

# ITU KL 26<sup>th</sup> August 2015

Financial Inclusion



# Agenda

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Consumer research findings

Digital financial services available

Technology trends

Role of stakeholders in this ecosystem will evolve

Promoting safe and secure payments

Interoperability



# Consumer Research

# Survey Objectives

Understand the overall  
**PERCEPTIONS**  
&  
**IMPORTANCE**  
of MFS in the daily  
lives of consumers  
globally



**REVEAL**  
the **DRIVERS**  
for building  
awareness and  
accelerating  
adoption amongst  
users



**UNCOVER**  
**NEW**  
**BUSINESS**  
**USE**  
**CASES** where  
MFS could play a  
significant role



# Key Insights

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More than **70%** of the **APAC MFS** market is still **unaware or not using MFS** - need better targeting and awareness building



Majority of consumers are looking for **ease of use, increased security and ubiquity** above all else in an MFS solution



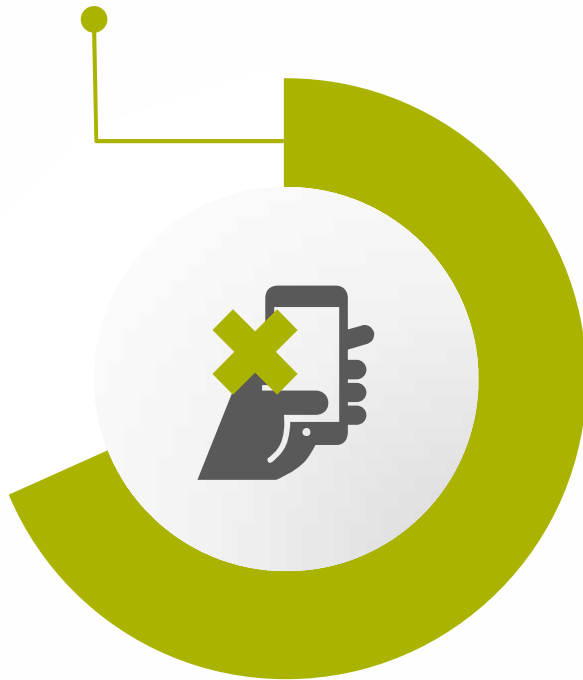
**Savings & loans, medical and education payment capabilities** are #1 and #2 drivers for accelerating usage



# Current MFS adoption in APAC still in infancy

## Focused marketing and awareness building could accelerate usage

**71%** Are nonusers:  
some unaware, some unsure  
about value



**30%** are not  
AWARE



**41%**  
Are AWARE but  
need to be targeted  
better



# Top 3 Factors that Will Influence Increased Consumer Usage of MFS in APAC

**At least 52%**

will increase use if security, ubiquity and simplicity are met

**EASE OF USE**



**INCREASED SECURITY**



**UBIQUITY**



# Future state of MFS in APAC: Savings, loans & medical payments

Which of the following that you don't use today would you like to use in next 12 months?

Loans/Savings Solutions

30%

Medical/Education Payments

28%

Utilities Payments

18%

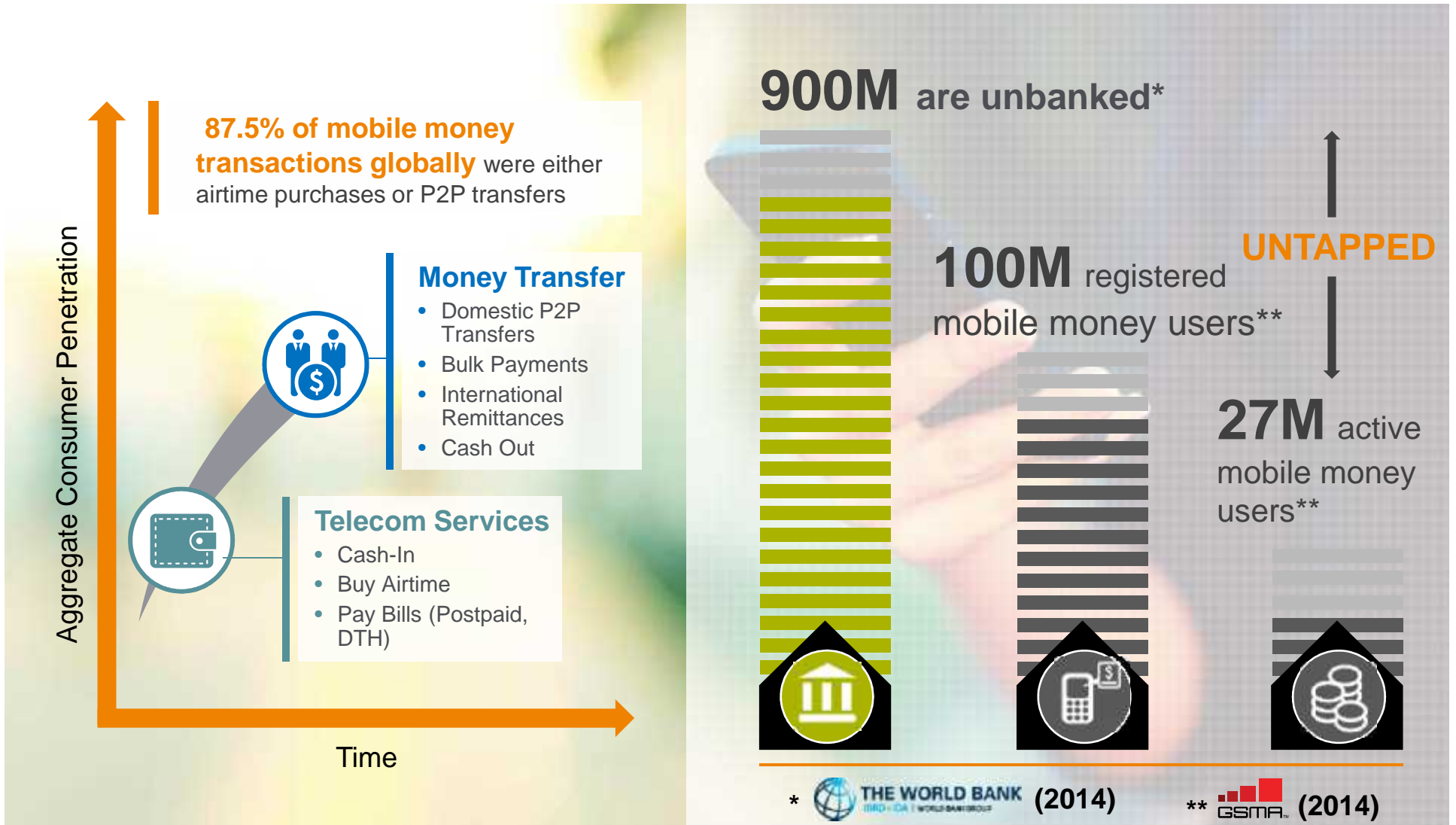


# Digital Financial Services

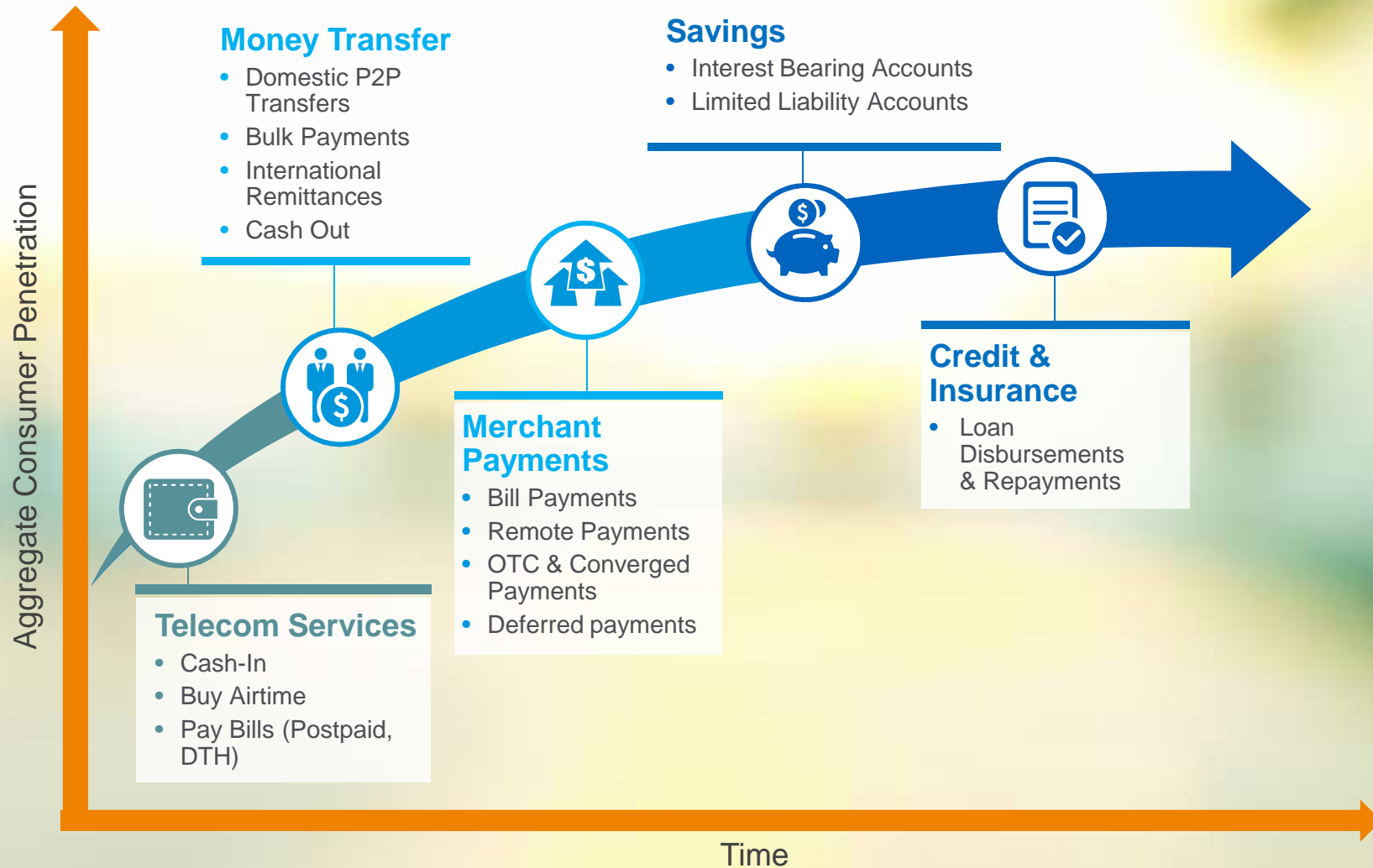


# Mobile Financial Services in APAC

– Huge opportunity: Still untapped but growing each year

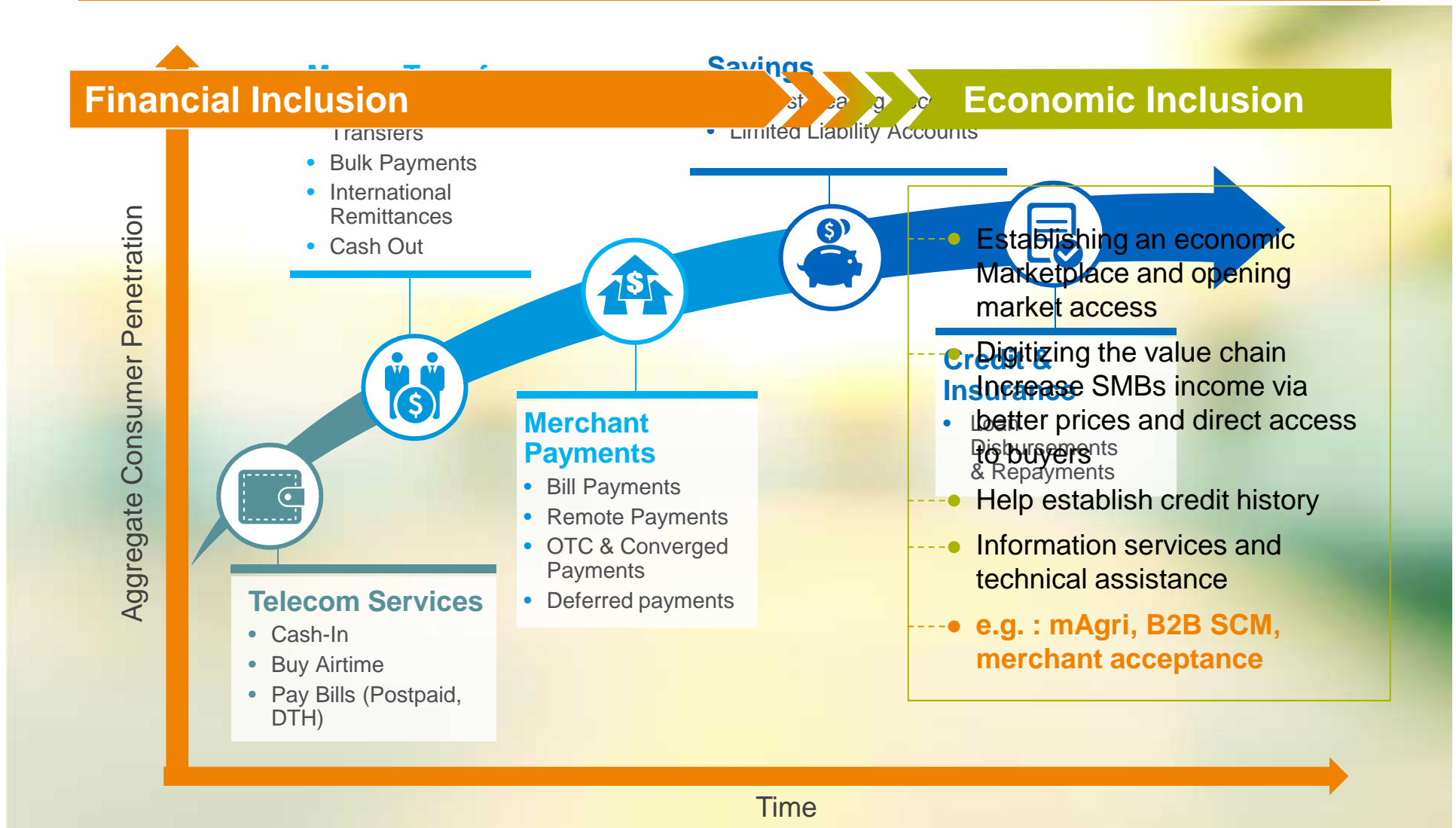


# Reaching a mass market will be driven by a comprehensive consumer financial inclusion



# What's next?

## From Financial Inclusion to Comprehensive Economic Inclusion





**Wide ecosystem is the foundation for a successful mobile financial services scheme**

# New Technology Trends in Mobile Financial Services



challenge

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# Technology Trends - Loans

## Loan Issuing based on Social Media Credit Score

Provide **Instant Loans** to end Consumers and SMEs

Create, distribute and receive repayment on micro-credit products for short term and low amounts

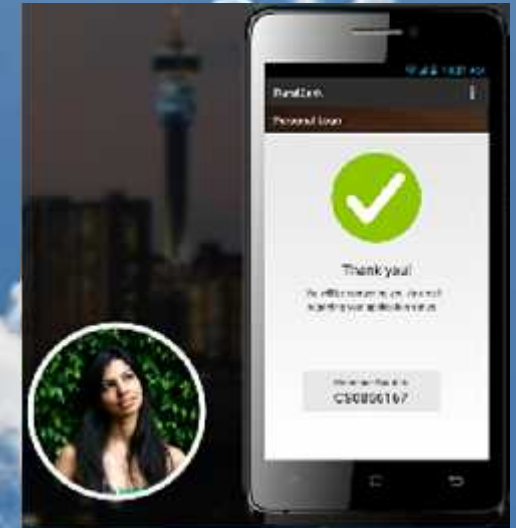
Provide **Real-Time credit scoring** based on social and transactional historical data



1. Consumer applies for an Instant Loan, including Amount and Loan Term



2. An artificial intelligence engine that leverages social and transactional historical data is used to perform real-time credit scoring



3. Based on credit score, Loan is approved and available instantly

# Technology Trends - Savings Enhancements

## *Creating and Managing New Savings Products*

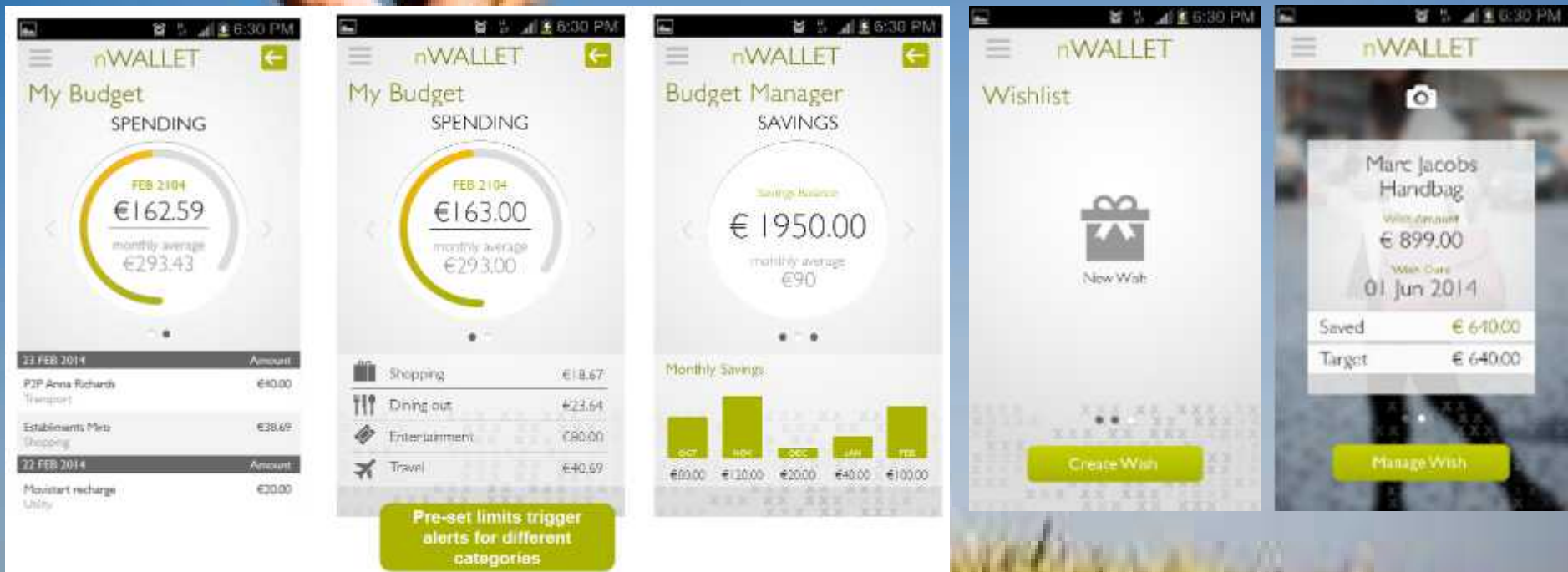
Creating digital savings and interest bearing products for consumers

**Budget Management** - Financial control and expense tracking

**Savings Goals, Wish List & Locked Savings**

Use **algorithms** to establish how much you can save each month

**Self Help Groups**



1. Financial Control and Expense Tracking

2. Track and Redeem Wish (Instant Buy from retailer website)



# Technology Trends - Biometrics

*Frictionless Transactions based on Biometrics*

- **Integrate voice and fingerprint biometrics for smartphone and IVR users**
- **Conduct transactions via Voice Recognition for low literacy populations**
- **Enable location and behavior based analytics to remove need for PIN**
- **Remove friction on low risk / low value transactions**

# Technology Trends - Cryptocurrencies

*Staying ahead with new Digital Currencies*

- **Future-Proof Platform with support for new currencies**
- **Support integration with cryptocurrencies by providing storage and transfers in a designated stored value account**



# Security



# Increased Security

*The Importance of Promoting Safe and Secure Payments*



Adequate resources to support the development, implementation and monitoring of an risk management strategy.



Risk management challenge in mobile money  
Balancing level of control without stifling commercial growth.



Impacts of security breaches can be very significant:

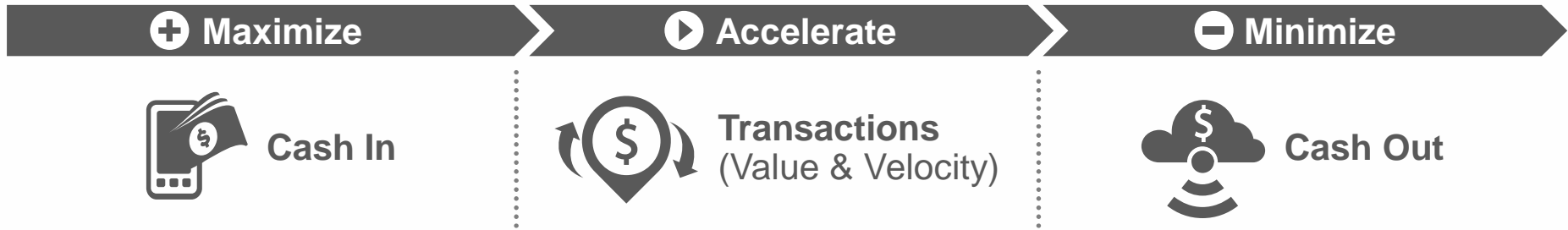
- **Adoption** – Reduces transaction and subscriber growth
- **Reputation** – Credibility of service severely impacted
- **Revenue** – Decrease due to lack of service uptake
- **Innovation** – Operators less likely to take risks



# Interoperability in Mobile Financial Services



# Contribute to the financial network eco-system and make it profitable: Through Partnerships and Interoperability



B2C Partners Employers	G2C partners Governments / NGOs	C2B Partners Retailers / Merchants	B2B Partners Fast Moving Consumer Goods
Salaries disbursements	Welfare, subsidiaries, pension	Real time settlement	More efficient SCM

## What's in it for them:

- |                               |                               |   |  |
|-------------------------------|-------------------------------|---|--|
| Reduce cash distribution cost | Reduce cash distribution cost | <ul style="list-style-type: none"> <li>Better customer experience</li> <li>Increase customer traffic</li> </ul> |  |
|-------------------------------|-------------------------------|---|--|



# Interoperability

*Is mobile money different then voice, SMS or checks?*

- It's not a technology problem...it's a business issue and question of who has the control
- Regulators have a crucial role here – in some case they need to enforce it
- But the value is clear...take SMS as an example for the network effect. Only when operators started allowing users to send SMS from different networks, usages exploded



# Key Takeaways

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1

**Market education** and more targeted marketing are **critical next steps** in accelerating MFS adoption

2

Focus on **ease of use** & creating an **omni-channel, ubiquitous** and **secure** offering rather than on price only

3

Future use cases and functionality should focus on

- **Savings** and Loan capabilities
- Ability to pay for **medical and education expenses**





Thank You

