

Global Mobile Operators: Strategies in Payments and Banking

Report prospectus

March 2015

Prospectus contents

	Page
What is the research?	3
What is the rationale?	4
What methodology has been used?	5
Which mobile operator groups are covered within the strategic analysis?	6
How do mobile operator brands covered break down by region and group?	7
What is the report structure?	8
What are the key features of the research?	9
How can the research be used?	10
How can the interactive PartnerBASE™ be used?	11
Who can use the research?	12
What are some of the key findings?	13-16
What is the cost and format?	17
How can the research be purchased?	18
<i>Definitions of mobile payment products and services covered</i>	19

What is the research?

Global Mobile Operators: Strategies in Payments and Banking is a report and interactive PartnerBASE™ dataset that provides a detailed worldwide overview of the fast-growing involvement of mobile operator brands and groups in payments and banking. For 286 brands spread across 92 countries, it outlines their activity and strategic partnerships for the following payment and banking service categories:

- **payments:** payments via linked bank card / account, payments via direct carrier billing, payments via network account, talktime / credit transfer, international payments and remittances;
- **banking:** mobile banking (bank current accounts), credit cards (non-virtual), prepaid cards (non-virtual), personal loans / micro-credits.

Across the mobile operator brands researched, Finaccord identified a total of over 800 distinct product initiatives and partnerships involving close to 400 banking institutions, payment companies and technology firms. Moreover, within a separate analysis, Finaccord summarises the main strategic moves made in payments and banking by the leading 60 mobile telecoms groups worldwide.

Note – for exact definitions of the five payment products listed, please see slide 19.

What is the rationale?

There are a number of reasons for producing this report. First and foremost, and while the precise magnitude of the opportunity varies by country, the number of customers of mobile operator brands typically runs into millions or tens of millions which makes them potentially attractive as affinity partners from the point of view of banks, payment companies and technology firms; in any given country, few other organisations possess as many on-going customers as the leading mobile operators.

Moreover, with growth from established revenue streams tending to slow, as the penetration of mobile subscriptions reaches maturity, mobile operators are looking to new fields of activity, such as financial services, to generate fresh sources of income. Indeed, rapid advances in payment and other financial technologies signify that mobile operators are well-positioned to benefit from growth in mobile payments and banking.

However, the status of the current activity of both mobile telecoms groups and brands is simultaneously complex and fragmented. Typically, initiatives in mobile payments are being pursued at a national or regional level, with international standards yet to emerge, and the partners of the groups and brands include both well-known international organisations, such as American Express, Bango, Boku, Citibank, Fortumo, Gemalto, MasterCard, Monitise, UnionPay, Visa and Western Union, and small innovative firms focused on one or a few individual countries.

What methodology has been used?

In order to gather the data and insights contained in this report, Finaccord employed two main research methodologies as follows:

- direct contact with the main international offices of the 60 mobile operator groups in the strategic analysis, typically with press or investor relations departments, to ask them about their current and future strategies in financial services;
- direct contact with the national offices and retail networks of the 286 mobile operator brands in question, to audit the exact payment and banking products offered and the partner organisations with which these have been developed, where not managed internally.

The first wave of research represents the main input into the chapter providing a strategic analysis of the involvement in payments and banking of the world's 60 leading mobile operator groups while the second underpins the chapter analysing the activity of the 286 brands on a product-by-product basis.

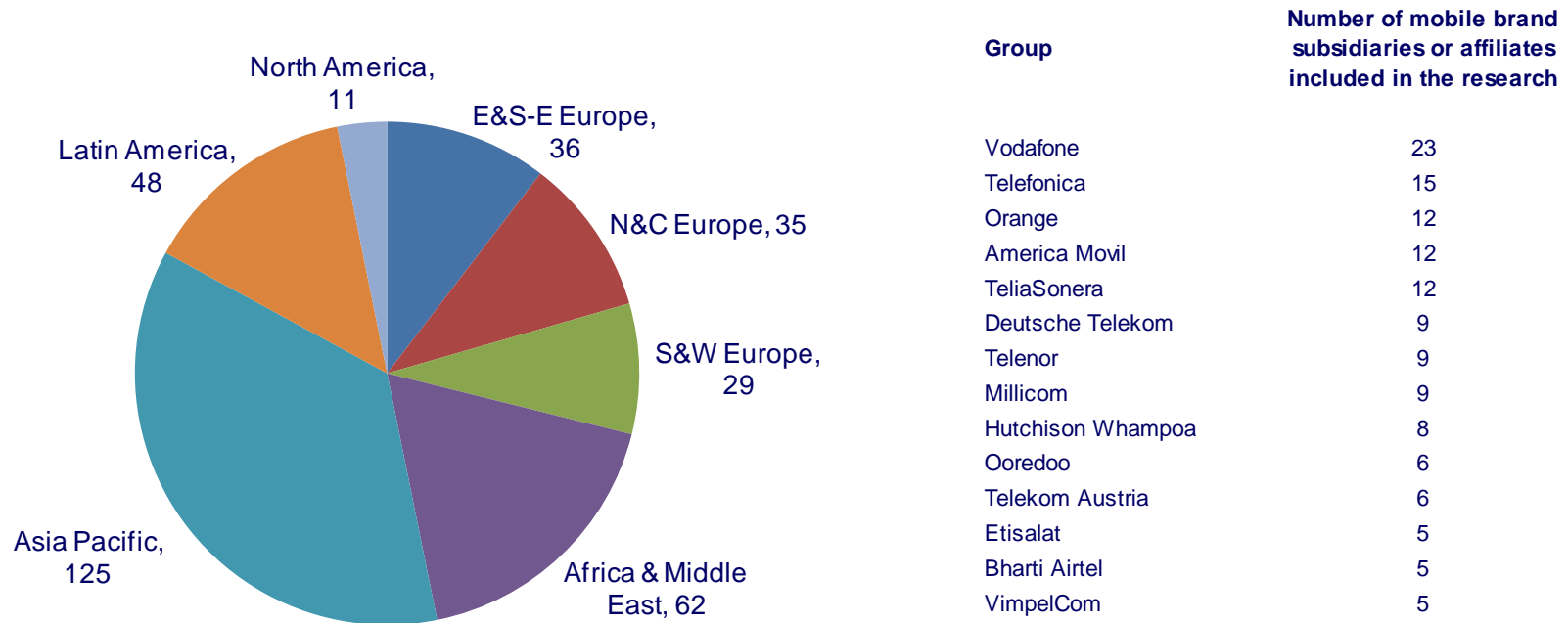
The 60 mobile operator groups covered are shown overleaf with a summary of the breakdown of the 286 mobile operator brands covered by region and group illustrated on the following page.

Which mobile operator groups are covered within the strategic analysis?

Aircel	China Mobile	LIME	Rogers Communications	Telenor
Airtel	China Telecom	Maxis	SingTel	TeliaSonera
AIS	China Unicom	MegaFon	SK Telecom	Telkomsel
Algérie Télécom	Chunghwa Telecom	Mobily	Smart Communications	Telstra
América Móvil	Deutsche Telekom	MTN Group	SoftBank	TIM
AT&T Mobillity	Etisalat	MTS	Sprint Nextel	True Move
au	Glo	NTT	STC	Turkcell
Avea	Hutchison Whampoa	Oi	Tata DOCOMO	Verizon Wireless
Axiata Group Berhad	IAM	Ooredoo	Tele2	Viettel Mobile
Bakrie Telecom	Idea Cellular	Orange	Telecom Argentina	VimpelCom
Bouygues Télécom	KPN	Plus	Telefónica	Vinaphone
BSNL	KT	Reliance Communications	Telekom Austria	Vodafone

Note – a full list of the 255 mobile operator brands can be seen in the table of contents for this report which can also be downloaded from Finaccord's website.

How do mobile operator brands covered break down by region and group?



Source: Finaccord Global Mobile Operator PartnerBASE™

Note - close to 400 groups with a controlling or significant equity stake in one or more of the 286 mobile brands are covered in total.

What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale, description of methodology, definitions and other related notes.

2. *Group Strategy Analysis*: comprising a summary of the strategies in payments and banking of the world's leading 60 mobile telecoms groups. This section highlights the main strategic moves made by these groups in each of mobile payments and banking; in doing so, it covers significant captives and joint ventures created by these groups (e.g. Jibun Bank, mPass, Semble, WyWallet) and identifies external financial, payment and technology organisations that are engaging with these groups at a strategic level (e.g. Gemalto, Itáu, Monitise, Wirecard).

3. *Brand Analysis*: analyses and commentary regarding the provision of the various payment and banking products covered by the 286 mobile operator brands researched. This includes both the unweighted and weighted provision rates for each product; any regional variations in the provision rates for each product; where relevant, the degree to which mobile payment products were found to use contactless technology and / or require a smartphone app; and the weighted competitor shares of partnerships for each product, quantifying which providers (and, where relevant, payment networks) are playing a leading role in these areas.

What are the key features of the research?

Key features of this research include:

- an overview of strategic initiatives in payments and banking that are being driven by telecoms companies at a centralised group level as opposed to the national level;
- coverage of nine distinct payment and banking categories including payments via direct carrier billing, payments via network account, co-branded credit and prepaid cards, consumer finance / micro-credits and international payments / remittances;
- assessment of the degree to which 286 mobile operator brands offer these payment and banking services and how the provision rates vary across seven global regions;
- identification of the many banking institutions, payment companies and technology firms used in this context by these mobile operator brands and analysis of the partnerships that offer most potential given each brand's number of customers;
- availability of an accompanying interactive PartnerBASE™ dataset that details over 800 distinct product initiatives and that is fully customisable, searchable and filterable, enabling provision and distribution patterns to be explored across multiple brands, parent groups and geographical regions.

How can the research be used?

You may be able to use this report and the PartnerBASE™ that accompanies it in one or more of the following ways:

- gain access to a succinct yet thorough summary of the strategic approach to payments and banking of 60 of the world's most important mobile telecoms groups – how does your organisation seem to be positioned relative to its rivals?
- understand the current worldwide picture across all types of payment and banking service from which mobile operators can realistically generate revenues, and how this varies across seven global regions;
- appreciate which banking institutions, payment companies and technology firms have been successful in establishing partnerships at either a group or national level with mobile operators;
- use the interactive PartnerBASE™ dataset to drill down to the full details – see which payment and banking services are offered by which mobile operator brands in which countries and with which product providers they co-operate in this context.

How can the interactive PartnerBASE™ be used?

Filter by brand

Identify partners

Country	Name of brand	Number of subscribers (million)	Product type	Product offered?	Operating model	Name(s) of partner(s)	UHC(s) of partner(s)	Name(s) of payment network(s)
Brazil	Vivo	79.7	Linked bank card / account	Yes	Joint venture partner	MFS	MasterCard, Telefónica	MasterCard
Brazil	Vivo	79.7	Direct carrier billing	Yes	Multiple external partners	Bango, Fortumo	Bango, Fortumo	
Brazil	Vivo	79.7	Network account	No				
Brazil	Vivo	79.7	Talktime / call credit transfer	Yes	Internal	Vivo	Telefónica	
Brazil	Vivo	79.7	Mobile banking (bank current accounts)	No				
Brazil	Vivo	79.7	Credit card (non-virtual)	Yes	Multiple external partners	Itáu, Santander	Itáu Unibanco, Santander	MasterCard, Visa
Brazil	Vivo	79.7	Prepaid card (non-virtual)	Yes	Joint venture partner	MFS	MasterCard, Telefónica	MasterCard
Brazil	Vivo	79.7	International payments / remittances	No				
Brazil	Vivo	79.7	Consumer finance / micro-credits	No				
Brazil	Vivo	79.7	Miscellaneous payments / banking	No				

Select a country

Choose product

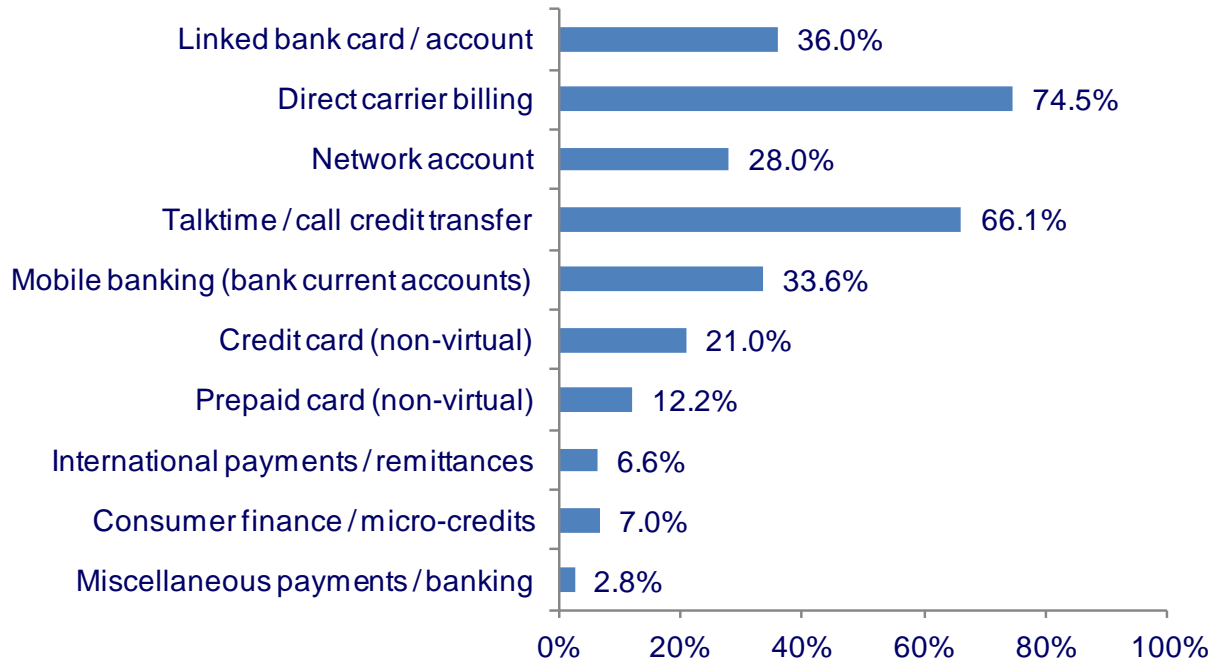
See operating model

Who can use the research?

1. *Mobile telecoms groups:* this research will benchmark the activity in payments and banking of your direct competitors and other comparators across a wide range of countries around the world with regional coverage of Africa, Asia Pacific (including Australasia), Europe, the Middle East, Latin America and North America;
2. *Banks:* as a consequence of their sheer size, their on-going relationships with customers and the increasing functionality of the mobile devices used by those customers, strategic partnerships with mobile operators represent a major opportunity for financial services institutions;
3. *Payment and other financial technology companies:* it is often the case for mobile operators that opportunities in mobile payments, in particular, can only be realised through collaboration with payment or other financial technology companies, especially as they seek to add international functionality to their initiatives in this arena;
4. *Management consultancies:* if you are helping a financial institution or technology company with its strategy in relation to mobile operators or advising a mobile operator how it can make money from payments and banking, then this research will explain the global activity of mobile operator brands and groups in these fields, saving time and effort on researching the subject yourself.

What are some of the key findings?

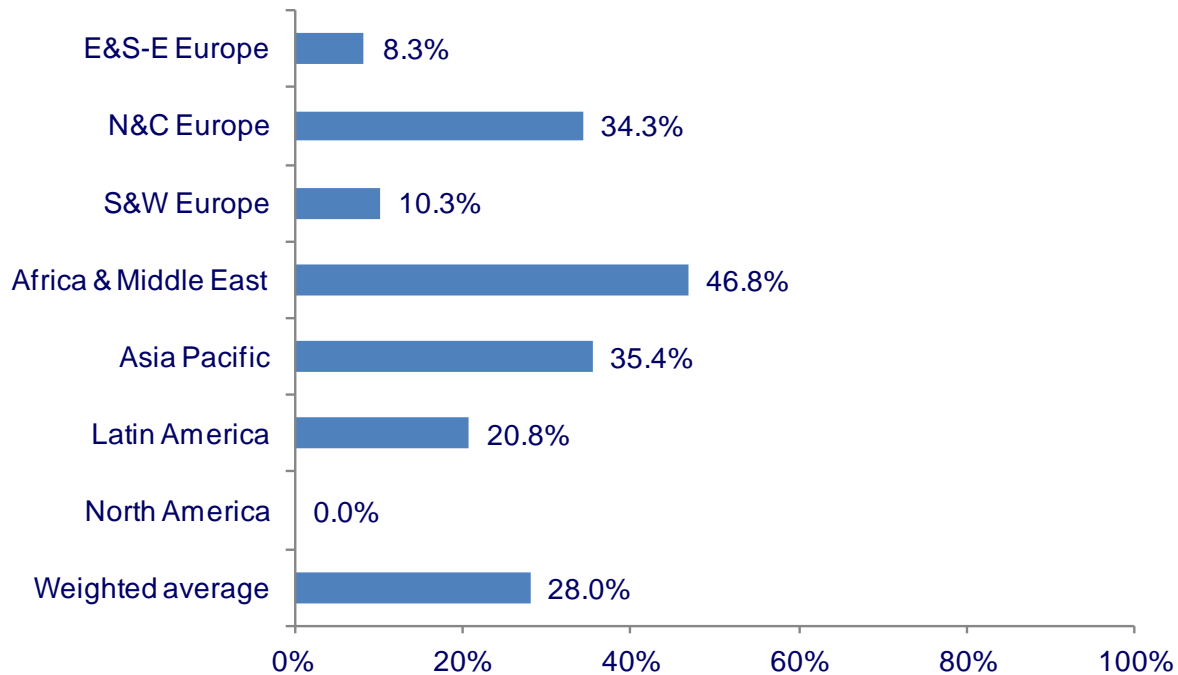
1. Across the 255 mobile brands covered by the research, direct carrier billing is the service most commonly offered and initiatives for some other payment and banking services are developing rapidly



Source: Finaccord PartnerBASE™ for Global Mobile Operators

What are some of the key findings? (cont.)

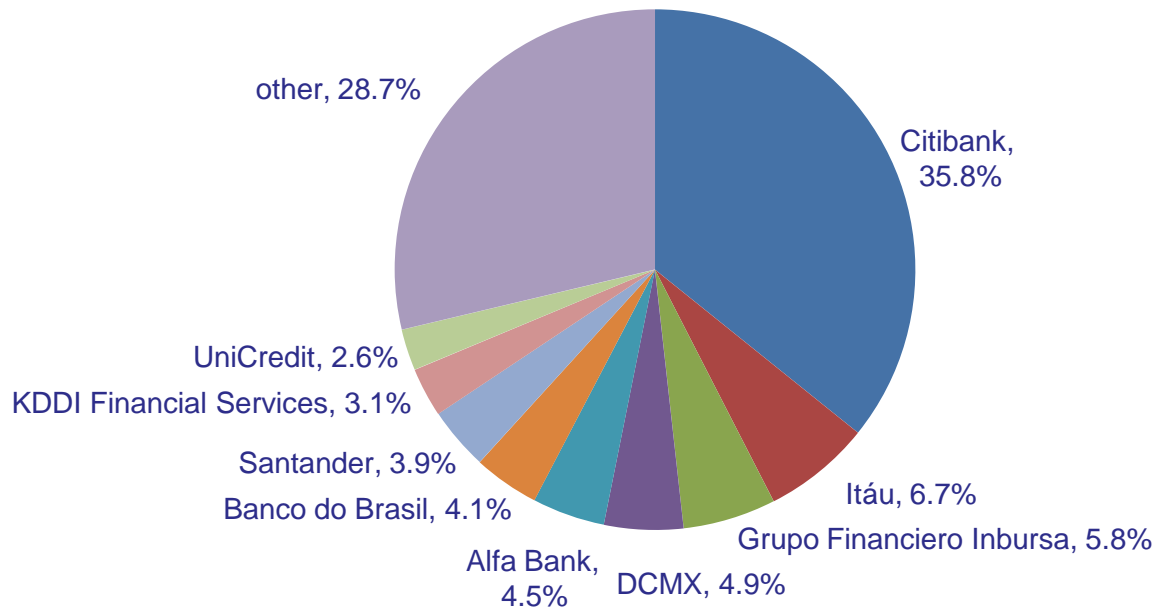
2. Provision rates for payments via network account vary widely by global region and are highest in Africa and the Middle East but totally absent in North America



Source: Finaccord PartnerBASE™ for Global Mobile Operators

What are some of the key findings? (cont.)

3. On a worldwide basis and adjusted in line with the total number of customers of their mobile brand partners, Citibank emerges as the issuer of co-branded cards with the most significant mobile operator relationships



Source: Finaccord PartnerBASE™ for Global Mobile Operators

What are some of the key findings? (cont.)

4. Key findings from the executive summary include:

- 44 (or 73.3%) of the 60 major telecoms groups researched by Finaccord had one or more centrally-organised strategic initiatives in mobile payments active and available to consumers at the time of research although some of the others (e.g. Telenor) were involved through more localised initiatives developed by country-specific mobile operator brands;
- across the 286 mobile operator brands investigated, 27 had established a captive entity involved in one or both of mobile payments and mobile banking, while another 29 had formed joint ventures in one or both of these areas;
- 36.0% (103) of the same universe of brands allowed subscribers to pay via a bank card or account linked to a mobile phone, with almost two thirds of these services also offering contactless functionality for these payments;
- at 33.6% (96) just over a third of the mobile operator brands in scope were actively involved in establishing or operating a mobile banking service (as opposed to simply allowing users to download a bank's own app or to access the bank's own website).

What is the cost and format?

Global Mobile Operators: Strategies in Payments and Banking is available as a standard PDF document. The interactive PartnerBASE™ that accompanies it at no further charge is in Excel format. Costs for this research set, sister studies on the same subject and other related titles available at the time of publication are as follows:

REPORT	PRICE *
Global Mobile Operators: Strategies in Payments and Banking	GBP 1,995
Global Mobile Operators: Strategies in Insurance and Assistance	GBP 1,995
Global Mobile Operators: Strategies in Payments, Banking, Insurance and Assistance	GBP 2,995
Global Bancassurance: Strategies of the World's Top 125 Retail Banking Groups	GBP 2,995
Global Retailer Insurance and Assistance	GBP 2,495
Global Retailer Online Payment Acceptance	GBP 3,495
Global Retailer Payment, Gift and Loyalty Cards	GBP 3,495
Mobile Phone Insurance and Extended Warranties in Europe	GBP 2,495
Mobile Metrics: Consumer Approaches to Mobile Gadget and Phone Insurance and Extended Warranties in Selected Global Markets	GBP 3,995

For UK-based clients, VAT at the prevailing rate will be added to the basic price. Costs quoted are for a single site user licence only. For a corporate user licence, please see the final slide for further details. Invoices can be paid in EUR or USD, at the prevailing exchange rate, if preferred.

How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord website available at www.finaccord.com/order_global_apmr.htm and fill in the online order form, clearly indicating:

- report required
- type of corporate user licence, if required *
- billing name
- address and e-mail address
- purchase order number, if applicable

Please allow up to one working day for the delivery of electronic copy by e-mail.

* For the **corporate user licence** please choose one of the following options:

1. One office, one country: no supplement over and above basic cost of reports ordered
2. Multiple offices, one country: additional 20% over and above basic cost of reports ordered
3. Multiple offices, two to ten countries: additional 50% over and above basic cost of reports ordered
4. Global (unlimited offices in unlimited countries): additional 100% over and above basic cost of reports ordered

VAT at the prevailing rate will be added to the price of any corporate user licence acquired by UK-based buyers.