Cross border remittances

Physical visit to money transfer

What can be done..

ripple

Technologies like Ripple and Bitcoin can make these transfers possible quicker and cheaper

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Technologies like Ripple Could Change Things Even Further – Uberfication of Remittance…

Joe wants to send USD 2,000 back to Philippines

ripple

Agent 1 Agent 2 Agent 3 Agent 4

Agents receive notification of incoming transfer request and makes bid

Agent bid of 93,750 Peso is the highest and selected

Agent deposits money in mobile money account in Philippines

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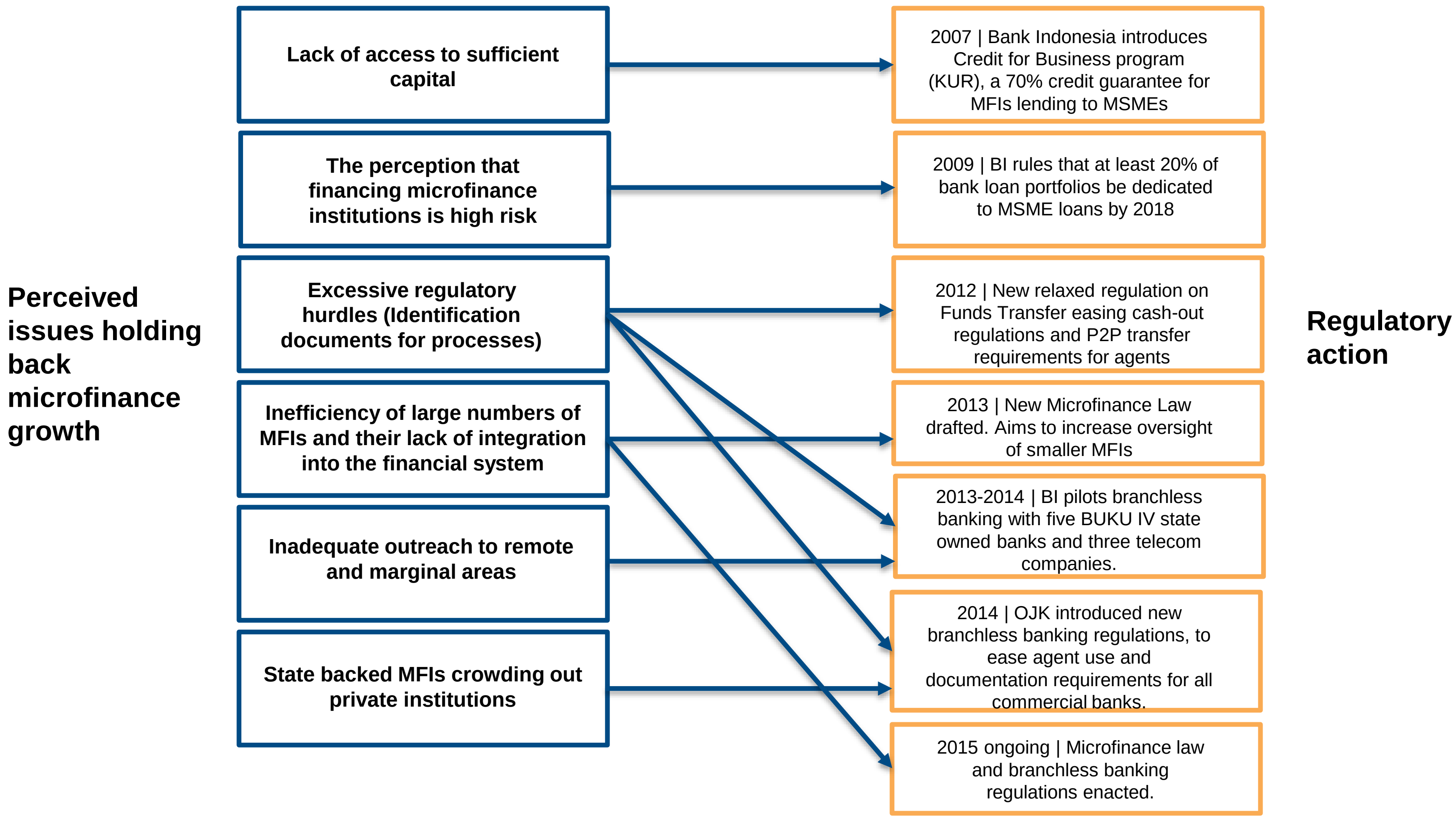
Indonesia's financial services authority (OJK) has helped catalyze much growth



Source: KPMG

Encouraging growth and breaking down the barriers

- **Interoperability is absolutely crucial to achieving scale in markets, this should be the first priority for regulators**

- **Government intervention can make a huge difference, India and Thailand are examples of governments making huge steps in electronic payments via various schemes**

- **New services need new ways of thinking: New financing and payments especially for the unbanked may require different assessment and underwriting methods, as well as new business models**
  - **If you are not sure how to create a framework to assess, open the floor up to external participants**

- **Be open minded to new technologies and construct frameworks to allow for their services to flourish : Bank and Fintech collaborations may be key here in providing a balance of new services and stability**

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