

IFC Mobile Money Scoping Country Report: India

June 2013



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Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

India Summary

Population	1.2 Billion
Wireless Teledensity:	76%
Remittance % of GDP	3.5%
Percent Under Poverty Line	29.8%
Adult Literacy	61%
Ease of doing business	132 of 183 countries
Main banks	ICICI Bank, State Bank of India, HFDC Bank Ltd, Union, Bank of India, Axis Bank, Punjab National Bank, Bank of Baroda, Yes Bank, Bank of India
Number of Banks/Branches:	1843 Banks / 82439 Branches
Mobile Network Operators	Airtel, Vodafone, Reliance, Idea, TATA, BSNL, Aircel, MTNL



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Mobile Overview for Financial Inclusion in India:

- Domestic Remittances and the need for streamlined distribution of Government Welfare payments are driving the electronic money market in rural India. To date 'last mile' payment issues preclude the efficient and successful roll out of banking facilities to the unbanked in remote areas of the country. The Government of India has adopted a bank-led approach to mobile banking—differing greatly from the MSP led mobile banking in Kenya—that results in a complex delivery system that uses Banking Correspondents (BC) to drive rural adoption. Low revenue streams for the BCs and the bank led model have resulted in the slow growth of mobile banking, particularly in rural India.

- Macro-economic Overview
 - Regulations
 - Financial Sector
 - Telecom Sector
 - Distribution Channel
 - Mobile Financial Services Landscape

Macro-Economic Overview

Key Country Statistics

- Population: 1.2 Billion
- Age Distribution (% population):
 - 0-14 years: 29.7%
 - 15-64 years: 64.9%
 - 65+ years: 5.5%
- Median Age: 26.5 years
- Urban/Rural split:
 - Urban: 30%
 - Rural: 70%
- GDP (PPP): USD 4.5 Trillion (2011)
- GDP per capita (PPP): USD 3,700 (2011)
- Literacy rate: 61%
- Total Wireless Subscribers: 919.17 Million
 - Urban subscribers: 595.9 Million (63.83%)
 - Rural Subscribers: 323.3 Million (35.17%)
- Teledensity in India: 76%
- Banking penetration: 310 million
- Remittance (% of GDP): 3.5%

Insights

- ❑ India at a macro level is developing a two tiered banking system. Branch banking servicing the tops of the economic pyramid and a branchless or agency based service for the lower levels. Both connected through the banks and the NCPI bank end switches.
- ❑ Branch banking services are equal to those of most developed economies while the branchless services are in an embryonic stage.
- ❑ Reserve Bank of India ruled mobile payments is bank led.
- ❑ RBI initial regulations were viewed as too restrictive. In the past two years regulations evolved to a point where branchless banking has the room to develop.
- ❑ State driven G2P model is priming the pumps for expansion of branchless banking for the rural unbanked.
- ❑ Government of India's proposal to pay a 3.14% fee to banks for delivering G2P payments, creates significant shift in business case for banks
- ❑ Government policy makers identified 100,000 villages of over 2,000 residents for financial inclusion initiatives. These have been divided and allocated to commercial banks with recommendation to deliver branchless services

Mobile & Banking Challenges

Factors regarding banking growth

- ❑ The banks using their standard modus operandi are not able to deliver cost effective services to the lower segments of the pyramid.
- ❑ The banking correspondent organizations are essentially small technology companies who have built bespoke platforms and are now attempting to deliver services.
- ❑ Donor funding has gone into the development of platforms and the initial business model. Funds are generally used up by the time a business is fully launched. The BCs are trying to survive off operational revenue.
- ❑ The banks pay a fee for each account opened so this drives the opening of new accounts rather than increasing activity levels on a smaller account base, (although transaction fees are paid).
- ❑ RBI initially forbade charging of fees to the end-user in the BC model this made developing a viable business model challenging. No-frills accounts have been opened in response to RBIs pressure for Financial Inclusion and payment per account open creates incentive to open accounts but then accounts lapse.
- ❑ Little financial literacy extended to end-user

Factors regarding mobile penetration

- ❑ There are reported to be 919.17 million subscribers, or an approximately 76% mobile penetration across the country.
- ❑ As experienced in other countries this level is likely to be over stated as normally it represents SIMs issued. Subscribers can carry multiple handsets, business and personal plus inactive SIMs. TRAI estimates ~200 million accounts not active (dormant SIMs from swapping and discard).
- ❑ RBIs inclusion of 'for-profit' entities as Banking Correspondents is driving MSP to adopt the BC role and concurrently push mobile banking products and airtime recharge products in rural areas.
- ❑ RBIs push to 'Financially Include' the unbanked in rural India to enable them to begin establishing a credit history and to create an account where they can deposit G2P welfare and National Rural Employment Guarantee payments.

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Regulatory Overview

- Overall electronic payment activity is regulated under the terms of the 2007 Payments Act.
- In India the government introduced regulations requiring that mobile money schemes be operated by banks, making it difficult for an M-PESA-type market entrant to lead the nascent mobile money movement. While they can operate, their retail points do not serve as business correspondents. This has probably contributed to the slow growth of mobile money in India, where only 4 percent of adults in the Global Findex sample reports having used a mobile phone in the past 12 months to pay bills or send or receive money.
- The Financial Inclusion program was launched in 2006 by the Government of India (GoI) to extend banking services to the 40% India population that was unbanked. In the same year the government adopted a bank-led, technology driven Banking Correspondent (BC) model for expansion of branchless banking to achieve their financial inclusion goals. As of March 2012, 96,828 Customer Service Points (CSP) have been set up in villages across India under the BC model encouraging the opening of mobile banking accounts for the currently unbanked. In 2010/11 the definition of a BC expanded to include 'for-profit' entities like Mobile Service Providers (MSP) although nonbank Fis are prevented from serving this role (Microsave interview).
- The Unique Identification Authority of India issued a universal identity infrastructure called Aadhaar. This is a 12 digit individual identification number that will serve as a proof of identity and will help provide access to services like banking, mobile phone connections and other government and non government services.

Regulatory Bodies

Roles & Responsibilities

Central Bank

Reserve Bank of India (RBI)

- Creates policies protecting the banked population while also encouraging the extension of MFS to rural areas to encourage Financial Inclusion and bank account acquisition for the traditionally unbanked

Identity Protection

Unique Identity Authority of India (UIDAI)

- Building a biometric online authentication mechanism that can drive mass account opening. UIDAI proposing this could be alternative secure transaction authentication mechanism bypassing a mobile operator's SIM card

Payment Coordinator

National Payments Corporation of India (NPCI)

- Created a mobile-enabled micro-transaction switch --Interbank Mobile Payment Service [IMPS]

Teleco Regulations

Telecom Regulatory Authority of India (TRAI)

- Regulates the telecommunication services for India to promote and ensure orderly growth of the telecom sector in India
- Issued 2012 Mobile banking regulations requiring service providers to facilitate banks to use SMS, USSD and interactive voice response (IVR) to provide banking services to customers

Implications

- In 2006, the RBI enabled banks to go beyond their branch network to deliver services.
- In 2009/10, the RBI allowed 'For Profit' organizations to manage delivery channels and permitted delivery service fees.
- RBI regulations allow non-banks to provision prepared services with limit--cash withdrawals are not permitted. The regulations support banks as sole providers of payment services to all sectors of the Indian population.
- The RBI is prepared to relax regulations, provided stability of the payment system is not compromised.
- NPCI created the IMPS that eventually will enable any bank holder to send money instantly to any of the other 45% of Indian who have a mobile enabled bank account
- RBIs push for financial inclusion will enable NREGA payments (ensured by a UIN) to be deposited directly into new accounts of the formerly unbanked
- Mandate by the Government of India to extend MFS Financial Inclusion accounts to all Indians. Branch extension goal to all villages over 2000 has been met (SBI). Attention now turns to increasing volume of transactions of these account holders.



Regulatory Framework & Requirements

Current Regulations

Implications

Mobile Money Issuers

- All non-bank entities proposing to issue such instruments, unless otherwise specifically exempted as per the guidelines, shall seek authorization from the Reserve Bank of India, under the Payment and Settlement System Act 2007.

- Allows registered non-bank entities to operate (with RBI approval) in the m-wallet space without formally playing in the mobile banking world where there are much stricter regulations

Deposit Taking

- The RBI restricts the provisioning of bank accounts to deposit takers, (licensed banks) and therefore excludes non-banking entities such as MNO's from taking deposits.

- As of 2011, RBI restricts deposit taking activity to banks while promoting the branchless banking model for unbanked areas.

Retail Agents

+

Customer Acquisition

- Government adopted a bank-led, technology driven BC model for expansion of branchless banking. BCs establish Customer Service Points (CSP)—usually with local retail points—around India to acquire new banking customers and extend no-frills m-bank accounts to the currently unbanked
- In 2012, RBI expanded the BC status to include 'for-profit' entities, allowing MSPs to play the role of BCs throughout India
- In 2009 RBI allowed banks to begin collecting reasonable service charges for new accounts

- Financial Inclusion initiatives will be unsustainable unless it is commercially viable for all stakeholders
- Low profit margins in customer acquisition and money transfer result in low coverage and decreased incentive for BCs and CSPs to acquire new banking clients banks
- RBIs expansion of BC status to MSP, will allow mobile service providers to engage their retail network in the roll out of Financial Inclusion accounts to unbanked throughout the country. Previous limitations on BC model, prevented successful rollout of M-banking in rural India

Regulatory Framework & Requirements

Current Regulations

Implications

KYC/AML Requirements

- Tiered policies are in place for KYC where limited means of identification are required for simple accounts/wallets. Balances are capped and full banking services require traditional proofs of identity. UIDAI initiative addressing this challenge for the poor. As of May 2013, 350 million people have been biometrically documented for identification.

- Despite BCs and CSP's responsibility for acquiring new customers in rural areas, banks are responsible for knowing their customer and any money laundering charges that may ensue if they do not meet the RBI's KYC regulations
- Normalization of credentials required to acquire UIDAI and various bank account and benefits enrolment. Practitioner awareness also a challenge.

Licensing requirements

- As of March 2012, RBI approved 65 banks to conduct mobile banking, out of which 47 banks have commenced offering these services

- This coupled with RBIs expansion of the BC profile will allow MSPs (playing the role of BCs) to partner with Banks to roll Financial Inclusion accounts across the unbanked sections of India

Interoperability

- RBI's goal for the mobile payment framework in India is to enable funds transfer from account in one bank to any other account in the same or any other bank on a real time basis irrespective of mobile network a customer has subscribed to.
- RBI circular on Interoperability advises the Indian Bank Association to develop standard operating procedures that incorporate revenue sharing, as it exists for interoperable ATMs

- Interoperability of banking services at agents/retail outlets allows acquisition for any bank by a BC/CSP, provided authentication are online and supported by banks technology
- IMPS might allow any retailer with a bank account to service the liquidity needs of any customer of any banks compromising the BC system.

Domestic Remittances

- Reserve Bank of India's National Electronic Fund Transfer (NEFT) enables customers of the 65 banks approved to conduct mobile banking to transfer money to/from any destination Bank/Branch registered with RBI's NEFT system

- Remittance from a bank account for cash pay out to the beneficiary not having a bank account at an ATM/BC outlet up to Rs 10,000/- per transaction subject to a monthly cap of Rs 25,000/- per beneficiary.



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Financial Sector Overview

- The banking infrastructure in the country consists of 83,055 bank branches, 99,218 ATMs and 682,958 POS machines. Of these, the rural banking infrastructure only consists of about 30,000 bank branches. Concurrently, there are 1 million telecom retailers that operate throughout the country.
- The Reserve bank of India rules defining the Business Correspondent (BC) model of branchless banking (BC is a representative authorized to offer services such as cash transactions where the lender does not have a branch) to help increase the outreach of banking services are in flux. The BC model is being recognized as the most suitable approach for achieving financial inclusion in the long run as it allows banks to service customers and extend their geographic reach at a much lower cost. Difficulty lies in determining suitable transaction fees to support BC models as low returns have resulted in high turnover and challenges to new account enrollment.
- Recognizing the difficulty of float and wanting to incentivize bank play in rural markets, UIDAI Task Force has suggested that the Government bear a 'last-mile' transaction processing fee of 3.14% with a cap of 20 RS per transaction—for interoperable transactions, 31% of the fee can be paid to issuing bank, 64% to the acquiring bank and 5% to the the switch.
- Increased BC interoperability is essential because currently, banks (along with BC channel) are able to service less than 50% of the current RS. 630 billion market of domestic remittances. By enabling BCNMs to freely acquire inter-bank remittances, the market size for BCNMs can grow from RS. 75 billion to RS. 140 Billion. Integrating 'Financial Inclusion' accounts with banks core banking systems will enable the market potential to grow to RS. 204 billion.

Financial Sector Snapshot

Regulated Financial Institutions	2009	2010	2011	2012
Banks				
Foreign Banks	31	32	34	40
Private Banks	22	22	21	20
Nationalized Banks	20	20	20	20
SBI	7	7	6	6
Non-Bank FIs				
Business Correspondents	34,532	60,993	116,548	128,054
Asset Companies			174	160
Loan Companies			43	36
Prepaid Payment Instrument Companies				22
Credit Cooperatives				96,149

Progress under RBI Financial Inclusion Plan for the period March 2010 to September 2012 (Summary of all banks including RRBs)

	2009	2010	2011	2012
Total No. of Branches	85,457	91,145	99,242	101,413
No. of Rural Branches	33,433	34,811	37,471	38,281
No. of CSPs Deployed	34,532	60,993	116,548	128,054
Banking outlets Villages >2000-Sub Total	37,791	66,447	112,130	117,570
Banking Outlets-Villages<2000-Sub Total	29,903	49,761	69,623	82,132
Banking Outlets-All Villages-Branches	33,378	34,811	37,471	38,281
Banking Outlets-All Villages-BCs	34,174	80,802	141,136	158,159
Banking Outlets-All Villages-Other Modes	142	595	3,146	3,262
Banking Outlets-All Villages-Total	67,694	116,208	181,753	199,702
Urban Locations covered through BCs	447	3,771	5,891	10,985
Total No. of Branches	85,457	91,145	99,242	101,413

Bank Snapshot

Bank	ATMs	POS Terminals	Credit Cards	Debit Cards	Branches
Foreign Banks*	1,368	45,039	4,925,462	3,808,605	261
Nationalised Banks	32,229	54,454	849,100	106,000,662	50,004
Private Banks	38,049	583,465	9,917,110	62,545,522	13,305
Development Credit Bank Ltd.	331	679	-	208,440	114
HDFC Bank Ltd.	9,709	191,161	5,798,919	15,066,441	2186
ICICI Bank Ltd.	9,366	170,661	2,821,023	16,847,873	2780
IndusInd Bank Ltd	735	94	206,283	961,113	397
Kotak Mahindra Bank Ltd	858	-	228,777	1,626,426	363
Axis Bank Ltd.	10,337	204,072	824,410	13,050,960	1657
Yes Bank Ltd.	643	3,674	-	296,255	356
Catholic Syrian Bank Ltd.	184	-	-	347,679	384
City Union Bank Ltd	523	1,862	-	801,289	303
Dhanalaxmi Bank Ltd.	397	-	1,833	857,631	294
Federal Bank Limited	1,042	5,059	-	2,650,826	956
ING Vysya Bank	446	-	-	1,065,422	541
Jammu & Kashmir Bank	528	2,853	30,241	1,168,925	555
Karnataka Bank Ltd.	379	1,388	-	1,549,961	527
Karur Vysya Bank Ltd	878	-	-	2,873,921	479
Lakshmi Vilas Bank Ltd.	562	1,294	-	392,642	310
Ratnakar Bank Ltd.	101	-	-	31,884	103
South Indian Bank Ltd	700	138	-	2,247,674	711
Tamilnadu Mercantile Bank Ltd.	330	530	5,624	500,160	289
State Bank of India & Associates	27,572	-	2,321,906	118,323,204	19,485
Total	99,218	682,958	18,013,578	290,677,993	83,055

Financial Infrastructure Snapshot - NPCI

Service	Description	User Base
National Payments Corporation of India (NPCI)	Established by Indian Banks Association in 2008 under mandate of RBI as an umbrella institution to consolidate India's highly fractured payments infrastructure ecosystem	
National Financial Switch (NFS)	Operated under NPCI; primary ATM switch..	As of April 2013, 72 participating banks (118,342 ATMs), 55 sponsored sub-banks (309 ATMs), and 23 rural banks (9 ATMs) participating
Immediate Payment Service (IMPS)	IMPS offers an instant, 24X7, interbank electronic fund transfer service through mobile phones. IMPS facilitate customers to use mobile instruments as a channel for accessing their bank accounts and put high interbank fund transfers in a secured manner with immediate confirmation features. This facility is provided by NPCI through its existing NFS switch. Integration with Tata Power for electricity bills	57 banks now participate, 50.7 million mobile money IDs issued thus far. Largest issuers: ICICI Bank (17.7m), Axis Bank (8.5m), SBI (6.1m), Indian Bank (4.5m), & Kotak Mohindra Bank (2.2m). Usage remains low with only 408K transactions in May 2013.
RuPay	India's own domestic card scheme, initiated as ATM-only Kisan card service for the agricultural micro-credit scheme with intent to expand capability to domestic debit and credit card capabilities. Recent- has tied up with US-based Discover Financial Services (DFS), a direct banking and global payment services company. Under this tie-up, RuPay global card will be accepted globally at ATMs and merchant establishments in the DFS network and vice-versa	2 million card holders
Aadhar Enabled Payment System (AEPS)	The Micro-ATM component of the Aadhar benefit payments strategy. Micro-ATM is a point of transaction terminal utilized by business correspondents for cash deposits, withdrawals and transfers between Aadhar enabled bank accounts.	300,000 payments totaling ~US\$700,000 in 1 st 3 months; 62,000 transactions in May '13
Cheque Truncation System	There are 1,216 clearing houses in India. 66 are to be incorporated into this system while remainder will eventually under the Grid System planned	
Aadhar Payment Bridge System (APBS)	NPCI's centralised electronic benefit transfer system to undertake direct mandates from respective sponsor or accredited bank attached to various government departments for the purpose of disbursing entitlements using Aadhaar numbers. Transfers via NACH	85 state and private banks; 2 sub-member banks
National Automated Clearing House	Approved to begin by RBI in December 2012. Goal is to consolidate the 89 Electronic Clearing Service Centers	Credit services with 6 banks (Dec 12); Debit services with 6 banks (Jan 13)

Sources: National Payment Corporation of India,

Financial Infrastructure

Card Payment Networks

Number	Institutions
4	American Express, Diners Club International, MasterCard International, Visa

Retail Payment Systems/ATM Networks

7	NPCI, Bank of India, Federal Bank, Euronet Services India, Punjab National Bank, State Bank of India, Shamrao Vithal Cooperative Bank
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Prepaid Payment Instruments

22	Airtel M Commerce Services, Atom Technologies, Beam Money, CanvasM Technologies, DigitSecure India, Done Card Utility, Edenred (India), GI Technology, Itz Cash Card, MMP Mobi Wallet Payment Systems, Mobile Commerce Solutions, Muthoot Vehicle & Asset Finance, My Mobile Payments, Oxigen Services (India), PayMate India, Pay Point India, Smart Payment Solutions, Sodexo SVC India, UAE Exchange & Financial Services, Y-Cash Software Solutions, ZipCash Card Services
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Credit Bureaus

CIBIL (Credit Information Bureau [India] Limited)

Ownership: Equity Shared by 4 entities

Number banks/institutions involved: 4

Participating banks/institutions: State Bank of India (holds CIBIL 40% equity share), Housing Development Finance Corporation Ltd (HDFC Ltd) (40% equity), Dun & Bradstreet Information Services India Pvt. Ltd (10% equity), and TransUnion International (10% equity)

Experian Credit Information Company of India Pvt. Ltd

Ownership: JV with India's Leading Private/Public Banks + Non-Banking Financial Institutions

Number banks involved: 7

Participating banks: Axis Bank, Federal Bank, Indian Bank, Magma Fincorp, Punjab National Bank, Sundaram Finance and Union Bank of India


Equifax Credit Information Services Pvt Ltd (ECIS)

Ownership: JV between Equifax (49% owner) and Leading Indian Financial Institutions



Number banks involved: 6

Participating banks: Bank of Baroda, Bank of India, Kotak Mahindra Prime Limited, Religare Finvest Limited, Sundaram Finance Limited and Union Bank of India


Bank Example: ICICI Bank

Institution	Institution Information
	<p><u>Largest Private Bank in India with:</u></p> <ul style="list-style-type: none">• 2753 Branches (largest private branch network in India)• 9,006 ATMS• 340,167 mobile banking transactions in July 2012 with a value of Rs.125.2 million (\$2.24 million USD) <p><u>Financial Inclusion (as of March 2012):</u></p> <ul style="list-style-type: none">• 17 BCs with a network of 4,653 customer service points• Provision of additional services to rural unbanked including—remittances and opening of fixed/recurring deposit accounts• 9.8 million Financial Inclusion accounts established• Launched process for routing government benefit payments using Aadhaar platform of Unique Identification Authority of India (UIDAI)<ul style="list-style-type: none">• Able to credit beneficiary account using Aadhaar Payment Bridge System (APBS)• Able to extend disbursements in the field using the Aadhaar platform• Appointed as registrar by UIDAI• ICICI seeks to play central role in channeling of payments under government schemes to the beneficiaries through their ICICI accounts• Provider of Kisan Credit Cards


Bank Examples: HDFC and Axis Banks

Institution	Institution Information
	<p><u>2nd Largest Private Sector bank in India with:</u></p> <ul style="list-style-type: none"> • 2,544 Branches • 8,913 ATMS • 184,000 POS Terminals • 14.1 million debit cards • 52,667 mobile banking transactions in July 2012 with a value of Rs.2.93 million (\$52,508 USD) <p><u>Financial Inclusion (as of March 2012):</u></p> <ul style="list-style-type: none"> • 70% of HDFC branches are outside Metro Areas • 760,000 No-Frills Savings Accounts opened • Unbanked segments of population are the focus of HDFC Bank's Financial Inclusion Initiatives • Provider of Kisan Gold Card (KGC)
	<p><u>3rd Largest Private Sector Bank in India with:</u></p> <ul style="list-style-type: none"> • 1,622 Branches • 9,924 ATMS • 265,777 mobile banking transactions in July 2012 with a value of Rs.35.75 million (\$640,741 USD) <p><u>Financial Inclusion (as of March 2012):</u></p> <ul style="list-style-type: none"> • 4.4 million No-Frills accounts in over 7,600 villages through a network of 15 BCs and 6,000 customer POS • Electronic Benefit Transfer (EBT) player, covering 19 districts + 9 states with over 3.7 million beneficiaries • Perceives Financial Inclusion of rural, unbanked as a business opportunity


Bank Example: State Bank of India

Institution	Institution Information
	<ul style="list-style-type: none">• 13,000+ Branches• 3,266 Rural Banking Branches• 22,141 SBI ATMs / 27,286 ATMs in SBI Group Network• 110 Million Debit Cards - 40% of Debit Cards Issued in India• 3.64 million Registered Mobile Banking users• 19.06 million successful Mobile Banking financial transactions as of March 2012 (up from 4.93 Million financial transactions in 2011)• 2.76 million mobile banking transactions in July 2012 with a value of Rs. 119.9 million (\$2.15 million USD) <p><u>Financial Inclusion (as of March 2012):</u></p> <ul style="list-style-type: none">• Achieved 100% coverage of allotted 12,931 villages under Financial Inclusion Plan (FIP) 2011-2012• 13.6 million 'No-Frills' accounts opened in across 32 states• Opened 4 million accounts in FIP villages during FY 2012• 30,000 BC Customer Service Points through National and Regional Alliances• 114 Financial Inclusion Centers to support the BCs set-up across India• SBI is one of the UIDAI registrars:<ul style="list-style-type: none">• After State Governments SBI is the top enroller with more than 25.2 million enrolled in Aadhaar enabled accounts• Electronic Benefit Transfer player. Opening 2.7 million accounts to receive pension payments, MGNREGS work payments, etc.

Bank Example: Union Bank

Institution	Institution Information
	<ul style="list-style-type: none"> • 3,201 Banking Branches • 3,801 ATMs • 31,395 mobile banking transactions in July 2012 with a value of Rs. 3.71 million (\$66,542 USD) <p><u>Financial Inclusion (as of March 2012):</u></p> <ul style="list-style-type: none"> • ATM enabled Kisan Credit Card was introduced • Provided banking services to 3,506 government allotted villages each with a population greater than 2,000. • Established banking services in 19,208 villages • 5.8 million no frills banking accounts opened in FY 2012 (13.3 million no frills accounts) • Extended “Pragati”—microloan product to 39,410 customers • Micro-Remittance facility for migrants extended through BC model, now available for interbank using NEFT platform • Opened 9 Financial Literacy centers counseling 11,610= people • Micro Finance Linkage: <ul style="list-style-type: none"> • 134,640 Self Help Groups have borrowed 7.98 billion rupees • Launching Women Self Help Groups through partner NGO <p><u>Vision for 2013:</u></p> <ul style="list-style-type: none"> • Financial Inclusion is a core of Union Banks banking strategy with a goal to extend its reach to 32,000 unbanked villages by March 2013 through branchless ICT banking, engaging 20,000 BCs and Customer Service Points to serve 12 million new customers by end of plan period

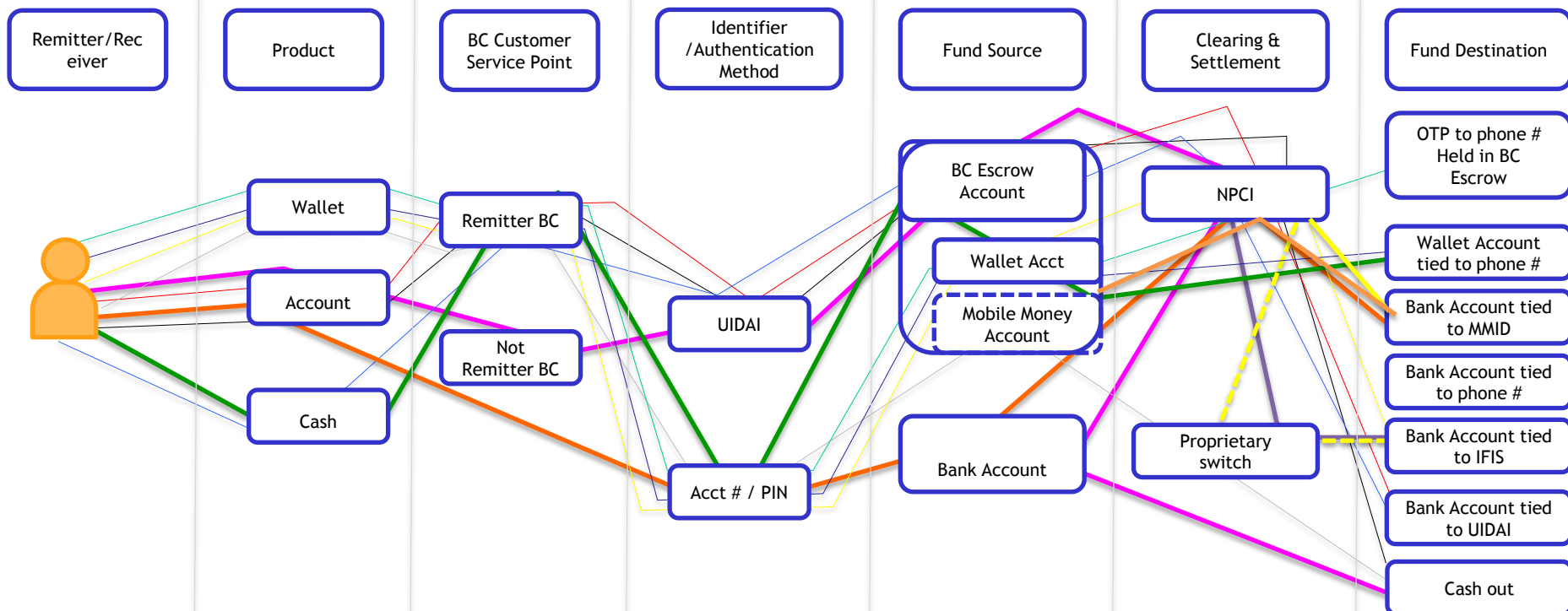
Bank Example: Yes Bank

Institution	Institution Information
	<ul style="list-style-type: none">• 356 Branches across 240 locations ; Vision of 900 Branches by 2015• 600 ATMs; Vision of 2000 ATMs by 2015 <p><u>Financial Inclusion (as of March 2012):</u></p> <ul style="list-style-type: none">• Offers direct micro-credit, micro savings, Micro insurance and remittance services across the country through a variety of partners providing credit and savings facilities to Self Help Groups through partner NGOs acting as BCs• Project--‘YES SAMPANN’—first of its kind direct micro-finance initiative with technical collaboration with ACCION International• Yes Bank sees huge unbanked population below the age of 25 offers an enormous retail opportunity. The ability to use technology + the deployment of Smart Cards to profitably deliver banking solutions to masses is an exciting opportunity.

MFI Snapshot

Full Name	Customers + Branches	Loan/Savings Portfolio	Additional Information
Cashpor Micro Credit		<ul style="list-style-type: none"> Loan Portfolio 2010: 58 million USD 	Operations in Bihar and Eastern Uttar Pradesh <ul style="list-style-type: none"> Private Bank Partnerships with: Union Bank of India, Central Bank of India
Bandhan Financial Services Pvt. Ltd (BFSPL) <i>(Society and RBI regulated NBFC)</i>	<ul style="list-style-type: none"> 3.8 Million Borrowers 1,666 Branches 		<ul style="list-style-type: none"> Operations in 18 States and Territories Forged a 2010 partnership with Western Union + Weizmannan to offer International Remittance for borrowers/Members Lending Partnerships with 32 India banks including: HDFCBank, Axis Bank, State Bank of India and Union Bank
Ujjivan	<ul style="list-style-type: none"> 941,000 Borrowers 297 Branches 	<ul style="list-style-type: none"> \$172.1 Million Loans 	
Equitas	<ul style="list-style-type: none"> 1.2 Million Borrowers 279 Branches 	<ul style="list-style-type: none"> \$191.5 Million Loans 	
Swadhaar	<ul style="list-style-type: none"> 92,000 Borrowers 30 Branches 	<ul style="list-style-type: none"> \$16.7 Million Loans 	
Kshetriya Gramin Financial Services (KGFS)	<ul style="list-style-type: none"> 215,291 clients 132 branches 	<ul style="list-style-type: none"> Total Disbursed: 3,013 Million (INR) Portfolio Outstanding: 549 million (INR) 	<ul style="list-style-type: none"> Non-traditional MFI that is regionally focused offering a complete suite of products + services to ensure financial wellbeing of rural businesses and persons

Mobile transfer scenarios: opportunity to streamline?

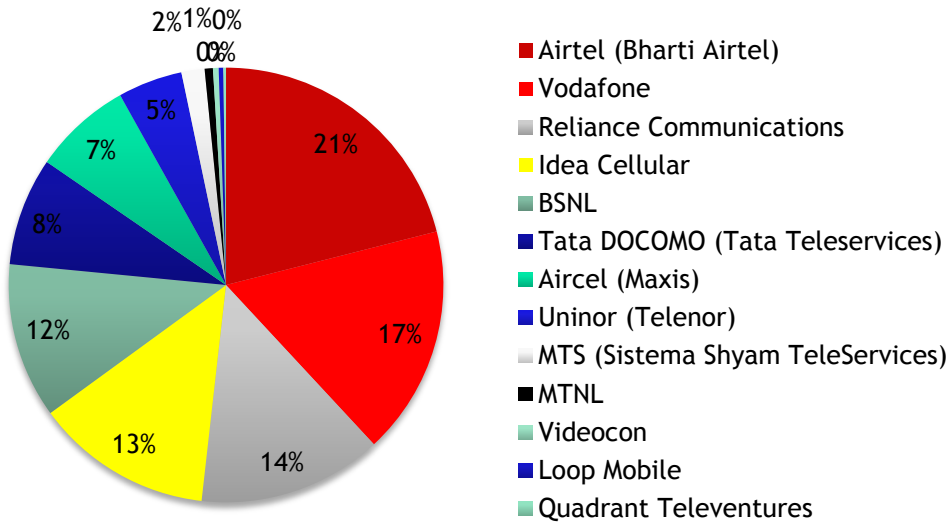


#	Case	Notes
1	Wallet to phone number (no wallet or account)	Permitted if Wallet application has undergone bank KYC; Wallet now treated as mobile money acct. Recipient gets a One-Time PIN for cash out subject to providing ID info.
2	Wallet to wallet, same MNO or PPI closed network	Does not require bank KYC review but balances are more limited at bank/provider discretion
3	Wallet to any bank account	Routing may occur via NPCI or NPCI interconnect to existing bank switch; can use IFIS or MMID
4	Wallet to cash	Requires bank KYC certification; BC manages liquidity
5	Cash to wallet or bank account	BC manages liquidity
6	account to account transfer	Can be done using one of several combinations of phone #, MMID, IFIS
7	Cash deposit to Aadhaar using BC	BC manages liquidity; takes cash, funds move from BC bank to destination account
8	Aadhaar to Aadhaar transfer	Phase 1 can only be performed via Remitter bank BC
9	Aadhaar cash withdrawal - intrabank BC	
10	Aadhaar cash withdrawal - interbank BC	If remitter/receiver goes to BC other than one signed by his bank, NPCI handles interbank transfer

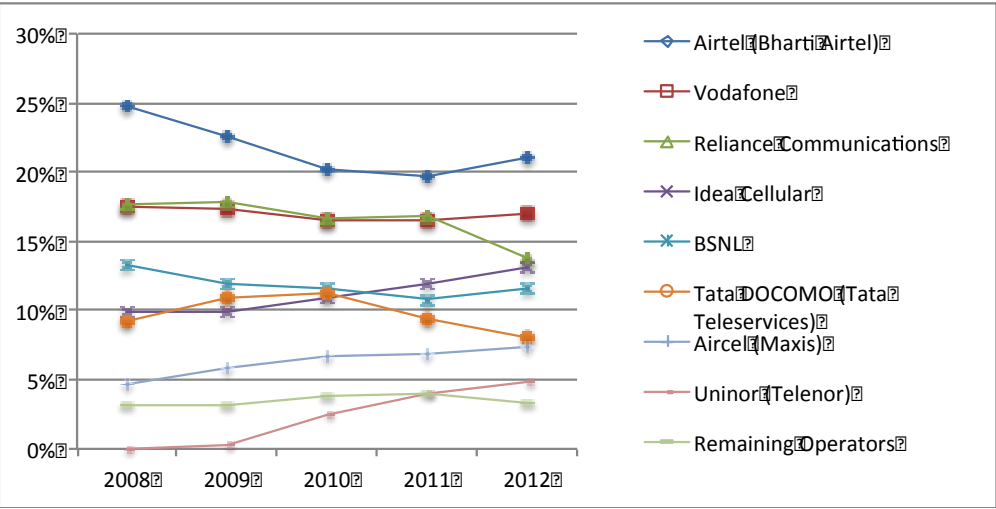
- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape

Mobile Overview

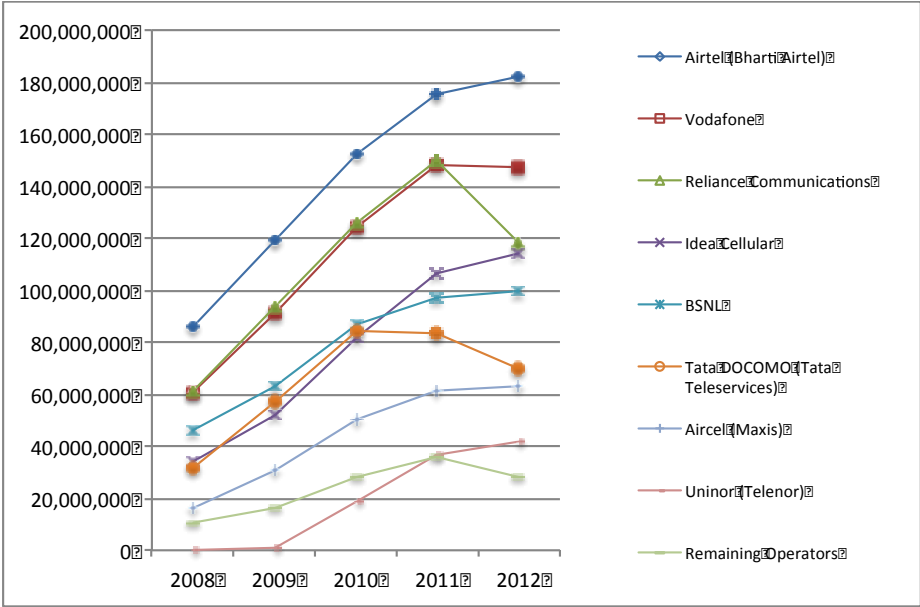
Mobile Profile	
Operators	Dialog Axiata, Mobitel, Airtel, Etisalat, Hutch
Coverage	87% (Airtel)
Unique subscribers	321,316,186
SIMS	864,720,917
subscriber ARPU	\$2.68



Market Share- Market Leaders






Activations - Market Leaders





Sources:Wireless Intelligence




Mobile Network Operators

Telco	Telco Information	Ownership, Partnership and other Information
	<ul style="list-style-type: none"> Subscribers: 181.27 Million Market Share: 19.4% 	<ul style="list-style-type: none"> Established: July 07, 1995 as a Public Limited Company Operations in 20 countries across Asia and Africa; Headquartered in New Delhi Bharti Airtel ranks among top 5 mobile service providers globally (based on subscribers) Partners Include: <ul style="list-style-type: none"> Axis Bank: offering Airtel Money Super Account Infosys: Airtel Money mobileWallet
	<ul style="list-style-type: none"> Subscribers: 153.04 Million Market Share: 16.22% 	<ul style="list-style-type: none"> Reliance Mobile launched in December 2002 Reliance India is India's largest private sector information + communication company Has an established pan-India, high-capacity, integrated (wireless) convergent (voice, data + video) digital network to offer services spanning the entire infocomm value chain. 90% of Reliance handsets are data enabled
	<ul style="list-style-type: none"> Subscribers: 150.47 Million Market Share: 15.82% 	<ul style="list-style-type: none"> Global Expertise form operations in 31 countries On Vodafone mobile phones a host of mobile banking services are available including: balance querying, tracking transactions, etc. Services are available at Vodafone's partner banks including: <ul style="list-style-type: none"> ICICI, HDFC, ABN AMRO Bank, Kotak Mahindra Bank, etc Mobile Banking solution: M-Paisa, created with HDFC bank partnership <ul style="list-style-type: none"> Allows HDFC in pilot state Rajasthan to enjoy basic banking services at the 2,200 retailers supporting the initiative across 320 villages and 54 towns

Mobile Network Operators

Telco	Telco Information	Ownership, Partnership and other Information
	<ul style="list-style-type: none"> • Subscribers: 98.51 Million • Market Share: 12.72% 	<ul style="list-style-type: none"> • Indian state-owned telecommunications company, • Headquartered in Delhi • Largest provider of fixed lines and 4th largest provider in mobile • Offers Prepaid and Postpaid cellular telephone using GSM technology • Partners: <ul style="list-style-type: none"> • State Bank of India: USSD SMS mobile platform (mobile Wallet) that allows money transfer, P2P fund transfer, balance inquiry, etc.
	<ul style="list-style-type: none"> • Subscribers: 112.72 Million • Market Share: 11.85% 	<ul style="list-style-type: none"> • 3rd largest mobile services operator in India • Pan-India integrated GSM operator with its own NLD and ILD operations and ISP license • Operates across 22 services areas with 2G and 3G services—being rolled out currently • IDEA has the highest share of rural subscribers as a percentage of total subscribers; 2/3 new IDEA subscribers come from rural/semi-urban markets • Offers Prepaid and Postpaid cellular telephone • IDEA is an Aditya Birla Group Company. This group operates in 33 countries • Partner: <ul style="list-style-type: none"> • Axis Bank: 'Idea MyCash' extends financial products to rural poor. Ideal cellular retailers act as Banking correspondents and help customers open no frills Axis Bank accounts

Mobile Network Operators

Telco	Telco Information	Ownership, Partnership and other Information
	<ul style="list-style-type: none"> Subscribers: 81.75 Million Market Share: 8.74% 	<ul style="list-style-type: none"> Ownership: Tata Group Has a pan India presence though existing TATA operations allowing it operations in all of India's 23 telecom circles. Rated least congested in network in India by the Telecom Regulatory Authority of India Banking Partnerships: ICICI, HDFC Bank, Axis Bank, Corporation Bank, IDBI Bank Agnostic Mobile Banking provider: <ul style="list-style-type: none"> First customer registers for the mobile banking service with participating bank and then is able to begin banking through TataIndicom
	<ul style="list-style-type: none"> Subscribers: 62.57 Million Market Share: 6.85% 	<ul style="list-style-type: none"> Ownership: <ul style="list-style-type: none"> Maxis Communications Behad of Malaysia (74% equity) Sindya Securities and Investments Pvt. Ltd (26% equity) Operations in all of India's 23 telecom circles Partners: <ul style="list-style-type: none"> Aircel and ICICI Bank announced a joint initiative to drive financial inclusion in the country. Products include savings accounts, pre-paid instruments and credit partners
	<ul style="list-style-type: none"> Subscribers: 42.43 million Market Share: 4.46% 	<ul style="list-style-type: none"> JV Ownership—currently in court due to JV disagreement: <ul style="list-style-type: none"> Telenor Group: Norwegian Telecom (67.25% equity share) Unitech: Indian real-estate firm (32.75 % equity share) Offers affordable mobile services to communities across India Distributors: 1,787 and Retail Outlets: 396,700 Commercially available in 9 of India's 23 'Circles' across the company which together account for a footprint of 708 million people

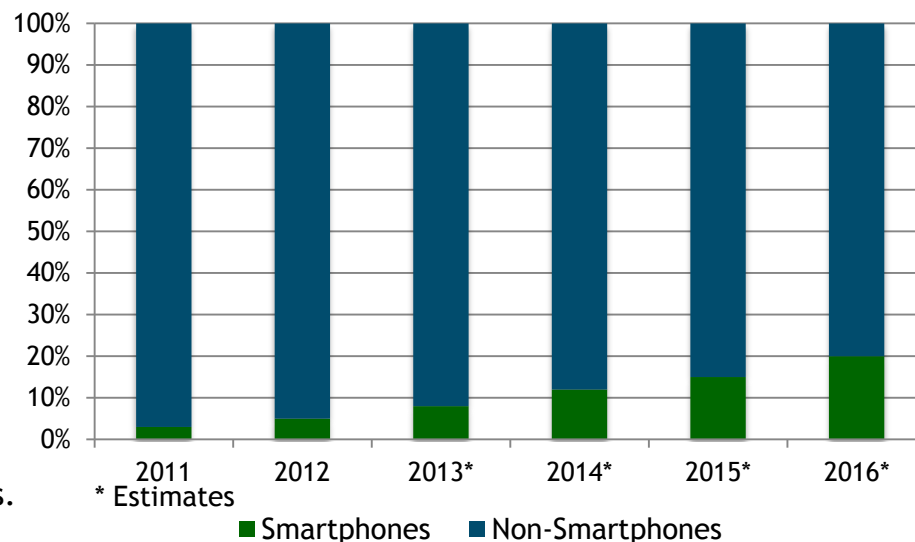
Mobile Outlook

- **Current situation**

- ❑ IEMR projects the market will grow to 1.27 billion subscribers by 2015.
- ❑ Prepaid users make up almost 95% of the total subscriber base.

- **Trends/expectations**

- ❑ Monthly ARPU in the 4Q 2010 was USD3.73, down 15.5% year on year. This is a predicted trend as market penetration only increases through signing up lower income subscribers.



- **Implications for mobile money**

- ❑ The Indian market for operators is competitive with only one having as much as 20% of the market.
- ❑ ARPU will further decrease with a higher penetration rate forcing operators to more aggressively pursue added value service opportunities.
- ❑ Transaction based financial services utilizing mobile will increase network traffic, impacting ARPU positively.
- ❑ MNOs in the short term will become more involved in wallet activities, though their retail points are not construed as business correspondents. Whether MNO's can compete at the village level is yet to be determined.
- ❑ Proposed number portability rules will aid in tying accounts to phone numbers and maintaining them on an individual basis.

- Macro-economic Overview
- Regulations
- Financial Sector
- Telecom Sector
- Distribution Channel
- Mobile Financial Services Landscape

Retail Network Structure

Banks

- Due to the Government Policy mandating the mobile banking space be bank-led in India, Banks are the Principal Player in mobile money
- Banks have the legal relationship with the customer as account issuers and must have lead branding in the service

Business Correspondents (BCs)

- BC is a representative authorized to offer services such as cash transactions where the lender does not have a branch
- Role: to over see the orderly development and proper functioning of indirect banking channels
- BCs have a direct contract with the bank + are subjected to RBI regulations
- Earn Commissions from the enrollment of clients, transactions and deposits
- Correspondents include: Oxigen, FINO, A Little World, EKO, Sub-K, MSPs

Agent Network Managers (ANMs)

- Mostly the role of BCs, but in some cases BCs contract ANMs to:
- identify, screen and train new Customer Service Points (CSP)
- Supervise and offer ongoing business advice to existing CSPs
- Hire runners to collect or distribute cash to CSP or Manage a set of bank accounts through which CSPs can deposit/withdraw money

Customer Service Points(CSPs)

- Specific individuals or Retail outlets that maintain direct contact with customers
- Role: to collect account opening documentation, offer cash-in/cash-out services, and receive payments
- CSPs are either staff of or owned by BCs, or they may be contracted by the BC to provide CSP functions to the BC

Technology Service Providers

- Provide an electronic solution that allows customers and CSPs to transact remotely
- Provides BCs with management tools to over see the entire branchless channel.
- TSPs are typically contracted by banks

Business Correspondent Summary

BC	Customers	Tech	Bank Partner	Region Served
FINO Fintech Foundation	41000000	own	Several (18)	Several (25)
Zero Microfinance and Savings Support Foundation	8000000	A Little World	SBI, Union, PNB, Central Bank, Dena Bank, APGVB, KGB	All states of India
SEED Financial Services	1800000	Tata Consultancy	public sector banks	several (20)
Eko India Financial Services	1100000	Eko	SBI, ICICI	Delhi, Bihar, Jharkhand, Haryana, Uttar Pradesh
Drishtee Development and Communication	280173	State Bank of India	SBI, State Bank of India	Assam, Uttar, Bihar, Haryana, Arunachal Pradesh, Meghalaya, Manipur
Janalakshmi Social Services	250000	Janalakshmi Financial Services	Axis Bank	Karnataka, Tamilnadu, Delhi
BASIX Sub-K	76410	own with Nuance	Syndicate, ING, KBS, Ratnakar, Axis, Citi	several (10)
Samvridhhi Inclusive Growth Network	55000	SkyTECH, CanvasM	State Bank of India, Union Bank, Axis Bank	Bihar, Orissa, West Bengal
Commonwealth Inclusive Growth Foundation	50000	CIGS, Atom	ICICI, Indian Bank	Tamil Nadu, Karnataka, Andhra Pradesh
Swadhaar FinAccess	27676		Several (13)	Maharashtra, Gujarat
Action for Women and Rural Development (AWARD)	22956	FINO	ICICI	Uttar Pradesh
Guidance Society for Labour Orphans and Women (GIOW)	14150	FINO	ICICI, Indian Bank, SIDBI	Tamil Nadu
CASHPOR Micro Credit	12767	Eko	ICICI, HDFC, SBI	Uttar Pradesh, Bihar
Namathu Deepam Micro Finance Services (NDMFS)	12500		Indian Overseas Bank	Tamil Nadu
Association for Rural Development	10000	CNRI	State Bank of India, Axis Bank	Tamil Nadu
National Mother and Child Welfare Organization (NAMCO)	7000		HDFC, ICICI	Tamil Nadu
Prayas Juvenile Aid Centre	4022	FINO	ICICI, Yes Bank	Delhi, Bihar

Sources: Citi Foundation, Access Assist - Business Correspondents in India Director
Does not include Mobile Operator and Airtime resale networks and m-wallets managed by Vodafone, Oxigen, Idea, Airtel and Aircel

Business Correspondent Snapshot



Oxygen Services
(India) Pvt.Ltd

- India's 1st + Largest Payments Solution Provider with 100,000 outlets and 20 million transactions/month
- Banking Partners:
 - State Bank of India and Sahyog Micro Finance Foundation: SBI Kiosk
 - State Bank of India: State Bank MobiCash—prepaid m-wallett
 - Yes Bank: Business Correspondent providing Remittance service through Oxygen retailers
- **International Parent:** Blue Label Telecom--leader in distribution of physical and virtual prepaid airtime in S. Africa



Eko India Financial
Services, Pvt.Ltd

- BC with 50,000 clients +500 CSPs in 2010. Funding from Gates and CGAP.
- Eko's solution provides peer-to-peer money transfers, cash deposits and withdrawal, micro-insurance, and micro-credit functionalities to individuals. The company's solution enables banks to provide banking facilities to the urban/rural population and to unbanked individuals.
- Leverages existing retail shops, telecom connectivity and banking infrastructure to extend branchless banking services across India, in particular to the urban and rural unbanked
- Business Correspondent and Technology Service Provider for:
 - State Bank of India, ICICI Bank, Yes Bank (no-frills accounts with no opening fee or min-balance req)



Financial Inclusion
Network +
Operations Ltd.

- Fino is the market leader in deliverin products the first and last mile with over 50 million customers and 31,000 transaction pints in 427 districts across 26 states
- 22 Banking Partners Including: Axis Bank, Bank of Boroda, HDFC Bank, ICICI Bank, ING Bank, State Bank of Inida, and Union Bank
- Offers low cost, robust and safe channels for Banks making RBI mandated Financial Inclusion initiatives financially viable. Services include: Deposits and savings account products for low income wage earners allowing them to create a credit profile, domestic remittance, SHG and JLG loan products



A Little World
Pvt. Ltd.

- ALW has partnership with 15 banks including: State bank of India, Axis Bank, United Bank of India
- Zero Micro Finance (ZMF), a company closely affiliated with A Little World, is one of the largest BCs in India, offering full-featured transactional services on behalf of banks for Financial Inclusion.
- ZMF is a banking correspondent for 15 Banking Partners and manages Customer Service Points throughout India
- Services include: Enrolling customers in no-frills, zero-balance saving + bank accounts; Enrolling, Training and Equipping CSPs in villages to handel banking responsibilities in rural areas

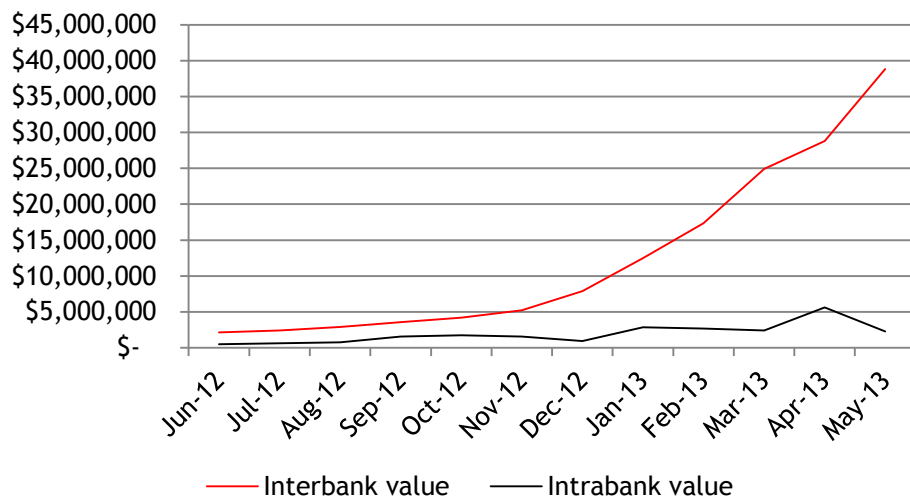
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Mobile Financial Services Overview

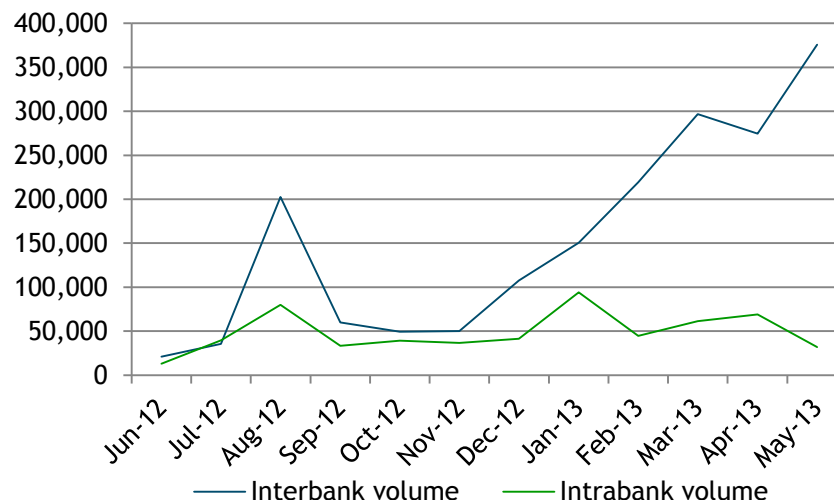
- Two types of mobile financial services are currently offered in the Indian market, mobile wallets and banking.
- These services can now be interoperable although procedures and diversity of initiatives creates market challenges of confusion and risk to adoption and usage.
- Mobile Wallets:
 - MSP or BC-led, primarily with partnership with mobile operators.
 - Mobile wallets available on the market allow customers to transfer funds from mobile to mobile (within same operator network), top off pre-paid airtime, and pay utility bills
 - Once KYC approved by BC bank, IMPS model facilitates exchange among accounts and IMPS integrated wallets, and cash-out
- Mobile Banking:
 - RBI mandated that Mobile Banking be Bank-led in the Indian Market. Recently, In 2011, RBI expanded the business correspondent profile to include 'for-profit' entities, such as Mobile Service Providers.
 - Increasingly, banks are using MSPs as business correspondents to leverage their expansive retail network across India to acquire additional customers for their Financial Inclusion initiatives
 - Business correspondents, MSPs and other business correspondents are partnering with multiple banks to expand their revenue generation capacities.
- Business Correspondents
 - Business correspondents and their agents are surpassing 130,000 and provide basic deposit/withdrawal services for wallets and IMPS linked accounts, required for supporting mobile infrastructure where branches are absent
 - A number of banking correspondents have emerged each operating their own individual business models to service the customers of this second tier. It is too early to identify the most successful or appropriate model(s) but EKO's approach is demonstrating positive transaction trends. FINO likewise is experiencing positive results and introduced credit options.
 - The banking correspondents are generally technology companies that are typically under funded. Funding has come from donor organizations but little has come from the banks.
 - There is a view that banks are not sufficiently committed to this market as they do not see the profit potential. Commitment and investment may only come once the banking correspondents can demonstrate their respective business models will deliver in terms of transaction volume, cost effectively.

National Payment Corporation of India - Interoperable Mobile Payments and Transfers via IMPS

IMPS Facilitated Mobile Transfers - Value (USD)



IMPS Facilitated Mobile Transfers - Volume

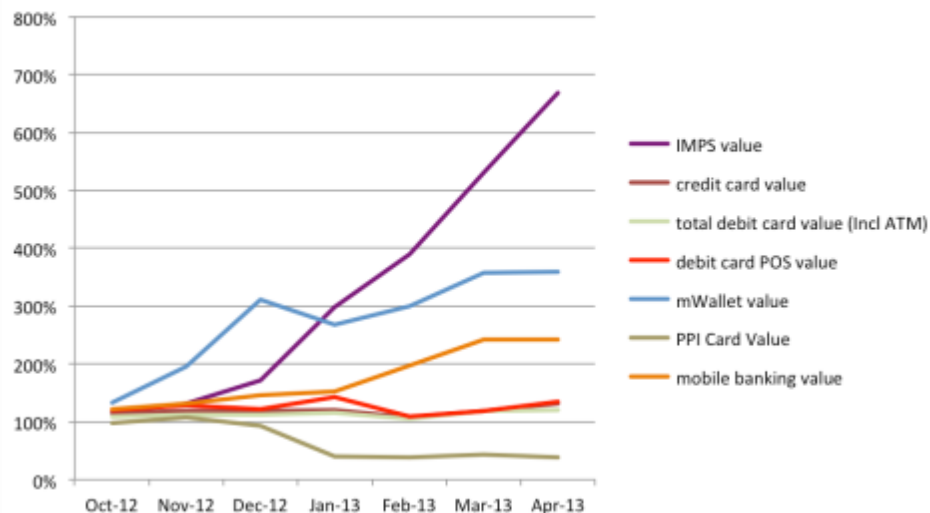


Bank	# of MMIDs	APP?	SMS?	USSD?
ICICI Bank	17,798,000	✓		✓
Axis Bank	8,536,000	✓	✓	
State Bank of India	6,075,000	✓	✓	✓
Indian Bank	4,495,000	✓	✓	✓
Kotak Mahindra Bank	2,213,000	✓	✓ (info)	✓
Karnataka Bank	2,132,000	✓	✓	✓
Oriental Bank of Commerce	1,733,000	✓		✓
Union Bank of India	1,587,000	✓	✓	✓
Andhra Bank	912,000	✓	✓	✓
Corporation Bank	744,000	✓	✓	✓

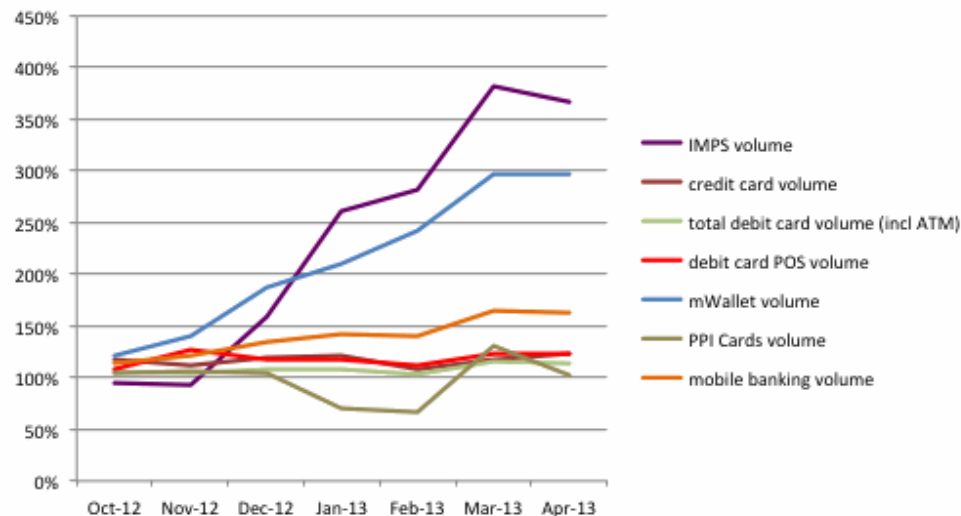
Comparing Growth of Electronic Transaction Types

Analyzing comparative growth across various electronic transaction methods underscores the relative success all mobile related methods (IMPS, mWallet, mobile banking) are witnessing compared to card method counterparts. Data covers the period of October 2012 thru April 2013 for which data was available from RBI for all method types.

Comparing Growth of Transaction Value (Oct '12=100)



Comparing Growth of Transaction Volume (Oct '12=100)



MFS Implementations: Mobile Wallets



Mobile Money
Offering
by
HDFC +
VISA/Monitise JV

Launched:
February 2012

- HDFC customers will be able to recharge their mobile phone airtime, pay bills and book movie tickets from their mobile phone
 - Movida is designed to operate across all mobile networks using any Visa or non-Visa branded payment account and can be accessed by even the most basic handset
 - HDFC debit and credit card holders can pay bills, buy air or rail tickets from their mobile phone
- Movida will first be rolled out to selected number of customers followed by a mass roll-out towards the end of the year Services offered



Semi-closed m-
wallet

Launched:
February 2012

- Prepaid, M-Wallet allows customer to load cash onto their mobile device and use it to pay utility bills and recharges, transfer money domestically, shop at 7000+ merchant outlets and transact online.
- Exclusive distribution network that spans over 1.5 million outlets with operations in 300 key cities and 7000 merchant outlets
- Two Account Types:
 - 'Express Account' for mobile balance recharge + utility bill payment—daily spending limit Rs. 10,000
 - 'Power Account' to pay utility bills, phone bal. recharge, buy products at merchant outlets + online purchases—daily spending limit Rs. 50,000
- Other countries with Airtel Money: Kenya, Ghana, Sierra Leone, Tanzania, and Uganda

MFS Implementations: Mobile Wallets



Product:
Semi-closed Wallet

by
My Mobile
Payments Ltd.
(Launched in 2010)

- A Network agnostic M-Wallet service that permits a mobile phone subscriber to purchase a wide range of goods and services using the mobile phone
- Customers can load their mobile phone with cash of various denominations at retail touch points allowing them to top off pre-paid airtime, pay post-pay phone bills, pay utility bills, and purchase airline bus and movie tickets.
- Mobile Airtime Recharge available for: Airtel, MTS, Vodaphone, Uninon, Tata Indicom, Virgin Mobile, Reliance, etc
- 500,000+ subscribers and a business volume of Rs. 20 million/day
- 82,000+ retailer touch points in 300 cities (retail touch points expected to exceed 2 million by year end)



Product:
Closed eWallet

by
Oxygen Services
Ltd.
(Launched in 2012)

- Prepaid offering that enables the customer to make purchase through various mediums including PC or GPRS Enabled handset.
- Mobile phone number becomes your eWallet identity
- May 2013 integration with IMPS
- Benefit of Oxicash:
 - Prepaid mobile and TV recharges, bill payments, travel payment, online shopping, mobile videos, music, games and other utilities
- Widespread Distribution Network; 75,000 outlets to expand to 200,000 by 2012
- Product of Oxygen Services Ltd with S. African Partner--Blue Lable Telecom--who is a leader in distribution of physical and virtual prepaid airtime

MFS Implementations: Mobile Wallets



Loop Mobile in
partnership with
Zipcash

- Offers the basics of m-wallet but also allows customers to transfer money via SMS. Benefits of the LOOP mobile wallet include:
 - Send money to any Mobile number anywhere in India across all networks
 - Recharge any prepaid mobile number
 - Pay your bills
 - Online shopping
- Free service but pay 1% when you transfer money to a bank account



Mobile Money
Wallet
by
State Bank
MobiCash

Official Launch:
January 2012

- State Bank Mobicash is a pre-paid mobile wallet solution targeting the unbanked segment of the market. This service offers customers (both SBI and non-SBI account holders) to load cash onto their mobile phones and make payment to any designated affiliates and appointed network of merchants.
- A one time fee of INR 60 (\$1.20) will be charged to customers registering for Mobicash with a minimum opening deposit of INR200
- Pilot currently in New Delhi and Mumbai. If successful will extend throughout country, starting with major Indian cities
- Oxygen will provide mobile based front end application and transaction processing platform and SMF will bring in Customer Service points which will be the delivery points for opening a mobicash account, cash-in/cash out services, etc.
- Benefits to Wallet Holder:
 - Banking Facilities beyond Banking Hours
 - Withdrawal of cash from a prepaid account at Customer Service Point
 - Person to Person (P2P) domestic money transfers (Remittances)
 - Payment of utility bills -electricity bills, telephone bills, etc.
 - Top-up of pre-paid services such as prepaid mobile, DTH, etc.
- SBI currently has around 3.4 Million customers using its existing mobile banking service

MFS Implementations: Mobile Wallets



*Alpha Payment
Services*

*Powered by
Alpha Payment
Services India Pvt Ltd*

(Acquired June 2012)

- In June 2012, FINO acquired Nokia Money after Nokia decided to transition out of the mobile money market in India
- Ownership: FINO offshoot- Alpha Payment Services India Pvt Ltd (Alpha)
- Alpha Payment will use FINO's vast network with 31000 transaction points, 50,000 villages and 50 million customers to push uptake of its solution.
- Alpha Payments has two service offerings:
 - Alpha Money is tailored to bulk salary and reimbursement models along with customized cash management solutions
 - Union Bank Money is a prepaid wallet service that is a more traditional mobile wallet that also affords transfers to Union Bank accounts, ATM cash withdrawals, merchant and bill payments



Beam Money

- Partnered with MasterCard to use a prepaid card for its users to use ATMs and retail POS terminals

MFS Implementations: Mobile Banking and Wallets

Airtel Money SUPER Account



Powered by Axis Bank
(Launch: May 2012)

- Offers a 'No Frills' savings bank account, where the account holder may make:
 - Cash Deposit /Withdrawal from authorized Airtel Money + Axis Bank outlets
 - Remittance of funds to other Airtel Money Super Accounts
 - Remittance to other bank accounts through NEFT
 - Savings bank interest on balances
- Initially, services will be deployed to the top four remittance corridors involving Delhi and Mumbai on the sending side and Bihar and East UP on the receiving side.
- Future offerings: Micro-Recurring deposits, Micro-Fixed Deposits, Small loans, Micro Loans



'Idea MyCash'
(Launched: 2010)

- **Partnership**
 - Axis Bank: Bank-led 'No-Frills' account provider
 - Idea: MSP acting as Banking Correspondent for Axis Bank in rural areas
- This partnership offers a no-frills bank account powered by the mobile platform.
- Idea, however, also plans to expand its offerings for this service, from just the operation of a no-frills account to one that allows for m-wallet, micro-insurance (with a low premium), credit facilities (small loans, etc), repayment, mutual funds, receiving deposits, and similar products, designed according to the specific needs of the target audience.
- **Opportunity:** Idea has 112.72 Million with 2/3 new subscribers from rural/unbanked areas, this vast network can be leveraged to increase participation in No-Frills Accounts
- **Axis Bank's Financial Inclusion Accounts:** 4.4 million No-Frills accounts in over 7,600 villages through a network of 15 BCs and 6,000 customer POS

MFS Implementations: ICICI Bank, Banking and Wallets



Vodafone+ ICICI
(Launched in 2011;
Relaunch Dec 2012)

- **Partnership:**
 - ICICI Bank: Bank-led 'No-Frills' account provider
 - Vodafone: MSP acting as Banking Correspondent for ICICI in rural areas
- Relunched in Dec 2012. Service now accounts for IMPS by issuing customers both a Vodafone m-Pesa wallet as well as an ICICI Aadhar-compatible wallet that supports value transfer between the two. The purpose of this design is to enable ICICI customers to utilize Vodafone's 1.5 million retail points in India for cash in/out while also allowing same customers access to Aadhar Enabled Payment System and business correspondents.
- ICICI Financial Inclusion Success to date: 9.8 million Financial Inclusion accounts established and now 17.8 million Mobile Money IDs for Aadhar.
- **Services offered:**
 - Savings accounts, pre-paid instruments and credit products through a mobile phone based platform



mRupee
ICICI Bank &
Tata Teleservices Ltd

- Managed by MMP Mobi Wallet Payment Systems Ltd, a 100% subsidiary of Tata Teleservices Limited, in association with ICICI Bank.
- Any customer with an active mobile connection can transfer money to any scheduled commercial bank account (in India) by visiting the authorized mRupee agents.
- mRupee services are available in Delhi, Mumbai, Kolkata, Bangalore, Hyderabad, Chennai, Ahmedabad, Surat, Pune, Ludhiana



Aircel Mobile Money

ICICI Bank &
Aircel

- ICICI Bank and ASML, a Aircel group of company jointly offer Aircel ICICI Bank Mobile Money, a prepaid account for Aircel subscribers through which they can instantly transfer funds, pay bills