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Where will the next generation of mobile money technologies take us?

By Patrick Nixon - Friday, September 5, 2014

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Vikram Shanbhag
SVP - Americas region and global channels
Comviva

The terms mobile money and mobile wallet are often used interchangeably. The former is a basic means of money transfer but the latter is where the industry is really heading, where new technologies will enable retailers to target customers in a new way and improve the shopping experience. The customer will benefit by saving on waiting time and by having the convenience of being able to access all of their payment methods from their phone.

BNamericas spoke with Vikram Shanbhag, Americas region SVP with Comviva – a unit of Indian conglomerate Mahindra – about where we are going with this.

BNamericas: How long has Comviva been in Latin America and what is your main focus?

Shanbhag: Comviva started in Latin America four years ago due to our success in Asia and Africa. We're now in 10 countries in Central and South America and the Caribbean and are offering messaging prepaid recharge and mobile financial solutions like mobile money.

The mobile financial space is where traction is happening. That is where the majority of our focus is and it accounts for 35% of revenues. We're a global leader there. According to the GSMA, our traction is 33% in mobile money with over 60 deployments. And we're focusing not just on the unbanked but also on the merchant side of business.

BNamericas: How does that work?

Shanbhag: That refers to a store value account held by the operator where customers can take cash out and can move money to other subscribers, pay for goods and services, and also do money transfers.

We plan to start opening it up and issuing a credit card, a virtual MasterCard with a 16-digit number that can be used for online purchases.

BNamericas: Can you clarify for me the difference between mobile money and mobile wallet?

Shanbhag: Mobile money is a closed system. Money is stored in a prepaid account, only available to be spent within the ecosystem which your operator is establishing.

Mobile wallet is like the wallet in your back pocket. Open it up and you might have lots of credit cards, a bank account, a prepaid account and different payment instruments. It is a virtual wallet connected to all those instruments. It could be connected to a bank or a credit card. You can do transactions in a secure manner without using plastic because they are already connected to your ID. It is more open and opens up to proximity type payments. You don't have to take your wallet out anymore but use your handset.

BNamericas: How do you see technology **changing the mobile payment ecosystem?**

Shanbhag: We're moving to the higher end of the spectrum. It's no longer mobile money any more but convenience, security and one-click payments where a mobile wallet is replicating the wallet in your back pocket.



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In Latin America, more than half of our discussions are in that space, and we're getting on to the next generation of mobile payment technologies like NFC, QR codes and other proximity payment technologies we have developed and are using like Bluetooth low energy solutions.

Host card emulation technology, for example, does not require anything to be embedded in the handset or in a SIM card. Your identity would be in a cloud-based system with a technology called tokenization that stores it in a secure way while carrying out transactions. Once that technology starts to become more prevalent NFC will get a better deployment rate.

BNamericas: So where will all this take us?

Shanbhag: So we're now looking at the complete customer experience. Payments are just one aspect of the full transaction. There is a discovery process of what you want to buy, loyalty points, discounts, etc.

Lots of things happen before you go to the counter.

With new technologies, the customer is identified as they walk in the door. There will be customer service reps on the floor, rather than at a checkout, where they can help you carry out the transaction. The mobile device becomes a PoS.

This means a higher customer experience and less waiting time.

These are the types of discussions we're having with operators, retailers and financial organizations who are getting into the customer experience ending with the transaction.

Identifying who's coming, using analytics to see their past experience and coming up with the right offer using technologies like Bluetooth low energy. As long as your Bluetooth is on, there are beacons on each aisle corresponding to those products and they might throw you a coupon for laundry detergent as you walk by.

We're doing some integration with retailers in NFC, with payment processors and banking systems. We are seeking partners in Latin America to lead those sorts of partnerships.

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