



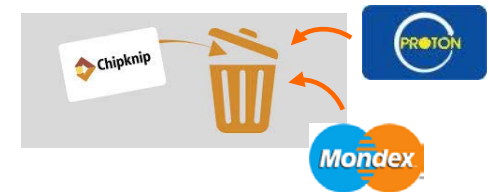
A Call for Open Standards: Could Transport be the Key to Igniting E-Money / M-Money?

*Novembre 2015
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E-money and M-money in emerging markets

ECB: e-money is “electronic store of monetary value on a technical device that may be widely used for making payments to entities other than the e-money issuer...”

- Enables simple interoperability
 - E-money as stored value transport in closed-loop
 - M-money as mobile-account based financial services
- Transport a precondition to achieve network effect’s critical mass... outside of transport?
- M-money to addresses the unbanked?



Ignition?

- M-money Ignition?*
 - Yes
 - Bangladesh
 - Most African initiatives
 - Weakly
 - Philippines
 - Pakistan

- Transport centered e-money ignition occurs systematically**
 - Broadest base of market segments
 - Top of wallet position
 - Off-line and on-line

- Imagine seamless e-money & m-money services complementing each others, and linked to other ecosystems...

(*)Source: <http://www.law.uchicago.edu/Lawecon/>

Ignition with Explosive Growth	Ignition with Weak Growth	Failed to Ignite
Bangladesh	Ghana	Burkina Faso
Cote D'Ivoire	Philippines	Haiti
Kenya	Pakistan	India
Rwanda		Indonesia
Somaliland		Madagascar
Tanzania		Mexico
Uganda		Nigeria
Zimbabwe		South Africa

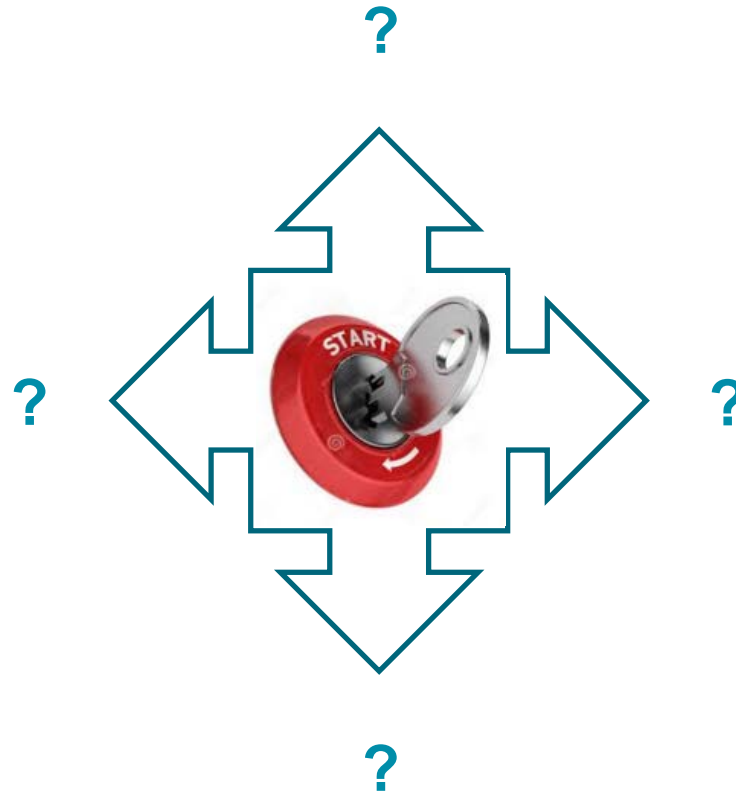
(**)Transport e-money's ignition example: Hong Kong

3 active cards per person
99% of population with at least one card
14000 retail shops
67000 point of acceptance
13M daily transactions

Next generation e-money's ignition example: Manila?



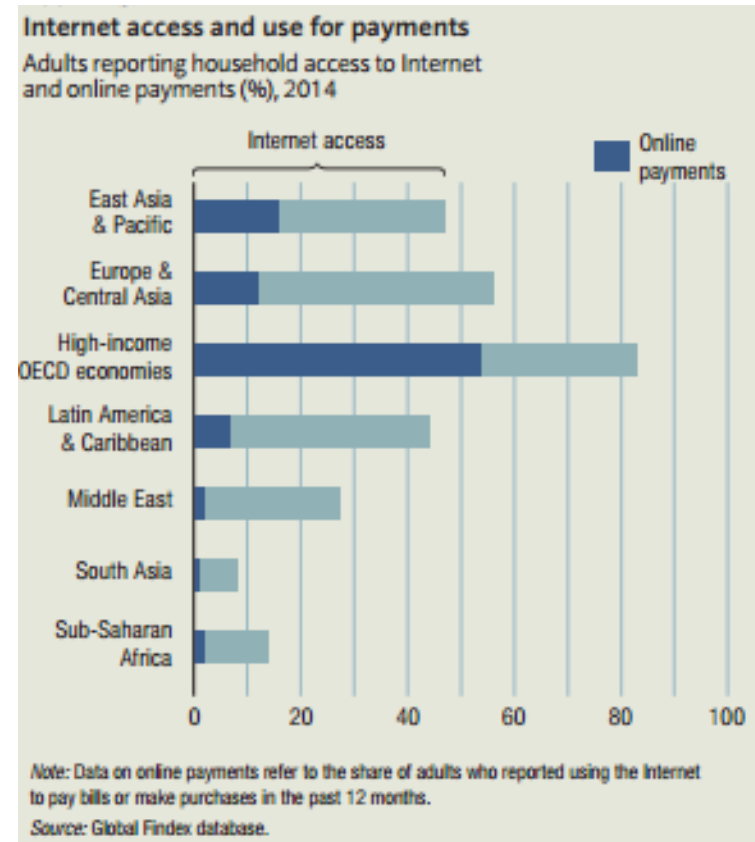
E-money ignition Critical Success Factors in emerging markets / centered on Transport



Emerging markets' real needs result in real solutions

- It is not about replacing existing payment services or keeping mobile subscribers subscribe
- The vast majority of people are still under-served*
- Infrastructures are often not there
- Regulators are more focused on creating the conditions for private investment
- Investors enjoy buoyant economic perspectives
- Resulting collaboration models and value propositions are singular

(*Only OECD household majority enjoys access to e-commerce)



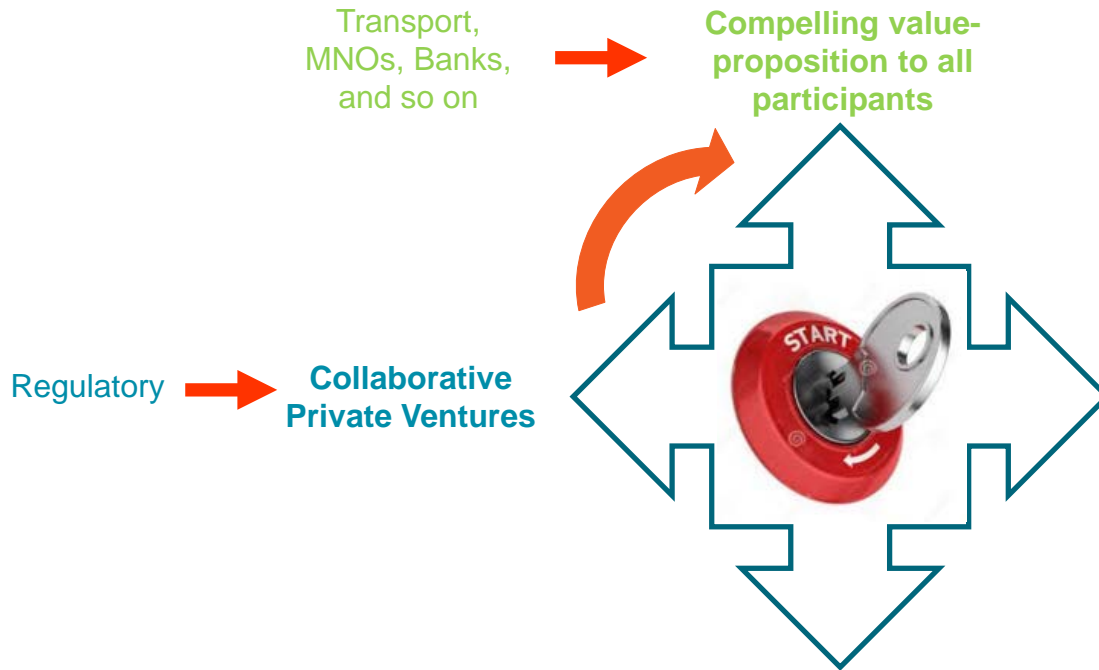
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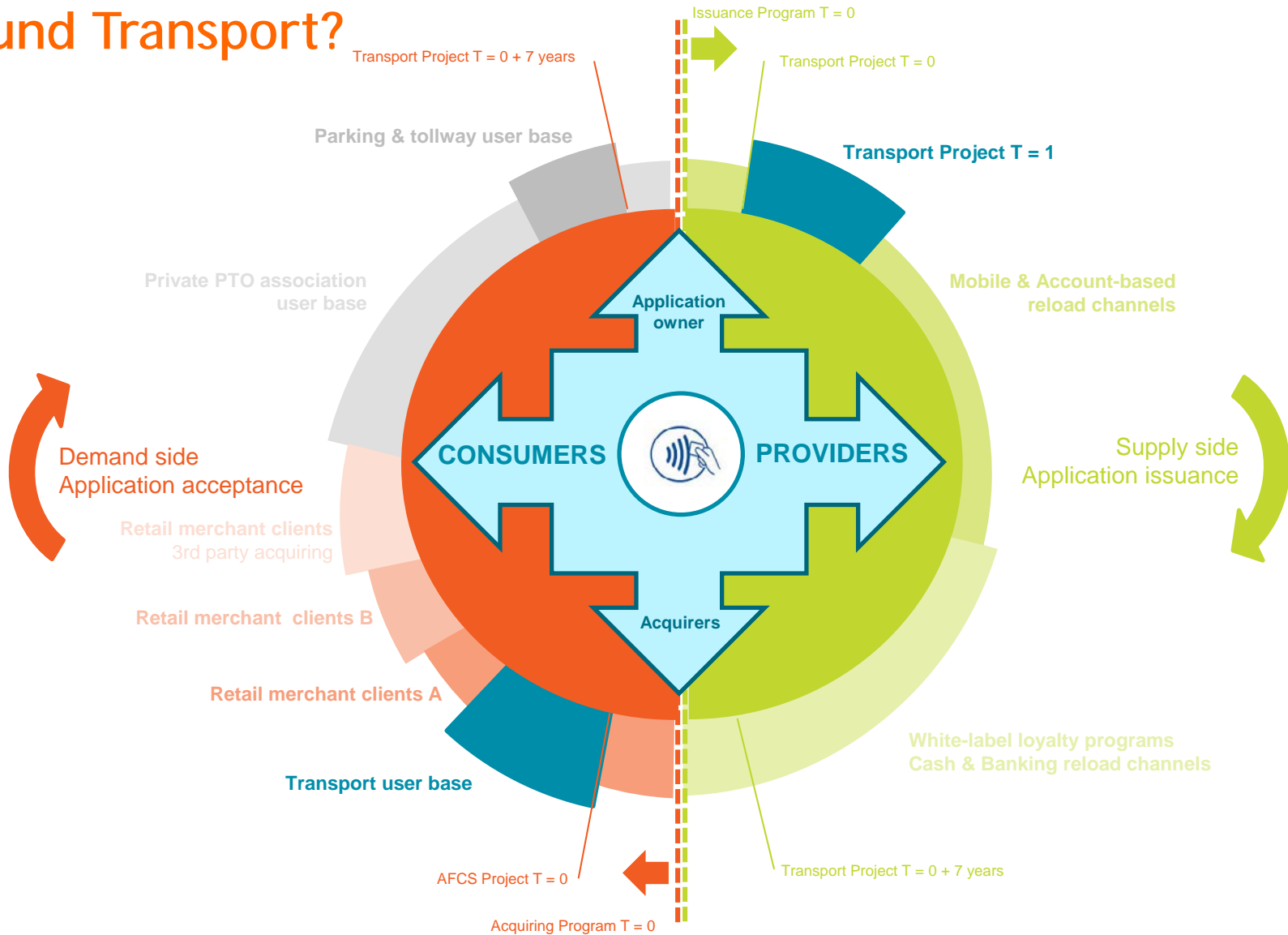
How regulators can create the most value out of Transport?

- Biggest issues of most Transport authorities/operators:
 - Access to investment and limited elasticity of Transport fare
 - Proprietary lock-ins
- Solutions:
 - Leverage the intrinsic value of Transport killer app through Public-Private-Partnership programs
 - With no extra cost/barrier to transport user's adoption
 - Enable innovative business models
 - Based on convergence
 - Compelling enough for participants to sustain their role in the new ecosystem
 - Powered by open standards and e-money based interoperability
 - ... while removing/Future-proofing proprietary lock-ins

E-money ignition Critical Success Factors in emerging markets / centered on Transport

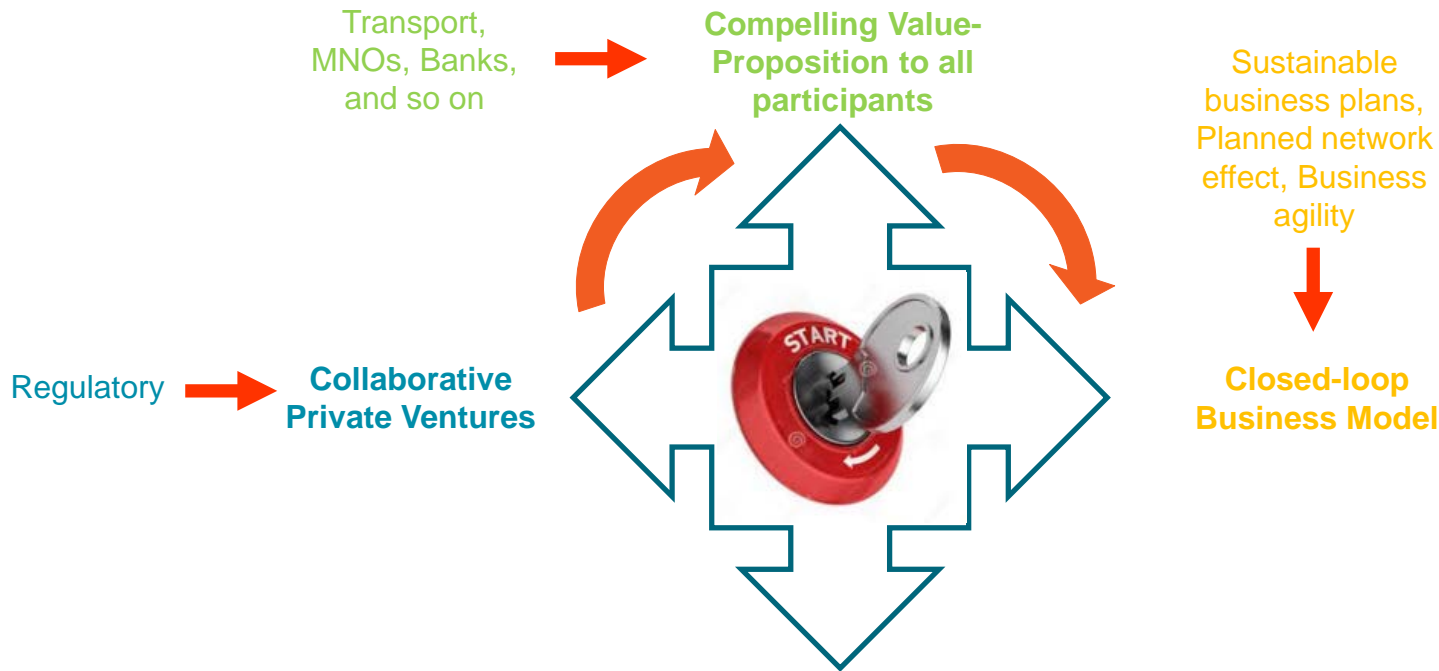


What business model to link consumers & service providers around Transport?



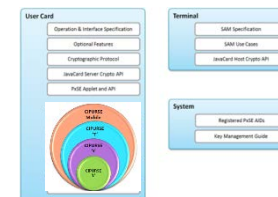
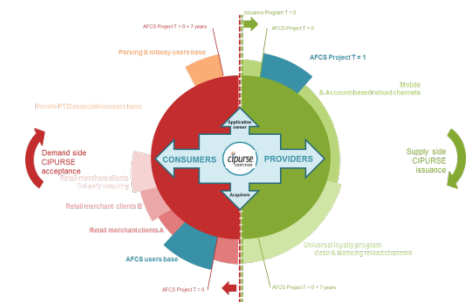
Supply and demand sides of an application network are grown in parallel to sustain closed-loop services adoption

E-money ignition Critical Success Factors in emerging markets / centered on Transport

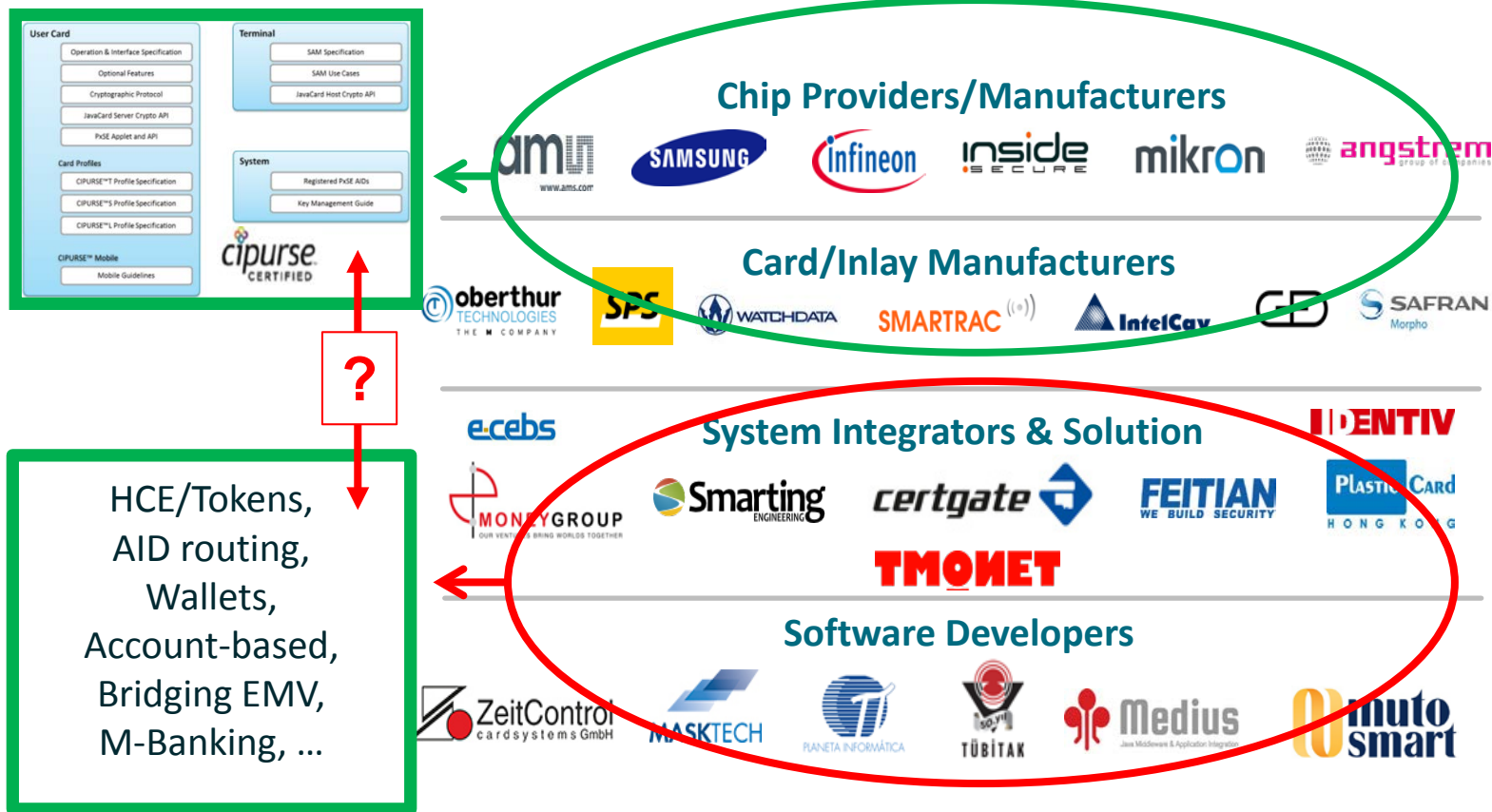


What Technology implication was brought about by digital convergence?

- Card network effect built on mass transport is unstoppable
 - But so far it is mostly locked into proprietary technologies and closed-loop programs
- 'Convergence' is creating a new wave of transformation, e.g. payment ecosystem(s)
 - But user experience relevance is ceiled at 20%
 - And there a lot more than just payment in consumers' digital expectations
- Convergence, centered on Transport, has a unique potential in terms of
 - Market size
 - Brand power
 - Value creation

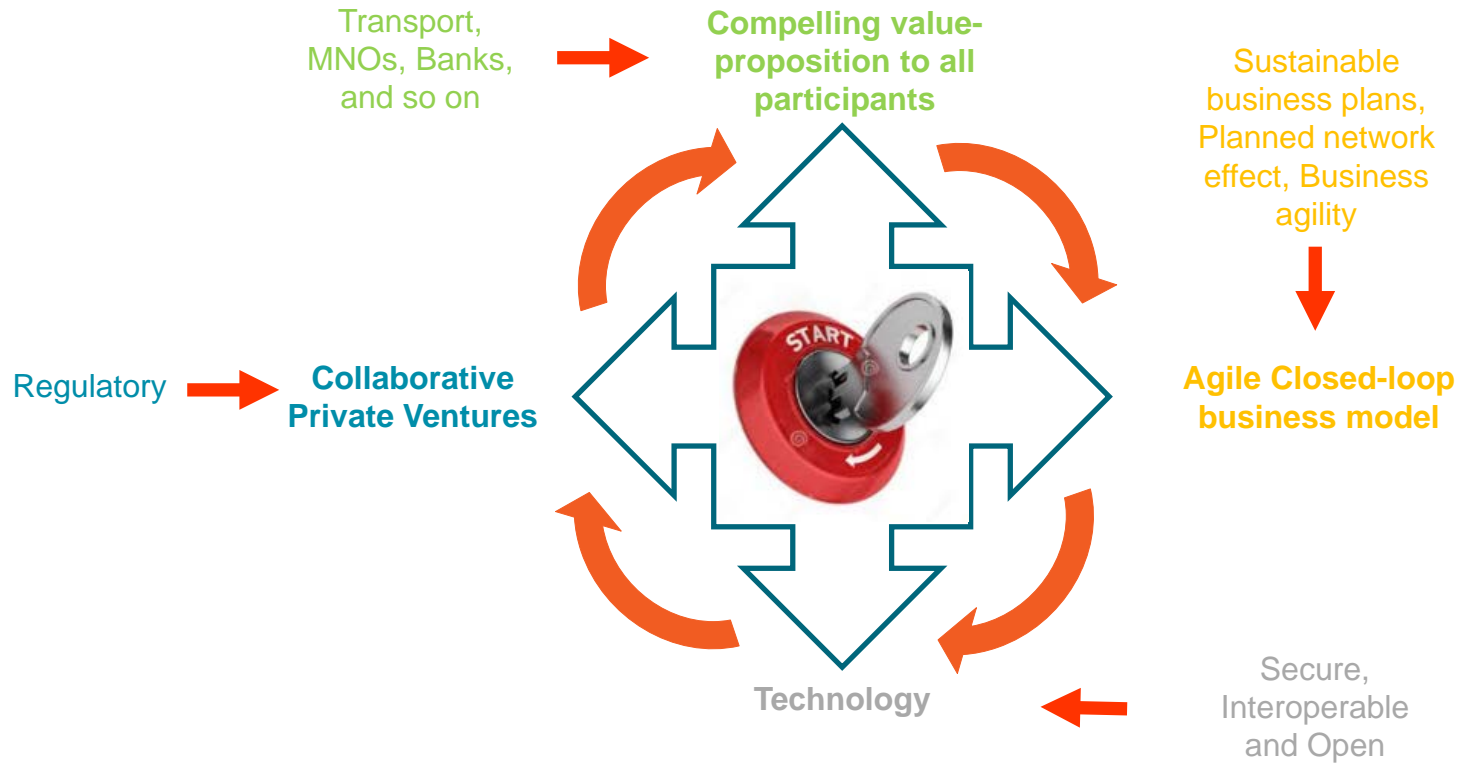


Convergence between Transport and other ecosystems call for open standards



OSPTA is positioned to enable standardization of the secure element and beyond

E-money ignition Critical Success Factors in emerging markets / centered on Transport



What standards, at Mobile App's age, for public transport ecosystems?

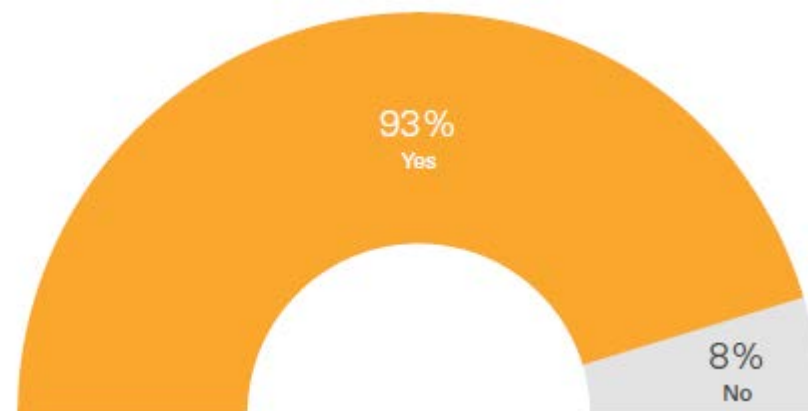
- Open, i.e.
 - Not a Scheme
 - Not an App
 - Hardware & Operating System agnostic
- Secure
- Incentivizing developers
- Unleashing competition, i.e.
 - Innovation
 - Economics of scale and cost reductions
- Enabling collaboration between ecosystems
 - Transport, Payment, Mobile Services, Merchants, Insurance Services, and so on

A Platform

Who has lessons to learn from emerging markets E-money / M-money innovations?

Question 12

Do you feel the developed world has lessons to learn from the developing world when it comes to payments innovation?



Source: PAYMENTS INNOVATION JURY REPORT

Whether in terms of collaboration & business models, value proposition, or technology:

- Emerging markets have found the secret sauces to ignite e-money/m-money
- Delivering unexpected outcomes: **Digital inclusion!**

Today's digital inclusion stakeholders should thus consider:

- Transport killer applications and mobile services together...
- ...while protecting the future with open standards