

EXPERT OPINION

"M-PAYMENTS POISED FOR ROBUST GROWTH IN BRIC COUNTRIES"
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Srinivas has over 15 years of experience in the financial services industry in a variety of product related roles and most recently with a specific focus on enabling digital financial services. At Mahindra Comviva he heads the mobile financial services business unit. Prior to joining Mahindra Comviva, he established and led the business for online banking and mobile payments at ICICI Bank and also headed product management and business development functions in start-ups and IT product companies.

In the coming years, mobile will be seen as a primary device for m-payments and financial transactions. Mobile financial services, which allow people to quickly and easily make payments, have the potential to help bring more people into the banking system, not to mention the convenience for the already banked segments.

BRIC nations together form a significant market to fuel the growth of m-payments in the near future. Fundamentally, these markets are governed by a unique mix of banked and under banked customers. The heterogeneity of these specific markets makes it important for m-payment service providers to analyse each of them independently to better access the challenges and opportunities.

Russia is amongst the top seven countries to record a high number of mobile penetration with people completely devoted to their smartphones. In the last couple of years, there has been a decent growth in the adoption of mobile payments. However, the matter of fact remains that Russia is predominantly a cash country where people are still skeptical of electronic cash. Banks in Russia have finally realised the impending need to integrate with electronic payments in order to keep their customers interested in new and convenient

means of payment. Such a situation has created a greater opportunity for players to develop mobile payments in collaboration with banks and financial institutions which otherwise was been developed in isolation till now.

In China, mobile payments market at present is facing stiff competition from different kinds of payment service providers like banks, independent firms and network operators, investing into technologies for developing the mobile financial ecosystem in the country. China is currently showing the way to other BRIC countries in terms of mobile wallets and NFC technologies.

Brazil is an evolved market as compared to others, where mobile wallets and financial inclusion is concerned. Payment service providers can profit by collaborating with aggregators to set up a network and the government for driving large scale adoption of m-payments. Recently, banks have also engaged themselves in the m-payments machinery. The successful business correspondent model of India has been inspired from Brazil.

India has an efficient and widespread network of banks. Therefore, banks can play a vital role in providing a secure environment for users by being an educator to the unbanked and under banked. There has been an increase in the acceptance of mobile banking and payments till now, however for greater adoption, device compatibility and industry collaboration is much required.

In many ways, India needs to set Brazil as an example which is more mature on the fronts of mobile wallets and financial inclusion. Development of mobility solutions will help in both of these economies. If we observe closely, Brazil and India are two very similar markets in terms of mobile payments. The most important factor they share in common is the necessity of a regulatory boost. Establishment of favourable government rules and guidelines can push mobile payments and promote financial inclusion in both these countries.

Together BRIC markets are the most fertile regions for mobile payments. Greater adoption of technologies such as NFC, QR codes, Bluetooth Low Energy (BLE) and Location Based

Services (LBS) for the likes of point of sale and mobile wallet transactions will drive usage amongst banked consumers. Such technologies will also empower the users to make payments in a secure environment with a simple tap through their mobile phones.

About Mahindra Comviva:

Mahindra Comviva is the global leader in providing mobility solutions. It's a subsidiary of Tech Mahindra and a part of the USD 16.7 billion Mahindra Group. It is among the top 3 mobile financial solution providers, with over 120 deployments across 40+ countries, processing over 20 billion USD in payment flows, handling millions of transactions every day and serving 700+ million consumers globally.

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