Acceptability and use cases of Mobile Payments in India

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Basic Facts

- Country of over 1.20 billion people with over 900 million mobile connections.
- 120 million Internet subscribers
- 20 million+ credit cards, 300 million+ debit cards, still a large part of the country is unbanked
- Mobile payments introduced around 5 years back
- RBI introduced mobile payments guidelines around 3 years back
- IMPS introduced by NPCI around a year back thus permitting interoperability between banks’ mobile banking systems
- Electronic commerce has seen acceptability in the last three years
## Current Monthly Statistics of transactions

<table>
<thead>
<tr>
<th>Month</th>
<th>Volume</th>
<th>Value in INR (Million)</th>
<th>Value in USD (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-12</td>
<td>2,844,938</td>
<td>1,909</td>
<td>38.18</td>
</tr>
<tr>
<td>Dec-11</td>
<td>2,670,488</td>
<td>1,980</td>
<td>39.60</td>
</tr>
<tr>
<td>Nov-11</td>
<td>2,319,145</td>
<td>1,739</td>
<td>34.78</td>
</tr>
<tr>
<td>Oct-11</td>
<td>2,245,138</td>
<td>1,607</td>
<td>32.14</td>
</tr>
<tr>
<td>Sep-11</td>
<td>2,055,003</td>
<td>1,465</td>
<td>29.29</td>
</tr>
<tr>
<td>Aug-11</td>
<td>1,981,924</td>
<td>1,365</td>
<td>27.29</td>
</tr>
<tr>
<td>Jul-11</td>
<td>1,744,691</td>
<td>1,200</td>
<td>24.00</td>
</tr>
<tr>
<td>Jun-11</td>
<td>1,408,396</td>
<td>985</td>
<td>19.69</td>
</tr>
<tr>
<td>May-11</td>
<td>1,277,643</td>
<td>912</td>
<td>18.25</td>
</tr>
<tr>
<td>Apr-11</td>
<td>1,081,921</td>
<td>762</td>
<td>15.25</td>
</tr>
</tbody>
</table>

Source: RBI web site
Modes of mobile payments in India

- **Mobile Banking**
  - For bank customers alone
  - Applicability only through accounts
  - Offer m-commerce services through this channel along with other bank offerings

- **Mobile Payment Service Provider**
  - For the general mass
  - Integration with multiple payment instruments
  - Holistic experience through multiple service availability

- **Merchant Applications**
  - Specific to merchant domains
  - Specific payment integration done for credit and debit cards alone
  - Available to merchant customers only
Technologies adopted

- USSD
- SMS
- GPRS
- IVR

- Operator Specific
- Ubiquitous
- Experiential
- Easy to spread
Acceptability of mobile payments in India

- **Increasing adoption of mobile payments** - Transactions have increased by 100% in terms of volume as well as value in the last 12 months largely driven by banking led channels

- **Drivers are GPRS applications and IVR** - More than USD 1 billion worth of mobile payments transactions have occurred in the last year

- **Diverse uses of mobile payments** - Mobile payments have been utilized not only for B2C transactions but also for B2B transactions for payments collection

- **Emergence of m-wallets** – Largely telco driven, this could drive transactions significantly for the unbanked population

**On the flip side, overall transactions are still much lower as compared to the other electronic payments channels such as the Internet and POS**
Use Cases

- Mobile top-up and DTH recharges
- Ticketing
- Shopping
- Fund Transfer
Use Case – Mobile top-up

- Mobile top-up for prepaid mobile subscribers is one of the most common mobile related financial transactions.
- It is easier for the user to recharge using credit / debit card or bank account on the move using the same phone rather than visiting some place to do the same.
Use Case – Ticketing

- Frequent travellers find it very convenient to book the tickets using mobile payments as it gives flexibility.
- Many airlines / travel aggregators like Yatra.com, etc., for that matter IRCTC have come up with their own mobile applications providing various options for ticketing.
- Just not travel, even movie ticketing is now being purchased by consumers using mobile payment.
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