

MIIT ITU Seminar

International Trends In Mobile Payments

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1 July 2014
Yinchuan, Ningxia



WE ARE THE GLOBAL INDUSTRY VOICE SHAPING THE FUTURE OF MOBILE

INDUSTRY FORUM

Enabling industry collaboration and consensus

POLICY ADVOCATE

Promoting policies that foster growth and investment

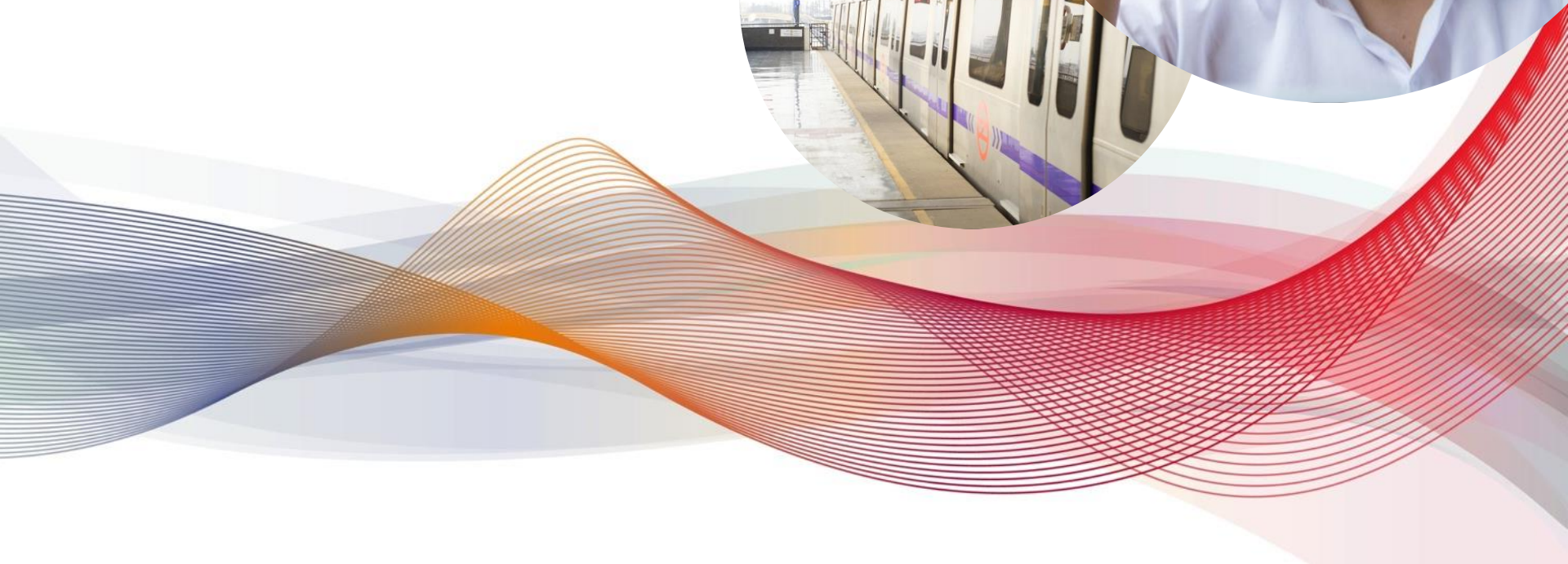
MARKET THINK TANK

Delivering insight and analysis from global industry data

BUSINESS CATALYST

Serving the global mobile ecosystem through events such as Mobile World Congress and Mobile Asia Expo

A Changing Mobile Environment



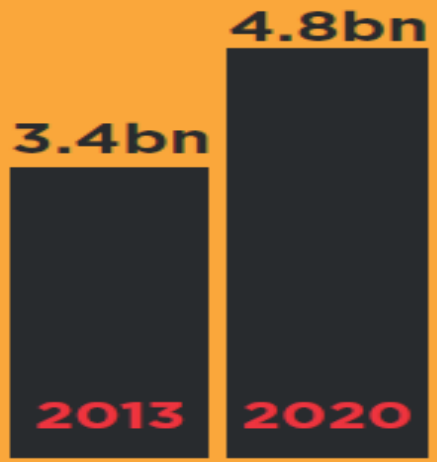
Continued growth of mobile communications in APAC



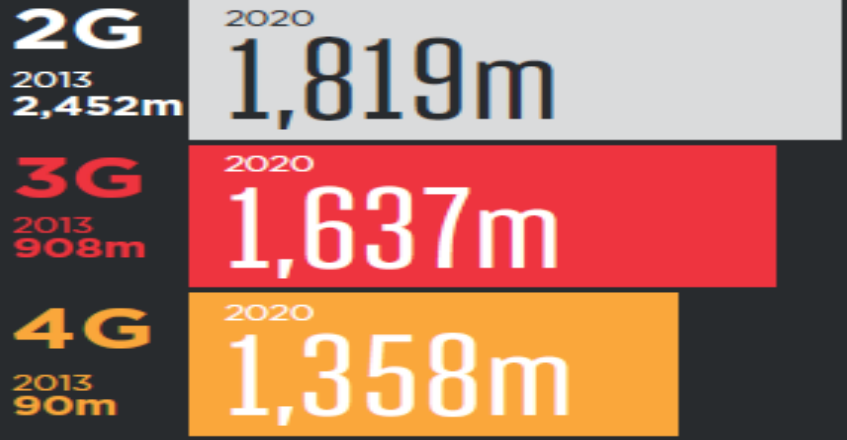
Total SIM connections



4.9%
CAGR



Connection type



Mobile broadband connections



A dynamic ecosystem of new business models



The mobile internet is at the heart of a **dynamic ecosystem** of **innovation** reaching beyond operators: device manufacturers, network infrastructure vendors, content providers, and others.

Emergence of many 'new' competitors with strong capabilities bodes well for innovation and end customers

CREATE
CONTENT



DEVICE,
HOME NETWORK & LAN



END USER SERVICES
& APPLICATIONS



ENABLING SERVICES
& PLATFORMS



NETWORK



DATACENTERS



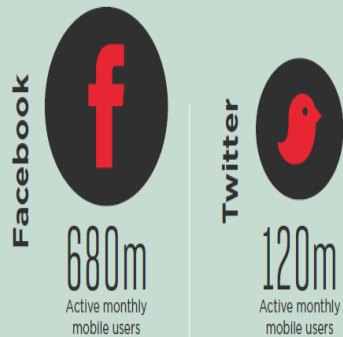
Shift towards a more connected lifestyle ...



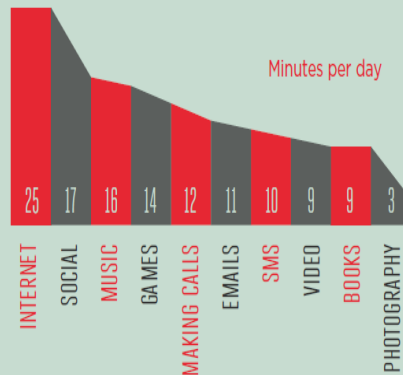
- Increasingly **fast connection speeds** allow each user to consume more data.
- This has led to changes in consumer lifestyle and a more digitally savvy society – to the extent that global consumer expense on ICT reached US\$ 2.14 trillion in 2012 and is expected to reach US\$ 2.88 trillion in 2016.

Source: The Mobile Economy 2013, GSMA/AT Kearney, February 2013

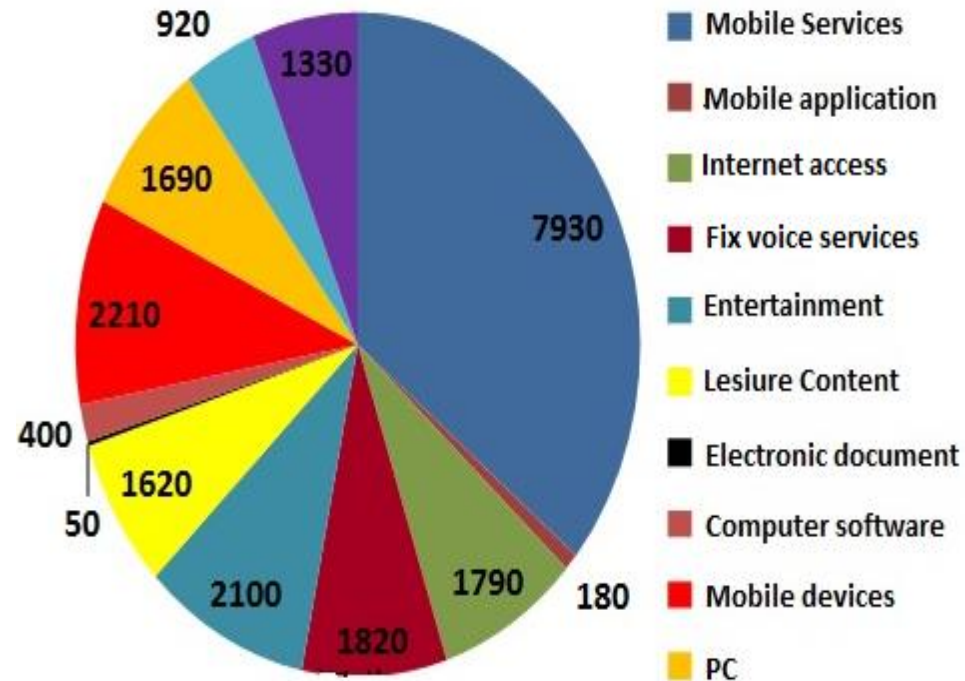
Explosion of Mobile Data Services and Social Media



The advent of the smartphone, combined with the widespread deployment of mobile broadband networks, has led to an explosion of mobile data services



SOURCE: A.T. KEARNEY, CISCO 2013 MOBILE VNI STUDY, GSMA INTELLIGENCE

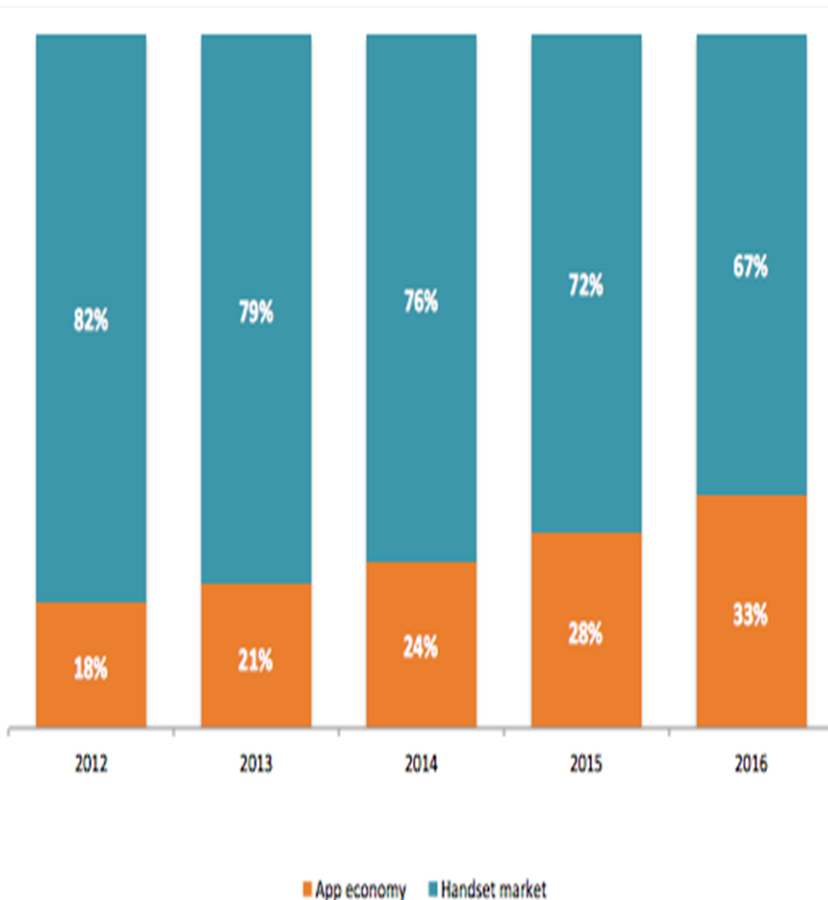


2012 Gartner report: Global consumer expense on ICT

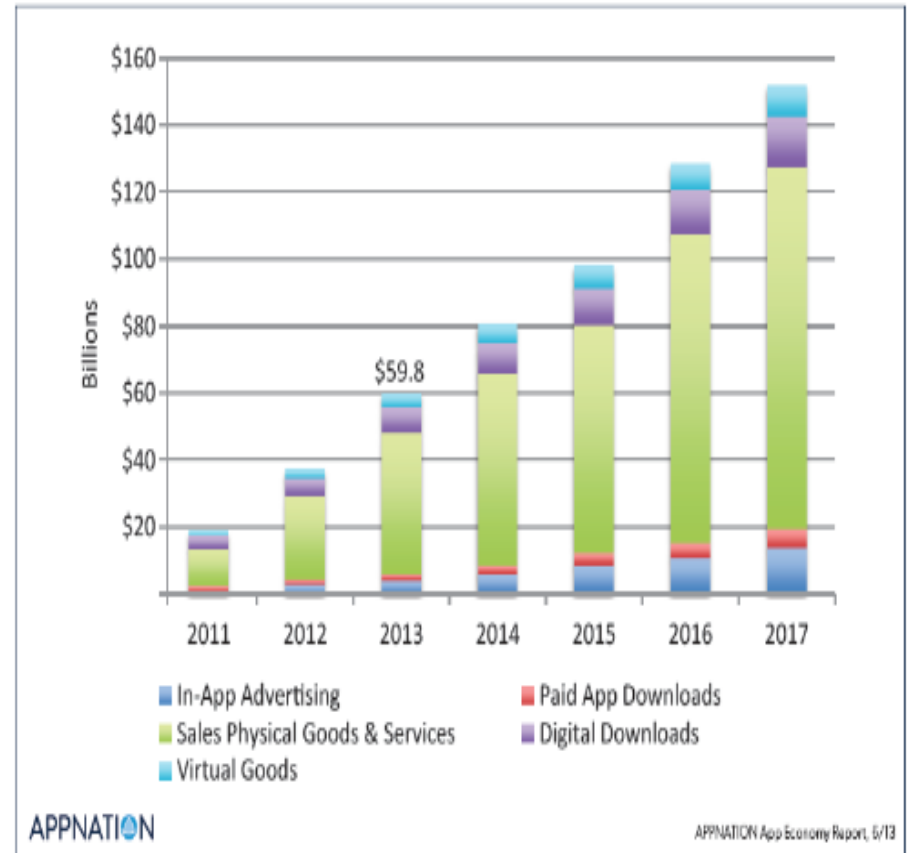
Increasing use of applications ...



- We are already seeing a shift in the handset market and the growing importance of the app economy.
- The US app economy will double from US\$ 60 billion in 2013 to US\$ 151 billion in 2017.



THE US APP ECONOMY



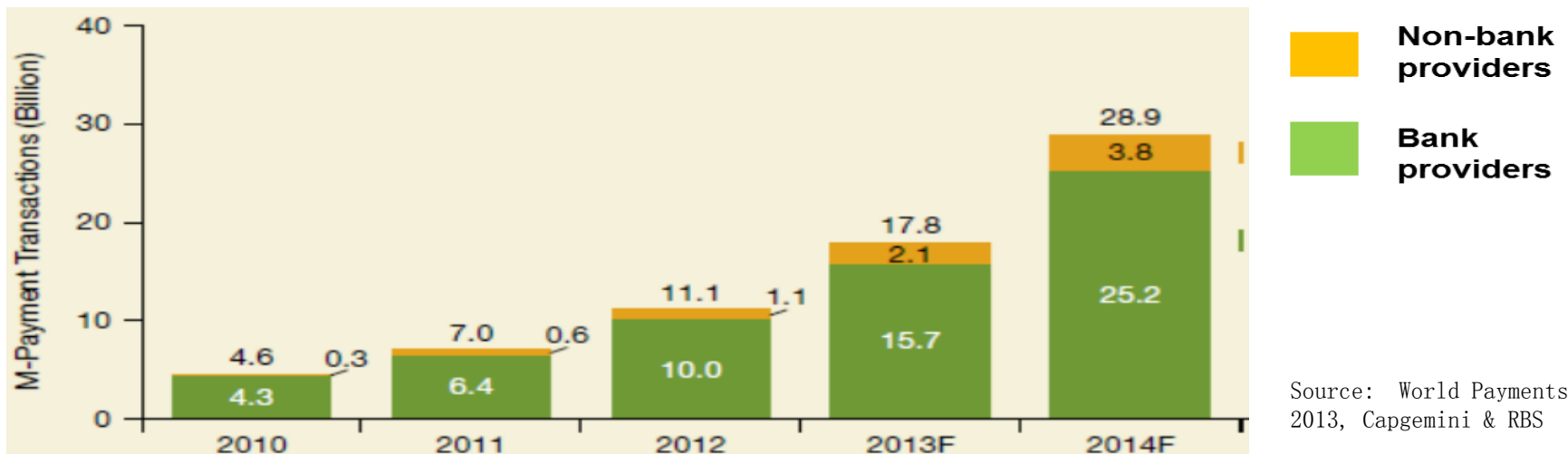
... corresponding impact on payment transactions



Number of Global E-Commerce Transaction (Billion), 2010-2014F



Number of Global M-Commerce Transaction (Billion), 2010-2014F



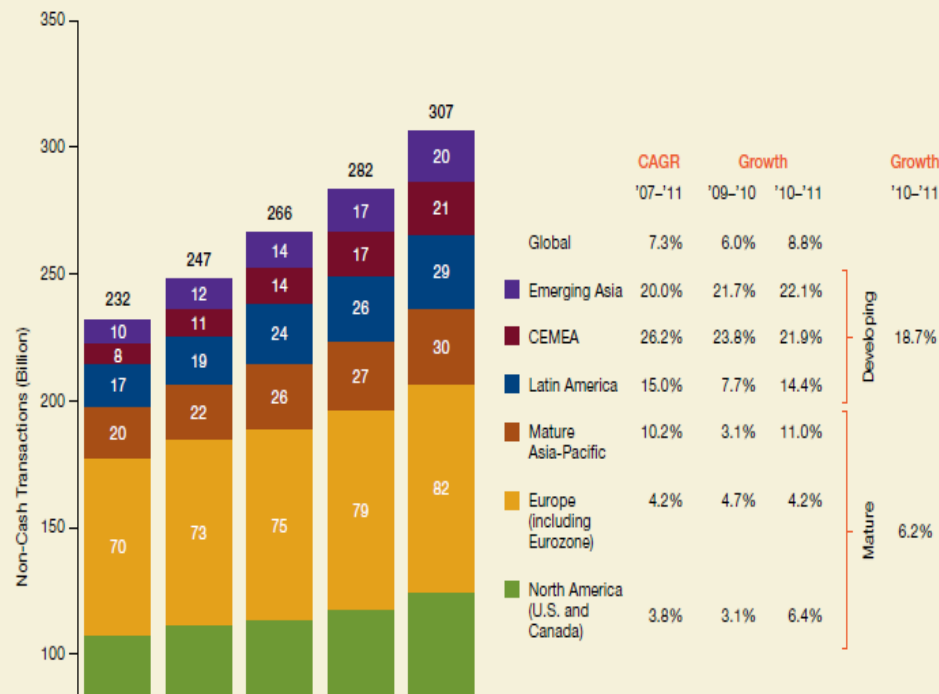
Source: World Payments Report 2013, Capgemini & RBS

Global snapshot of non-cash transactions by region



SECTION 1 WORLD NON-CASH MARKETS AND TRENDS

Figure 1.1 Number of Worldwide Non-Cash Transactions by Region (Billion), 2007-11



Forces driving growth:

- Increased penetration of smart phones and internet usage
- Technology advances
- Innovative products and services

In 2014, it is expected that:

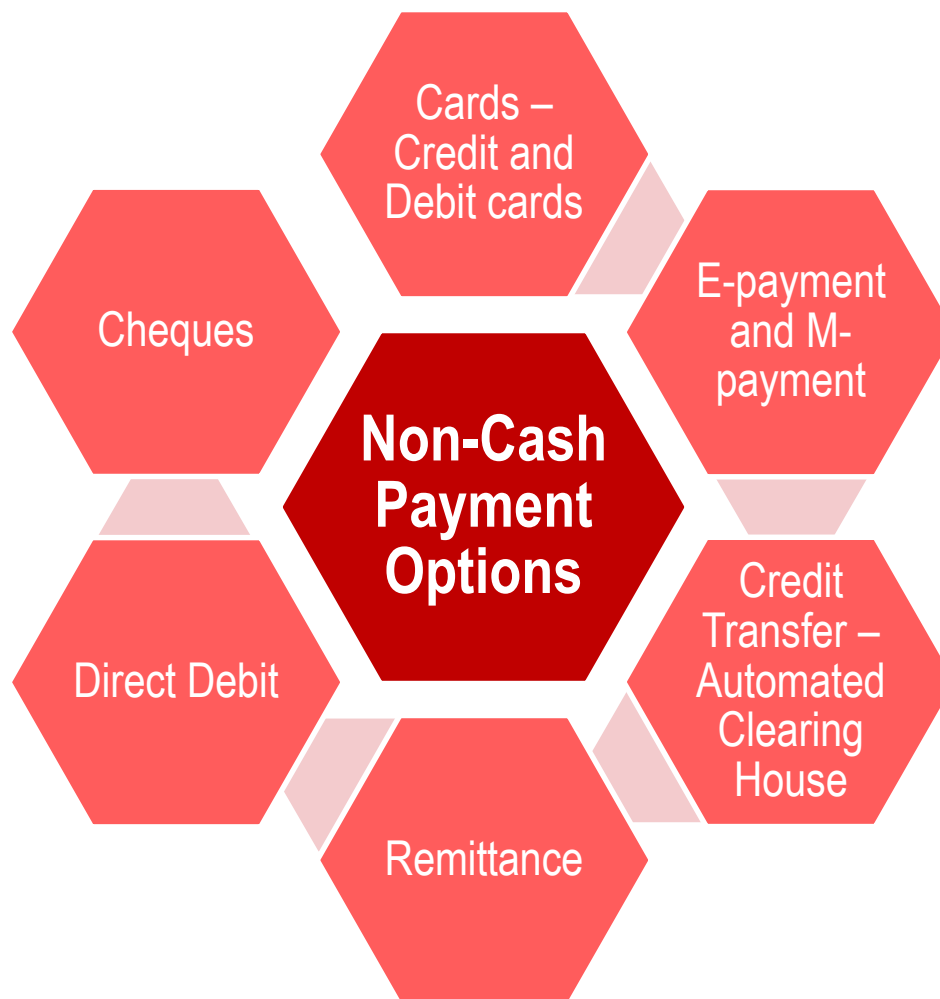
- M-payment transactions will grow 58.5% annually
- E-payments will grow 18.1% annually

Source: World Payments Report 2013, Capgemini & RBS

Trends In Mobile Payments

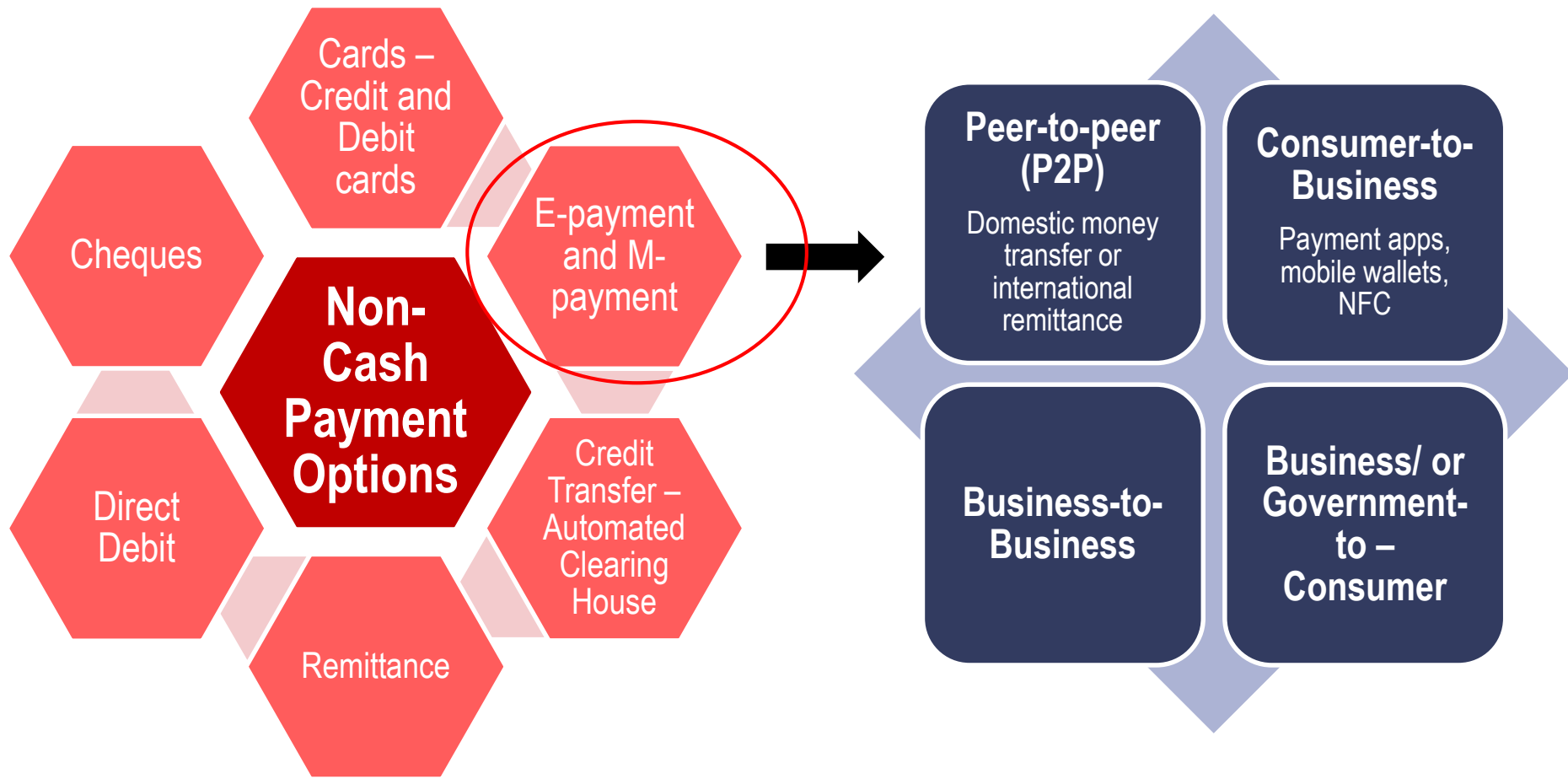


Today - there are many types of payment options



Source: World Payments Report
2013, Capgemini & RBS

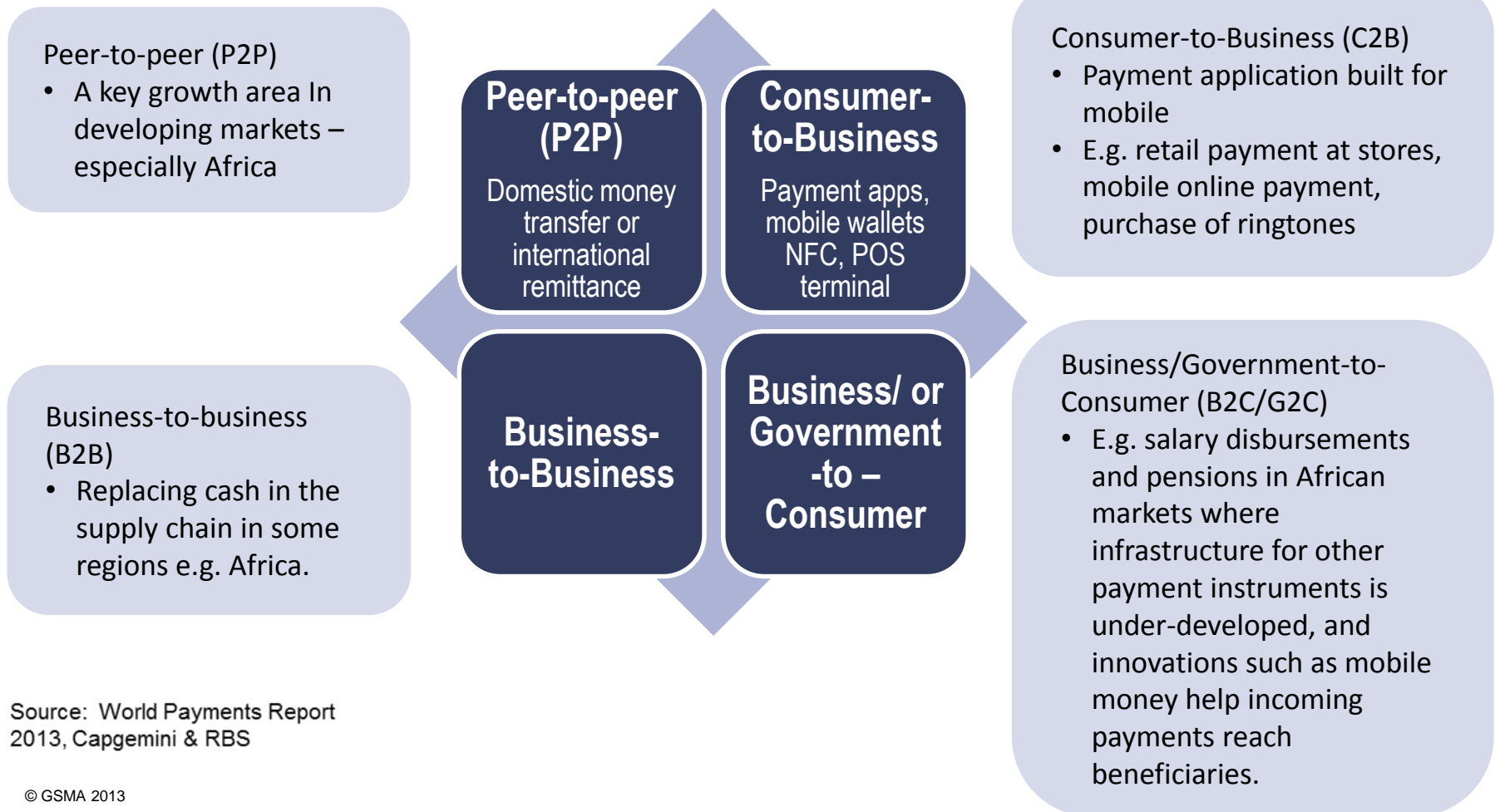
Mobile payment is becoming increasingly important



Various business models at play ...

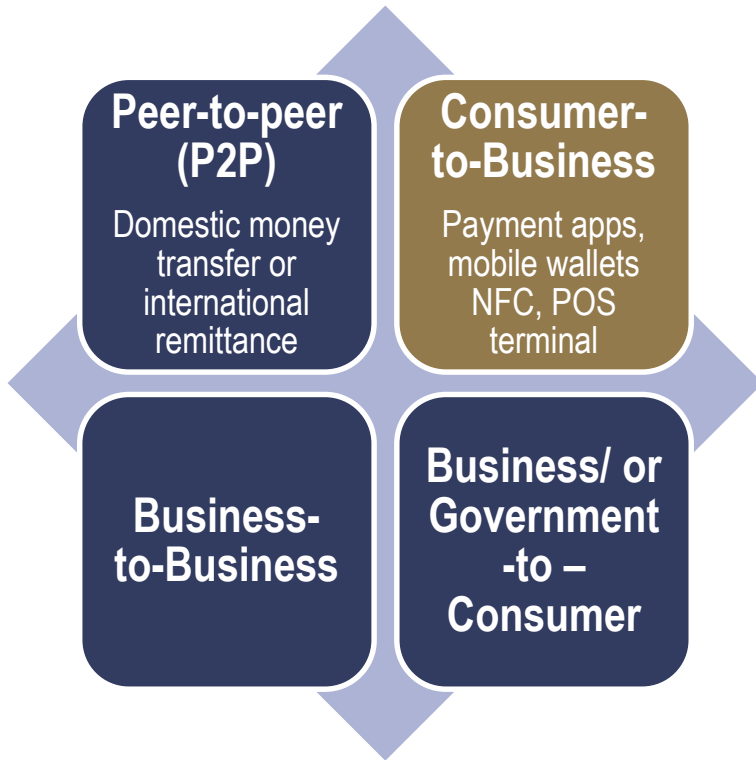


Global m-payments value reached US\$ 256 billion in 2012, and is expected to grow three-fold by 2014 to a total of US\$ 796 billion. P2P and C2B are the main drivers of growth.



Source: World Payments Report 2013, Capgemini & RBS

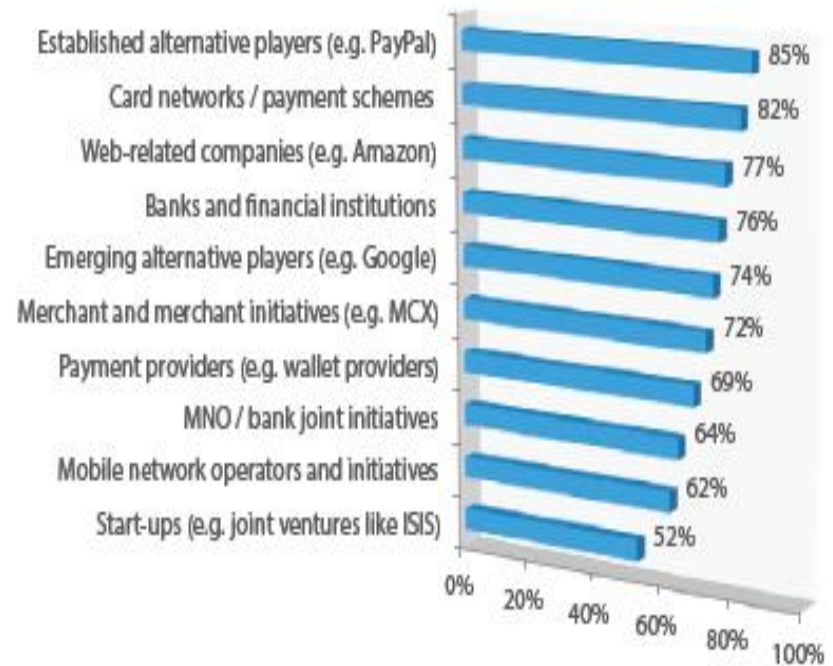
Potential players that will drive growth



Source: World Payments Report 2013, Capgemini & RBS

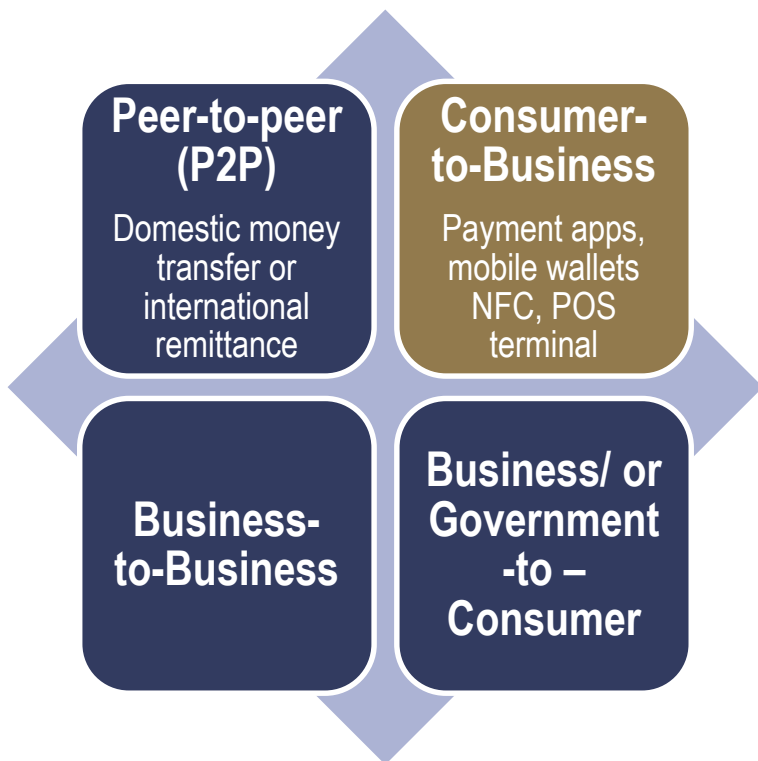
Players most likely to drive growth in mobile payments

(% of respondents who agree or strongly agree)



Source: Advance Payments Report 2014, Edgar Dunn & Co

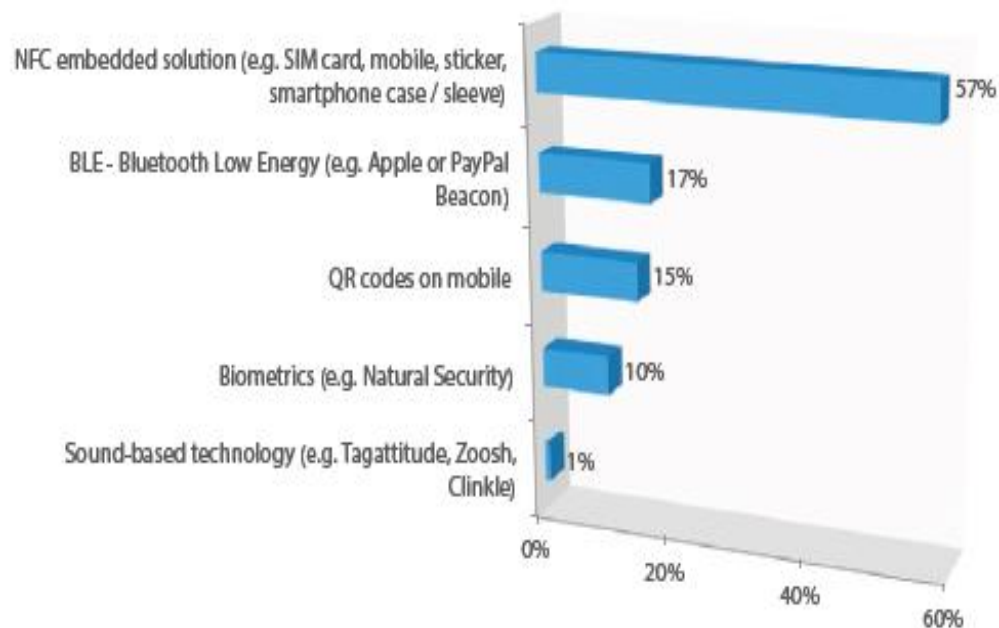
And potential technology that will drive growth



Source: World Payments Report 2013, Capgemini & RBS

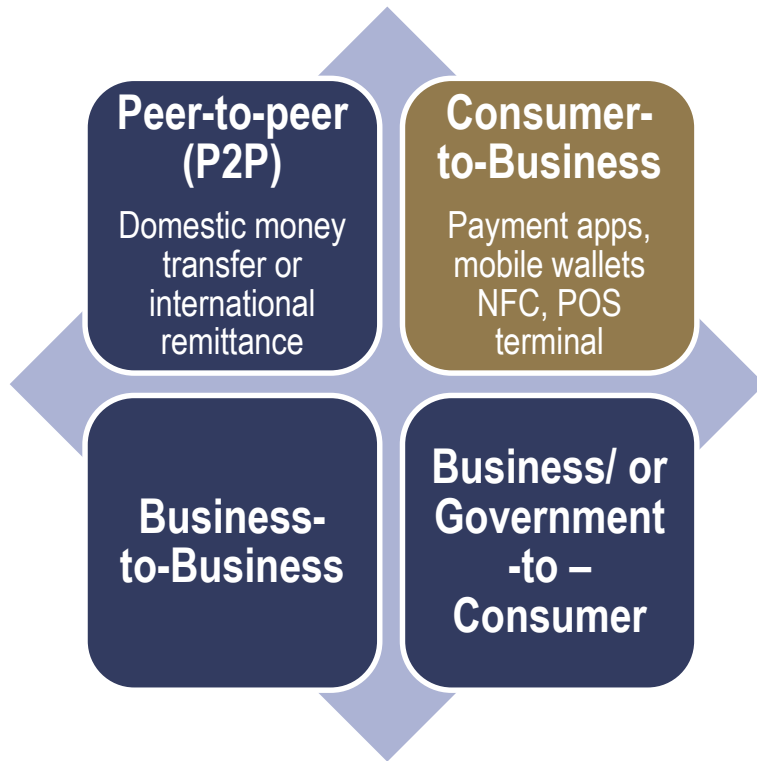
Technology most likely to drive mobile proximity commerce going forward?

(% of respondents that prioritised the top 3 items)



Source: Advance Payments Report 2014, Edgar Dunn & Co

Taking a closer look at NFC technology



SIM Based NFC:

- Global standards
- Open environment and portability among handset providers and mobile network operators
- High security levels and comparable with credit card standards
- Centralised customer service



NFC Technology

NFC Technology



SIM Secure Element

SIM Secure Element

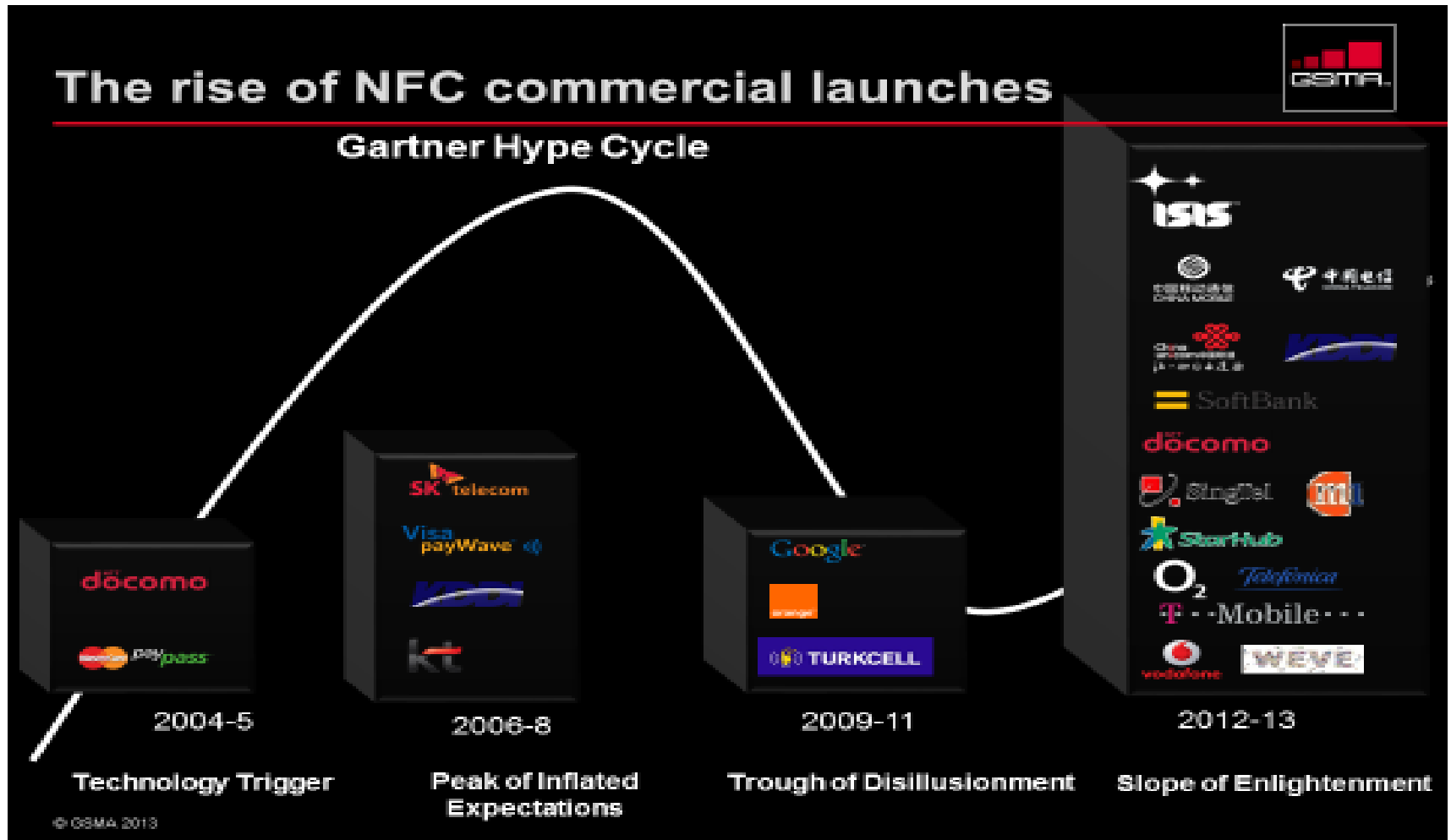


Secure Mobile NFC

Secure Mobile NFC

Source: World Payments Report 2013, Capgemini & RBS

NFC growth has been impressive



Asia is leading the take-up on NFC



Korea: More than 20 million NFC users (as at end 2012); 15% active users



China: 2 Mobile Operators, more than 10 banks, in 20+ provinces. To date – more than 1.3 million contactless POS



Singapore: About 15K users (as at April 2013); open TSM infrastructure

... also for international interoperability

China Mobile, KT, DoCoMo



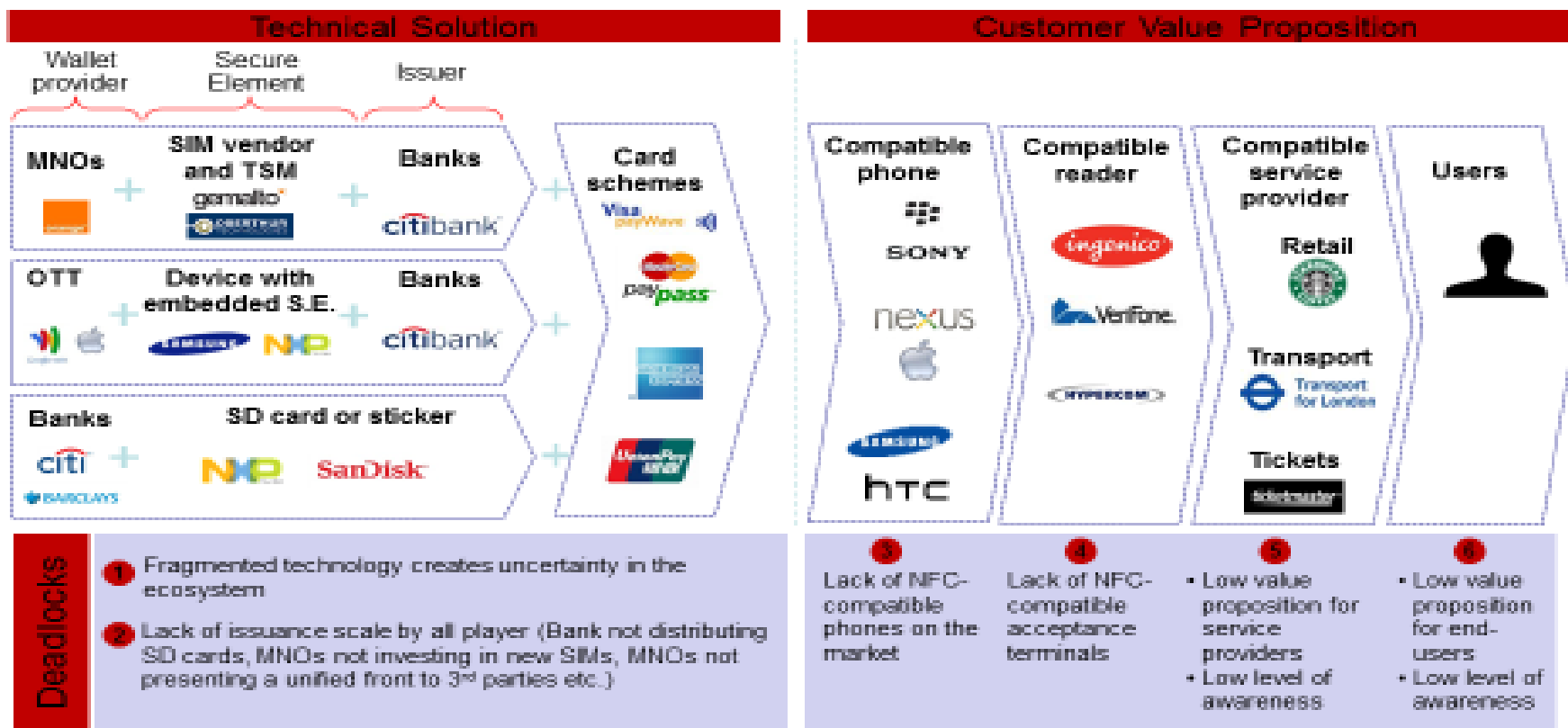
SKT, KDDI, Softbank



But there are still challenges that need to be managed



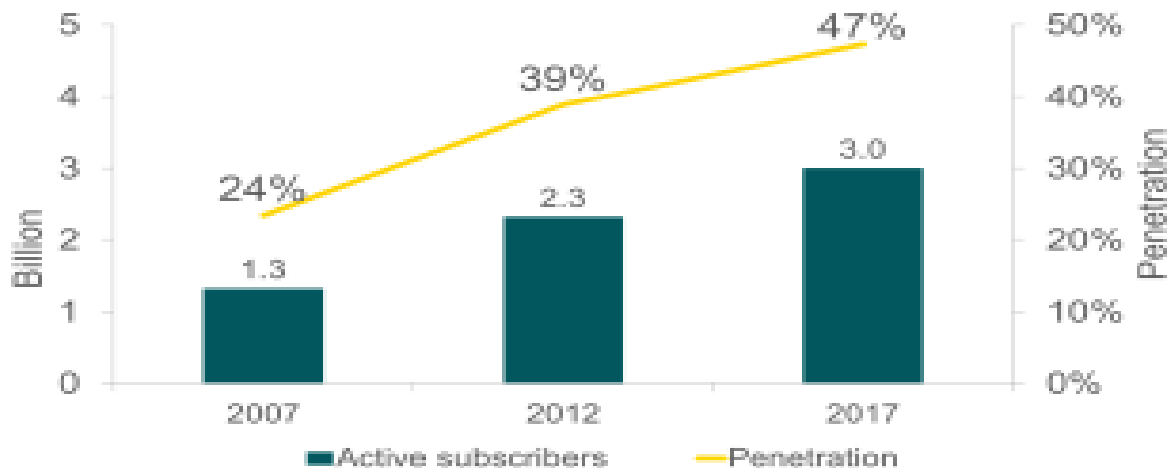
The challenges range from technical to commercial issues on the part of service and solution providers, as well as how to make the end product more user friendly for consumers.



For emerging markets, it's about mobile money



The opportunity for mobile money



Of the 2.5 billion people in the world who still lack access to the financial system, 1.7 billion already have a mobile phone

Source: CGAP, GSMA and McKinsey & Company, "Mobile Money Market Sizing Study" (2010)

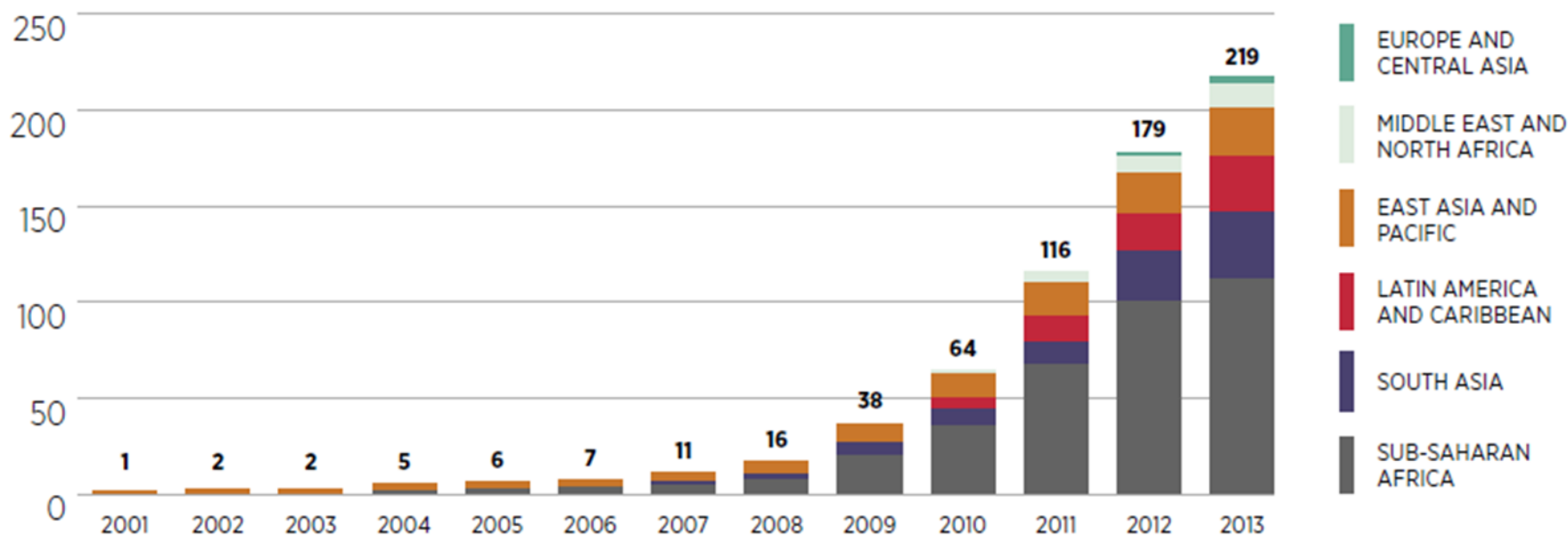
Mobile in emerging markets and developing countries

An opportunity to promote financial inclusion



Mobile money is expanding to more regions but growth in new launches appears to be slowing down

219 mobile money services in 84 countries

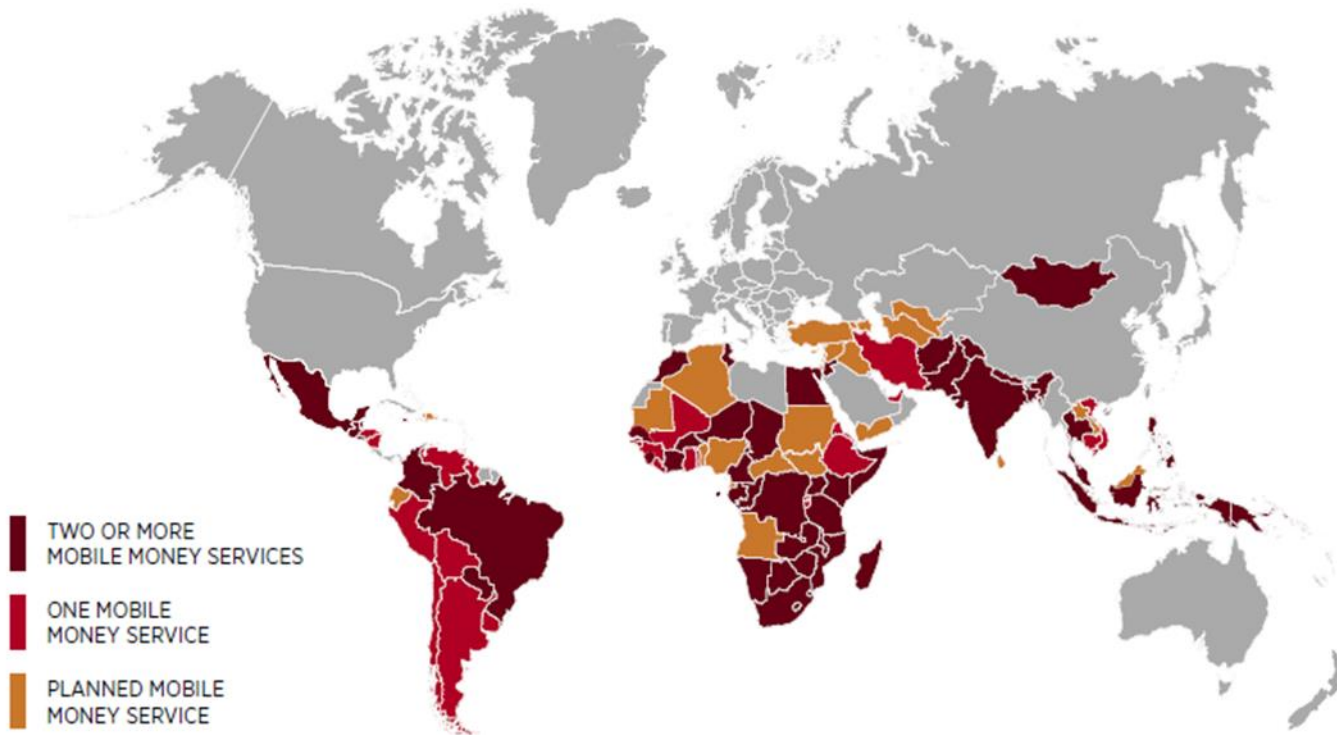


Source: GSMA

Need for interoperability to unlock full potential



52 markets have at least 2 mobile money services, highlighting the need for interoperability



Number of mobile money services by country (Dec. 2013)

Mobile is facilitating an exciting future for us



- The mobile network is at the 'heart' of building a more 'connected' future for all of us.
- As the mobile ecosystem continues to evolve both globally and in Asia, we will see a number of new things - new services, new technologies, new players and new business models.
- Key to all this is ensuring that there is a clear, stable, transparent, consultative and predictable telecoms policy and regulatory environment – one that supports continuous investment into infrastructure and innovation.

- **Spectrum harmonisation for mobile broadband** can unlock US\$1 trillion in GDP for Asia Pacific
- **Cross-sector collaboration** and **smart partnerships** will be a key enabler
- **Supporting innovation** with a common position on **intellectual property rights**
- Key issues on **mobile payments** – increasing consumer convenience, addressing security and transparency issues, technical standards, harmonised data protection rules



THANK YOU

