



Mobile Payments in Singapore & the Asia Pacific: Summary

Guinness Theatre, The Substation
45 Armenian Street, Singapore
2.00pm – 6.00 pm, Thursday, 17th January 2008

A: Agenda

Session One: 2.00 pm – 3.30 pm - 'Mobile Payments in Singapore: Prospects & Pitfalls'

Session Chair: *Assoc. Prof. John Ure*, Director, **TRPC**

Presenters

John McCann, Head of Business Development, AP, **Citibank**

Jonathon Gould, Vice President & Regional Manager, AP, **ViVOTech**

Dr. Madamohan Rao, Editor, **Asia-Pacific Internet Handbook**.

Q&A

Session Two: 4.00 pm – 5.30 pm – 'Mobile Payments in Asia: Context & Content'

Session Chair: *Assoc. Prof. John Ure*, Director, **TRPC**

Presenters

Gerard Philippe, Director, Multimedia & Ventures, **Alcatel-Lucent**

Matthew Teo, M-Commerce Manager, **StarHub**

Greg Walter, CEO, **Q-Pay**

Q&A

B: Summary

The call on operators to achieve a common platform for payments by mobile phone, in a consultation paper released by the IDA in mid-2007, underscores the strategic importance now being attached to the potential for mobile payments and the underlying nascent technology.

Singapore

The IDA is looking to support the emergence of NFC-focused (Near Field Communications) mobile payments before competing initiatives by Singtel (in partnership with Nets) and StarHub (with EZ-Link) fragment the market. Their fears appear sensible on several fronts. Competition between Nets and EZ-Link has severely constrained the necessary economies of scale for contactless card payments in Singapore – a fundamental requirement if mobile payment offerings are to take off – with users limited to enjoying the benefits at Nets-equipped retailers, or EZ-Link on buses and at MRT stations, but not both with the same contact device. Second, with the Singtel and StarHub initiatives the focus remains firmly on contactless cards and NFC mobile payments rather than the diversity of m-payments offerings that are springing up around the region. As one participant to the 17th January TIF remarked, for all of its benefits, NFC really represents a *redistribution* of transactions and revenues, while many of the alternative m-payment services actually *grow* the overall revenue pie. The IDA's invitation for public comment and participation therefore looks highly relevant.

Session One

It was in this same vein that the TRPC-run Telecoms Infotechnology Forum (TIF) brought together a range of players in the m-payment value chain to look at the issues involved. The first session, led by **John McCann from Citibank, Jonathon Gould from ViVOtech, and Dr. Madanmohan Rao** sparked significant debate on the strengths and current status of NFC-led mobile payments. While early transit industry adoption and current retail initiatives were widely seen to be providing a small taste of what is possible, there were contending opinions on where the sector will really begin to take off, and how large it could become. **Jonathon Gould** pointed out that there is only one GSM NFC handset on the market in Singapore (a Nokia phone). And while 2008 will see the emergence of more models and wider choices, NFC wouldn't really take off until it is convenient and intuitive for the common person to enjoy. An interesting counterpoint was raised by **John McCann** in looking at the prospects for mobile-based remittance payments: international remittance transactions are *already* worth around US\$268 billion, and there are a number of successful regional mobile remittance models already deployed... the premier examples being Smart and Globe in the Philippines. **Dr. Rao** added that the prospects for mobile remittance services and microloans across India were particularly strong, but it is still early days in the subcontinent yet and the industry there is largely focused on getting phones into the hands of the population – early examples are exciting, but the real opportunity and strength of their services will be demonstrated in the next 3- 5 years, putting the timeframe on par with expectations for NFC.

Session Two

The second session, led by **Matthew Teo from StarHub, Gerard Philippe from Alcatel-Lucent, and Greg Walter from Qpay**, gave greater focus to the development and prospects for the Singapore market, again provoking good discussion on issues as varied as security, standards and surf lifesaving! Singapore's current focus is, of course, the NFC trials led by Singtel and StarHub, and one of the key questions going into the two trials was where the carriers would locate the NFC chip – on the SIM card or on the handset? **Matthew Teo** described StarHub's rather unique compromise in having commissioned handsets carrying two cards. He was cautiously optimistic on the prospects for m-payment take-up across the island. **Gerard Philippe** was rather more upbeat, but saw the issue as more of a network readiness issue, arguing that by taking a more open network approach, carriers stood to enable m-payment opportunities and applications rather than being forced to react to the market. **Greg Walter** took a different stand again, arguing that mobile payments were substantively already here – not something for future deployment. To make his point he provided a practical demonstration of how Qpay's mobile payment service could be used immediately from Singapore to effectively anywhere in the world. He also reiterated John McCann's starting position – in today's environment the cellcos and banks are working together to enable end-users, not fighting to own the end-user as they used to do. Given the failed attempts of five years ago and the IDA's fears of market fragmentation, this is welcome news to all in the sector.

Conclusion

As the report on *Mobile Payments in Asia Pacific*¹ reveals, there are numerous 'models' of m-payments emerging in different corners of the Asia Pacific markets, each with its own sub-ecosystem of stakeholders. The drivers for m-payments will include several factors, prominent among which will be (i) stakeholder collaboration to make good sense of the business models; (ii) collaboration on standards between the vendors, the operators and service providers to open the door to economies of scale on the supply side and economies of use on the demand side; and (iii) above all else customer convenience and interest. Although maybe not a determinant, encouragement and guidance from the telecom and monetary regulators is a definite plus.

¹ <http://www.trp.hku.hk/publications.php>