

# Some Thoughts...

Innovative opportunities in "Payments"

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# Disruption - I

- Watch out for the phone...
  - Within the next decade will begin to pose a serious threat to cash...
  - ...and to some extent, cards
- ... and the Gorillas
  - Vodafone, France Telecom...or Bharti?
- Who do you “see” when you pay through the phone?
  - a Nokia, Vodafone or Amex?

# Problems ...

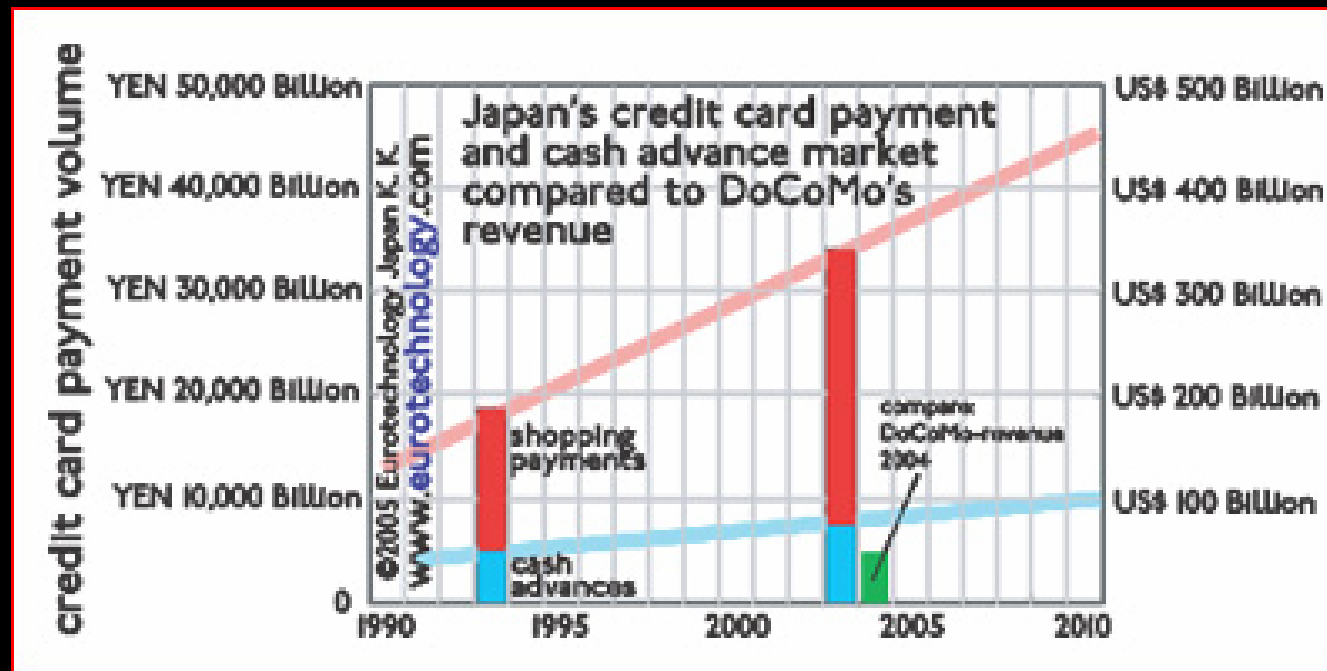
- **Integration**
  - Payment providers + technology providers (handsets) + service channels (operators)
    - All with different agendas...
    - All keen to own the customer
- **Identity**
  - Managing identity
  - Authentication
  - Phone as a security hazard
  - Without a phone – without an identity?

# ...and challenges...

- Owning the customer
  - Who owns the customer?
    - The handset maker? the operator? the payment platform provider?
- Risk management?
  - How do you ensure that the correct device is paired with the correct user?
- Managing multiple transaction media – phone/online/ physical card...

# ...means Opportunity

- NTT + JCB



# Disruption - II

- Watch out for new geographies...
  - With empty spaces
    - E.g. In India, leapfrogging from cash to mobile payments...
    - What do Amex, MasterCard and Visa do in such a situation?
- Asia will see the first big wave of not just mobile but almost all forms of innovative payment solutions...
  - with the possible exception of online\*

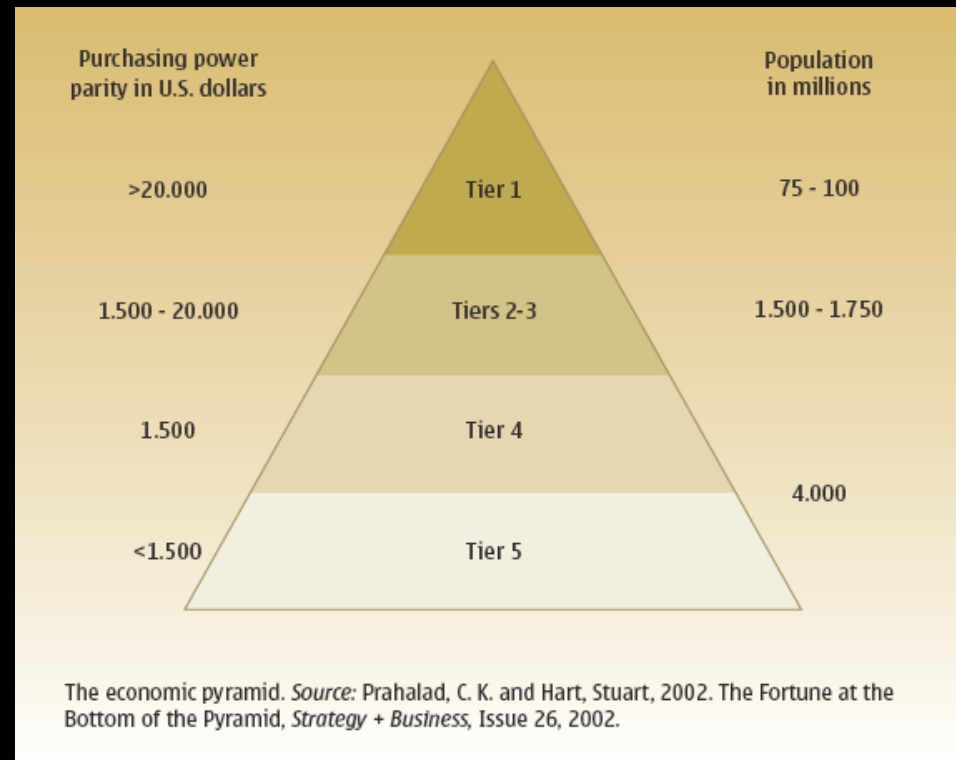
\* Since broadband and PC penetration is low and is likely to remain so

# Problems ...

- Infrastructure
  - Handsets, Networks and payment platforms need to be a lot more robust
- Immature financial systems
  - Need for greater transparency, tighter controls, better oversight
- Lower consumption capacity
  - Income levels, per capita GDP
  - How do you profitably serve 1bn+ low spending consumers

# Opportunity

Not 4bn “poor” people but 4bn “entrepreneurs...  
...and value-conscious consumers”\*



\* Source: “The Fortune at the Bottom of the Pyramid”, C K Prahalad & Stuart Hart

# Areas that I am watching...

- Biometrics-based systems
- Micro-Payments
- Contactless
- Virtual Credit Cards

# Octopus in Hong Kong

- Approx. 10m cards in circulation (Population of HK – 7m)
- Introduced in 1997; Today daily transactions exceed 7m (value \$6.5m)
- Over 100 service providers
- At least 25% transactions are today unrelated to transit
- Nokia has launched a phone cover with an embedded Octopus chip and antenna

# Thoughts for tomorrow\*

- Future trends
  - Check in Check out (CICO) becomes
  - Be in Be out (BIBO)
- Issues
  - Convenience vs. Intrusion
  - Intent vs. Consent

# Questions, Comments, Anecdotes...?

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