

**EXPERT VIEWS**

# MOBILE MONEY ... TO BE THE KILLER APPLICATION



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Developed Countries developed the ecosystem to deploy the Mobile Money Application but due to prominent presence of banking services and explosion of credit cards, the off take of mobile money has been rather slow. Indian economy is predominantly a cash economy with sizeable retail transactions taking place in cash. One important fact to be remembered is that nearly 40% of Indian population is unbanked. Yet another relevant feature is that mobile penetration in India is appreciable where approximately 70 % population is estimated to possess a mobile phone. These facts and figures together weave a story of huge potential for mobile money.

Indian market is a unique market with a unique demography. The mobile money market essentially has two distinct broad segments to address, one being the urban sector and the other one rural. For the urban population, mobile application provides an opportunity of moving away from credit card/other systems to the handset itself.

India has almost 60% of its population living in rural areas where lack of infrastructure and basic amenities add to the woes of an unorganized financial set

up. On a positive side, with wide penetration of the Mobiles in this country, we are using this strength to popularize the Mobile Money Application.

With such a prominent presence, it will not be an exaggeration to say that Mobile has become and has the potential to become the most effective delivery outlet. So much so, to say that mobile has become the identity for the individual will be fair enough. More important we look at using the mobile mainly for its ease of operation irrespective of the level of education.

In context of rural segment, the much desired implementation of financial inclusion definitely gets an impetus by this application. The main areas of operation as of now can broadly be summed up as

1. Mobile Money Transfer/Remittance
2. Direct Cash for Subsidy Payment/NREGA (Helping to reduce the delay factor and layers for execution)
3. Extension of a Bank Account on Mobile

Mobile Money Transfer attracts the common man immediately as handset turns into a secure means to carry/transfer money. Internal migrant population is a huge market with

migratory workers working away from their homes in villages and needing to send money to their families via quick and secure means. With the population of India, this internal remittance market is a big one.

Here the challenge was and is the quick ramp

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up on the Cash out point without any hassles. The challenge of geographic spread has been aptly taken up through Post offices in the first phase. The length and breadth of India has post office as a constant companion and it is this companionship that we are trying to leverage for the benefit of the rural India.

This being just the beginning, going forward over the counter transactions will become Killer App for Mobile Money. Eventually Mobile device (Mobile Wallet) will become a tool to do transactions across different domains like Bill Payment/Travel/Booking/ Buying Apps/Retail Buying etc. Mobile will host money in the Wallet, which could be used across the counter for buying. Immediate visible benefit across would be the Cost Savings (Check payments etc), Transparency by increasing accountability and tracking as well, Security, Financial Inclusion accelerating greater access to Financial Services.

