

Mobile Payments: Can it transform India?

Convenience, Governance, Financial Inclusion

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Chairman MPFI

Mobile phone is a universal device

- ▶ **800 million connections and growing 15+M per month**
 - ▶ In a couple of years, most families will have one
- ▶ **It is a two way communication device**
 - ▶ Unlike cards
 - ▶ Multiple level of security possible
- ▶ **Multi-mode communications**
 - ▶ SMS, Internet (GPRS), Voice
 - ▶ Even the semi-literate and illiterate people find it easy to use
- ▶ **Enables transactions in person and remotely**

MPFI and NPCI has enabled

- ▶ **Person to person payments using mobile**
 - ▶ All one needs is payee's mobile number and MMID
 - ▶ Banks, telcos, technology providers and RBI aligned
 - ▶ But slow to take off

- ▶ **Now need to**
 - ▶ Review and strengthen security (prevent any kind of frauds)
 - ▶ Create confidence amongst general populace
 - ▶ Enable payments for taxi, vegetable vendors, ATM withdrawals
 - ▶ Ease sending money to villages
 - ▶ Enable merchant payments
 - ▶ Enable Financial Inclusion
 - ▶ Bring Banking Correspondents to fold
 - ▶ Enable Wallets to take off (may need some regulatory changes)

Ease of use is a must

- ▶ Solutions must be simple, easy to use and yet elegant and at negligible charges
 - ▶ Need to align telcos and banks
 - ▶ For example *99# from any phone should enable basic payments
 - Balance, P to P payments, Request Money, Recharge, Bill payments
 - ▶ Enable USSD GPRS for FI at nominal charges
 - ▶ SMS timely delivery
 - ▶ Define model applications and
- ▶ Voice based banking for those not comfortable with text
 - ▶ Voice based authentication in addition to mobile number and password / PIN
 - ▶ Can be excellent complement to UID for small value transactions

Can Mobile payments replace cash

- ▶ All retail transactions use Mobile payments rather than Cash
 - ▶ Cards have taken of to a very limited extent
 - ▶ Great boost to nation's economy
 - ▶ Also introduce traceability
 - ▶ Key to fight black-money
- ▶ Mobile based credit card safer than ordinary ones
- ▶ In what time frame can an impact be made?