

India:An Overview/Case Study



27 February, 2009



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Agenda

- ❏ ePayment Industry: An Overview
- ❏ mPayment Ecosystem
- ❏ mPayment Learnings

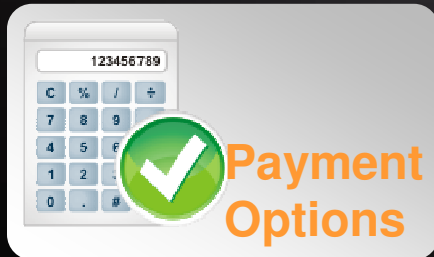


Indian Banking Overview

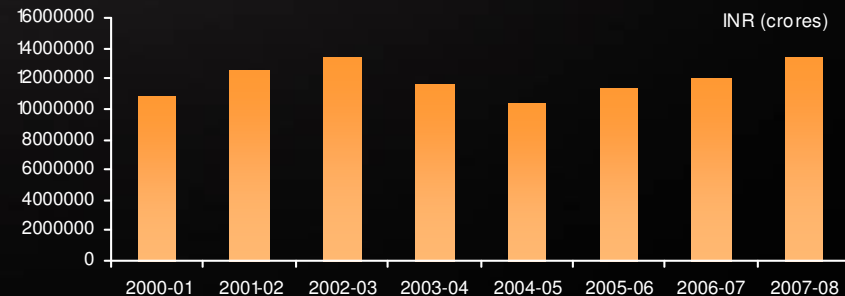
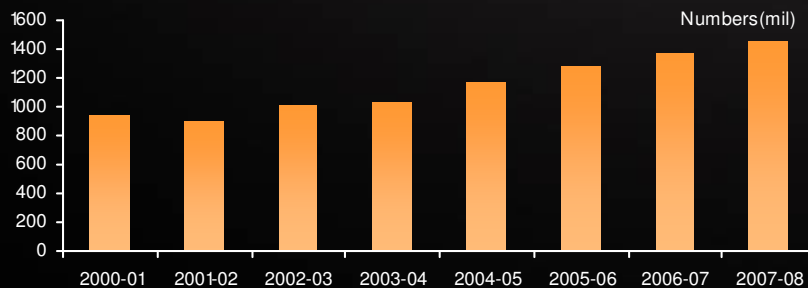


- Total number of Banks – 79
- Total number of branches – 62781
- Total Business – 1183 billion (USD)

India's Leading Banks



- Preferred channel – Cash, Cheque
- New channels – Electronic Funds transfer (EFT), ATM/Debit, Web/Internet, Mobile, Real Time Gross Settlement System (RTGS), etc.



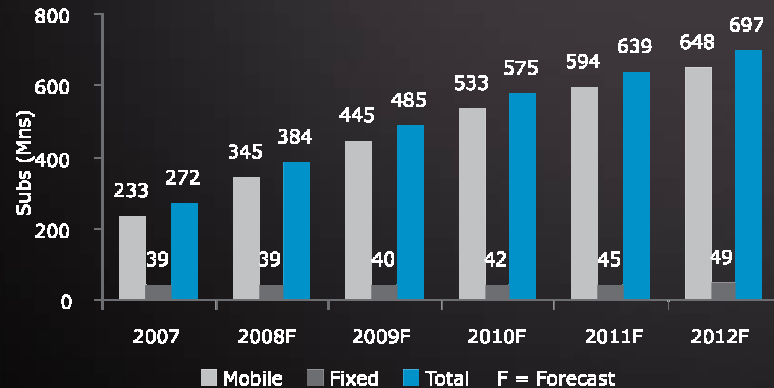
Growth in check clearances (volume & value), 2000-2008

**Source: RBI 2007-08*



Indian Telecom Overview

Wireless on a roll



Source: COAI, AUSPI, CII-Ernst & Young analysis

Projected circle wise wireless subscribers (In millions)

Service area	December 2007	2012 F	Growth (%)	No. of states
Metros	41	62	8.6	4
A	83	207	20.1	5
B	83	276	27.2	8
C	23	102	35.2	6
Total	230	648	23.0	23

Source: CII-Ernst & Young Analysis

- Wireless subscriber growth is estimated to continue till 2012 as India is projected to garner about 640 million to 650 million mobile subscribers
- Nearly half of the projected mobile subscriber additions are likely to emerge from rural areas
- 3G and WiMAX services are expected to gain popularity, initially in the top 20 cities and gradually in the rest of the country
- Mobile entertainment and mobile banking are likely to emerge as key data services
- By 2012, India is likely to have 25 million to 30 million 3G subscribers and 8 million to 10 million WiMax subscribers



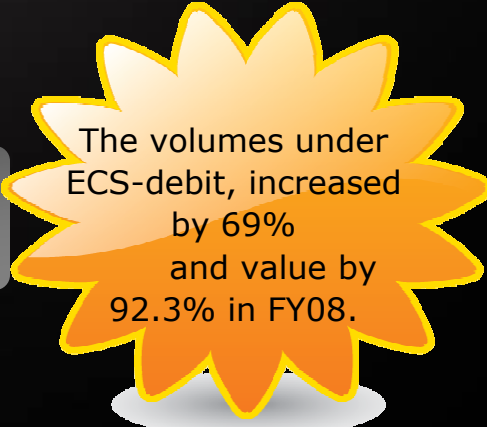
Electronic Clearing Services Overview

ECS variants – Credit (used for transferring salary and pension payments) & Debit (— used for collection of bills, insurance premia and equated monthly installments (EMIs))

Corporate credits to customers' bank accounts directly through electronic clearing service (ECS), has grown around 840% in FY 2008.

The volume of total retail electronic transactions — which includes ECS, electronic fund transfer, and credit and debit card settlements — increased by 41.4% in FY08 against 32.9% growth in the previous fiscal.

Electronic payments in India for 2006-07 were US\$ 59 bn at around 6.5 % of GDP; this increased from US\$ 12 bn in 2003-04 at around 2% of GDP
(Source : RBI Bulletin, PwC Analysis)



The volumes under ECS-debit, increased by 69% and value by 92.3% in FY08.

**Source: Economic Times*



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Indian Growth Signposts

".. **Total value of e-payments** showed more than **three-fold growth** to over \$200 billion at the end of March 2008, up from \$58.75 billion in March 2007. The **total number of electronic payments** jumped from 378 million in 2006-07 to **535 million in 2007-08**..." RBI report, 2008

"..majority of e-bill payers **access the Internet from home** - which essentially means that the majority of customer base comprise of 'power users'; and online bill payment concept has not yet reached the next level (esp. Tier-II cities). Given that there is a ceiling to PC adoption in India, **e-billing industry needs to tap the mobile users for adoption**..." - ASSOCHAM

"Although cash continues to be a dominant mode of payment in India, more Indian consumers are **changing their spending habits** to include **more electronic payment product options**. Indian consumers tend to use their credit cards for purchases and their debit cards more for cash withdrawals at ATMs," Mercator International Advisory Service.

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The number of card holders in India were close to 128 million, with 3-4 million cards being added per month. Card transactions accounted for 1.3 percent of the total per capita income of India in 2007.



M-Payment Ecosystem



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Indian m-Payment Ecosystem™

Building a sustainable & symbiotic
eco-system
That's where the business is...

A merchant partner eco-system which assists customers in
fulfilling their needs, wants & desires with the most easily
available tool – Mobile!

Online

Retail Outlets

Utilities

Mobile
Recharge

Banks

Telcos

Central
Agencies

Industry
Forums

Vendors



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Key Learning's

Mobile banking is a recent phenomenon, while usage is still growing, there are some learning's

Positives:

- There is a propensity to use the product on a regular basis
- Customers appear to find it convenient, easy and fast
- Early adopters are internet users, urban, men 18-30, salaried and graduates +
- Want more value viz. rail, money transfer, trading

Challenges

- Transfer limits, inhibits usage (consumers find it difficult to download an application only to conduct small value transactions)
- Lack of awareness & information on technology/security an inhibitor
- Registration process and multiple PIN nos remembrance also a barrier to adoption



Thank You



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