

telecomsvision

Mobile phone or credit card?

We have remarked from time to time within these pages on how approaches to marketing the concept of mobile payments are beginning to differ between developed and developing markets. A chat with Mike Beech, VP product management, intelligent charging for messaging and charging specialist Acision, underlines the importance of one factor in particular: the end user experience.

It's true that the work involved in, say, transferring money by mobile is quite complicated. Finding an agent, texting, pin numbers and so forth may all be involved. But, says Beech, for those in emerging markets the lack of a viable alternative makes the effort worthwhile.

"If you're anywhere outside the main cities in Africa, in order to use a banking network you have to travel, possibly for several hours given the road infrastructure, to get into the city, to do your transactions and then go back out again," he says. "To spend a few minutes messing around with text messages is much simpler and a better user experience." Also, he points out, in emerging markets the mobile phone network is usually the most developed part of the infrastructure (certainly the quality of the fixed network is rarely comparable). Therefore anything related to the mobile phone can make life easier for an end user.

By contrast, in the developed world, Beech says, end users have many different ways of being able to pay and move money around. Thus, spending even a few minutes with text messages could be unacceptable compared to what those of us living and working in such markets normally have to do, which is hand over a credit card and type in a pin number. "It's just relative," he says. "In the developing world the experience is tricky, but it's much better than the alternative. For us it's not."

That doesn't rule out mobile payment completely in developed markets but, says Beech: "You have to start simple and the end user experience has to be simple. In the western world you can now get with your credit card bill each month a text message that tells you: "This is how much you owe; if you want to make a simple payment hit reply and the amount."

That's a nice easy experience."

Even so, because many end users are not actively looking for an alternative payment method, it takes a lot more effort on the part of, say, card providers, to get you signed up. That's because the incentive isn't there, or, as Beech puts it: "There's no real pain point."

But it is a desirable market, nevertheless, which is why there has been no shortage of operator trials. However, says Beech: "There have been various community groups formed by the operators to try and move forward but politics and technology have blocked the ways ahead." Nevertheless, he adds: "The good thing is, because they've had mini-failures around the world, they've realised that in order to move forward it does need to be a concerted effort, it does need to be aligning the operators and the banks - so you've got a trusted brand as well as a communications brand - and the payment experience does have to be simple, because if it's at all difficult people just don't use it."

And unlike developing world markets, that doesn't necessarily means SMS. Even though Acision is a major supporter of text-based services, Beech makes it clear that they have their limits in this context. As he reminds us: "There are things where I think SMS works well: giving you account updates on a regular basis, letting you know how much your monthly credit card bill is. For those sorts of things, SMS, or an extension of that, is absolutely perfect. Using SMS as a point of sale is too slow, too complicated, too difficult and people switch off very quickly."

The answer? Waving your phone, essentially, or, to be more technically correct - NFC. The reasons for this, and how it could work, will be examined in a future issue.

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