

M-Commerce

Going Paperless-Creating an Integrated Payment Ecosystem

Our M-Commerce Vision

Building the Mobile Payment Opportunity

Our Vision

Enable payments and money transfers via the mobile phone for our consumers and our partners, both in the real and in the online world

Our Beliefs

- Mobile has to extend existing payment channels, not try to replace or change user behaviours
- User experience is everything and simplicity rules
- Ecosystems are key and collaboration with partners will make the difference
- No strategic blueprint exists and trial and error may lead the way

Unique M-Commerce Opportunities in Malaysia

Fast growing online transactions

- ~66% of Malaysians use Internet
 - 55% are 26-40 yrs old, mainly working adults
 - 50% have tried to shop
- Online purchases: mainly airline tickets, travel accommodation, financial services & electrical goods
- Larger merchants generally have rudimentary online shops
- 80% of consumers go online to identify what & where to buy, but < 30% complete their purchase

- Enable customers to pay on the go via mobile, with multiple payment options
- Support merchants with limited e-commerce presence

Large migrant population

- Large migrant workers base
 - Legal: ~1.8 m
 - Illegal: ~1.2 m
- Top 3 countries
 - Indonesia
 - Philippines
 - Bangladesh
- Mobile base:
 - >3 m across all telcos
 - ~75% penetration

- Make it simple and fast for migrant workers to remit anytime, anywhere, with instant delivery

Significant contactless infrastructure

- Touch 'n Go ePurse
 - 3 m active cards
 - 3,000 touch points
 - Expanding into retail
- Visa payWave
 - 4,000 outlets
- Mastercard Paypass
 - 4,000 outlets
- All touch points can be leveraged with NFC

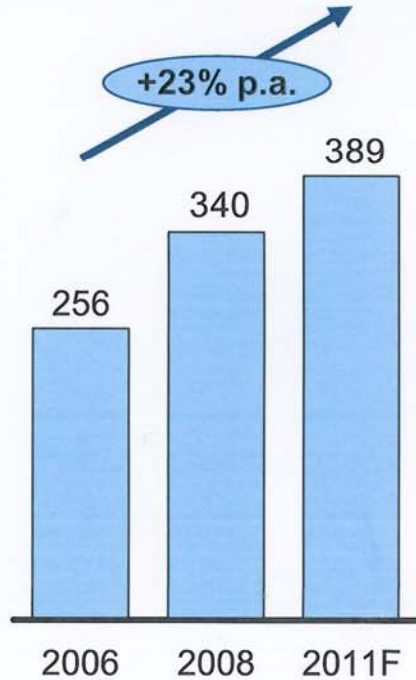
- Take advantage of existing contactless infrastructure to showcase ease of paying via mobile to our consumers

Payments (including remittance) – While volumes are growing, margins in payments are thin and cash accounts for 93% of the transactions volume

MALAYSIA

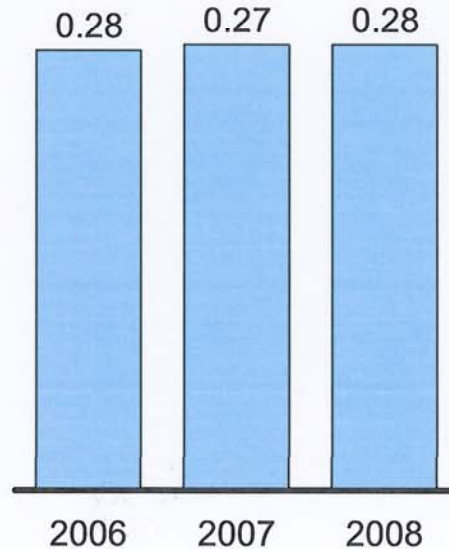
While volume of transactions in Malaysia is growing...

Volume of retail payments¹
USD Billions



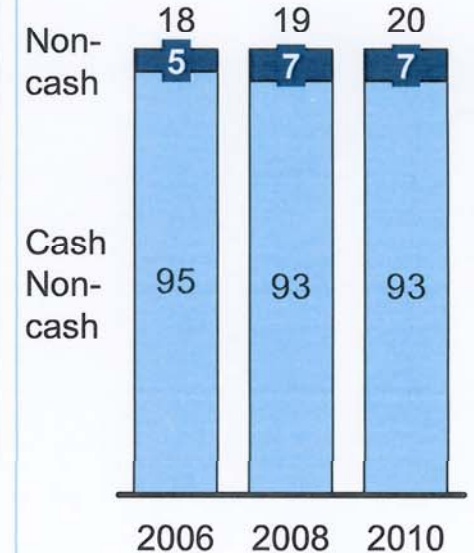
... margins have remained thin

Margins for payment transactions²
Percentage



... and cash accounts for 93% of the volume

Volume of cash vs non-cash payments
Percentage, million tx



1 Including cash, cheques, debit cards, credit cards, direct debit, credit transfers & e-purse

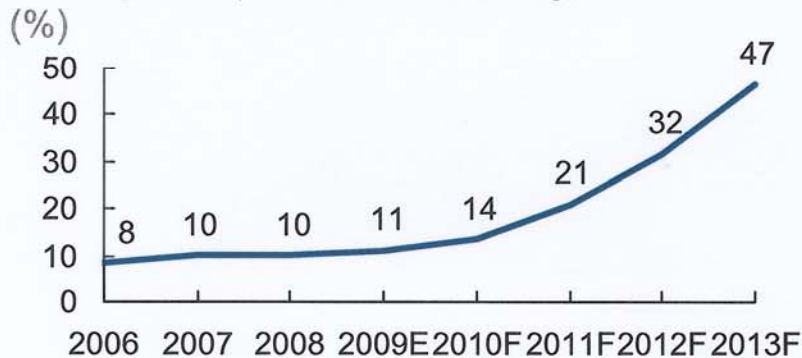
2 Revenue margin = Payment revenue / Payment value, excluding interest revenue on credit card loans

Technology adoption and new features are reaching a tipping point for mass adoption of mobile banking solution

Technological advances are enabling provision of newer functionalities and ways of monetizing them

- **Handsets with advanced features are growing**

Smart-phone penetration in Malaysia (%)



- **Companies now have increased ability to aggregate and monetize customer data** (e.g., mine website traffic to create distinctive insights into profile and risk of customers and deliver 'segment of one' offers)

Handset OS and hardware features enable mobile banking




- Few smartphone OS platforms are becoming dominant, reducing complexity in application development



- Handsets (e.g. Samsung Galaxy, Nexus S) include features such as NFC, allowing contactless payments



With the advent of technology and consumer acceptance, both Banks and Telcos have innovated in mobile financial services

	Institution	Description
<p>'Light' bank offering</p>		<ul style="list-style-type: none"> ▪ Che Banca is a branch-light discount bank with focused value-proposition of lower rates and modern customer experience ▪ Mobile banking application provided an easy-to-use interface to access its simplified suite of products (CASA, FD and mortgage)
<p>Micro-insurance</p>		<ul style="list-style-type: none"> ▪ Philam Life has successfully offered micro-insurance through the mobile channel in partnership with Smart in Philippines ▪ They offer a convenient prepaid insurance package that can be activated through SMS for P10 (USD 0.20)
<p>Micro-loans and mobile repayments</p>		<ul style="list-style-type: none"> ▪ In Philippines, Globe has partnered rural banks to offer mobile payments, deposits and withdrawal services ▪ This includes mobile repayments for micro-loans taken from partner banks such as Bangko Kabayan

Value-adding mobile payment services

by Chandra Devi

MAXIS Communications recently announced the first comprehensive mobile money service in the country through a partnership with Maybank. The service, called M-money, allows Maxis

M-money account at any of the appointed outlets.
The service is protected by a customer-specified six-digit PIN. Another security feature is that a customer's M-money account is not stored in his mobile phone. If he loses his mobile phone, he has contact

Maxis, Western Union team up on cross-border remittances



Dua promosi Maxis, Hotlink

i-Share bolehkan pengguna prabayar kongsi kredit masa berbual dengan rakan di Indonesia, Filipina, Bangladesh

Maxis users can now remit money to P'pines



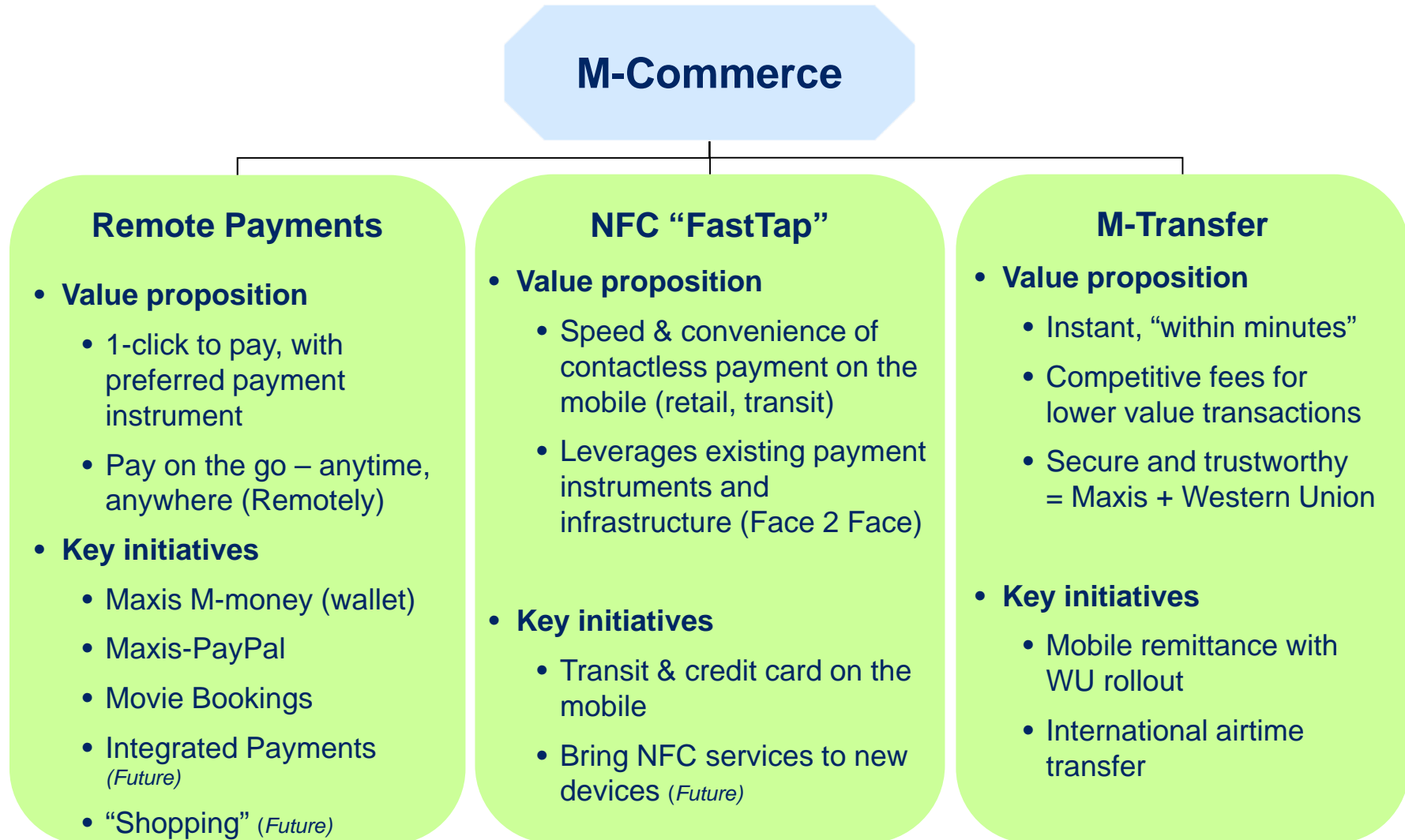
MAXIS & PAYPAL MAKING IT EASY



Maxis Launches Global-First Contactless Mobile Payment Service

Malaysians are first in the world to enjoy multi-payment NFC services on mobile phone

Maxis inks strategic deal with Paypal



M-Payments

Key focus areas

- Maxis PayPal Collaboration
 - On-boarding via Maxis channels
 - Payment for Maxis services
 - Special offers for Maxis consumers
- “Shopping” (mobile & online)
 - Marketplace concept for digital and physical goods
 - Enabler for merchants through tools and 3rd party storefront development
- “Integrated payment” capability
 - Enabler to allow consumers to pay for anything via any Maxis channel
 - iTunes concept – register once then 1-click to pay

Monetization

- Consumer transaction fees for services delivered to mobile (e.g. movie booking reference)
- Slice of payment provider fees for transactions



Fast



Easy



Secure



NFC: FastTap

Key focus areas

- Transit and retail: expand offering Touch 'N Go and Visa payWave to Mastercard Paypass and other banks)
- Over the air updates to NFC chip (e.g. Touch 'N Go OTA Reload)
- NFC Read Capabilities (e.g. Content discovery via Smart Posters)
- New applications: e.g. building access
- Prepare to rollout on new NFC devices

Monetization

- Operational fees from application providers, e.g., banks for OTA card issuance, blocking, etc.
- Share of TnG OTA reload fees

M-Transfer

Send money home

with **HOTLINK** +

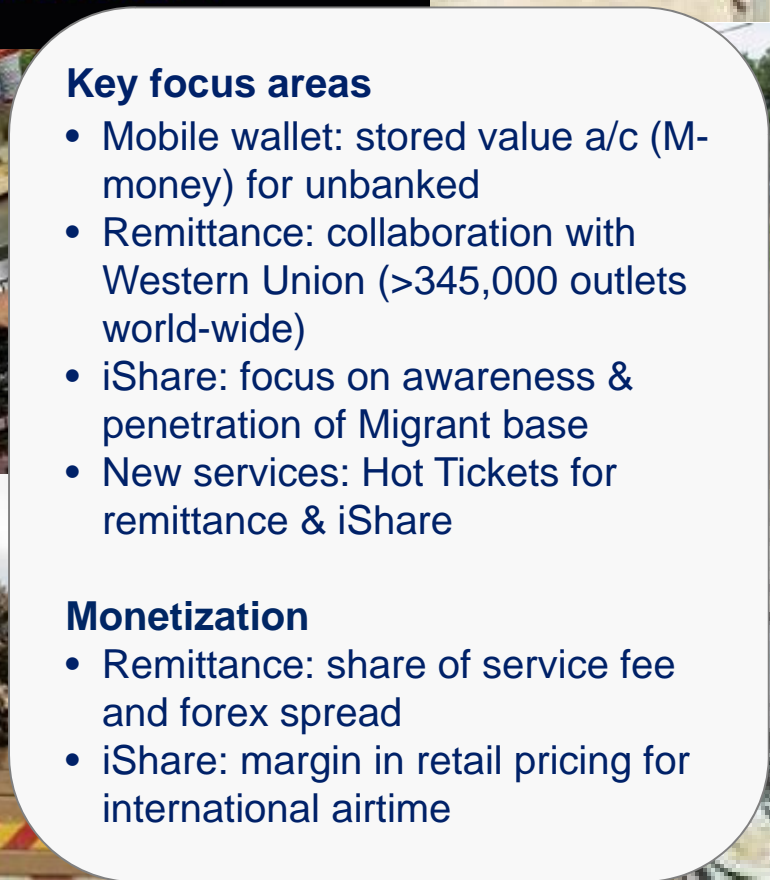
WESTERN UNION | *yes!*

Key focus areas

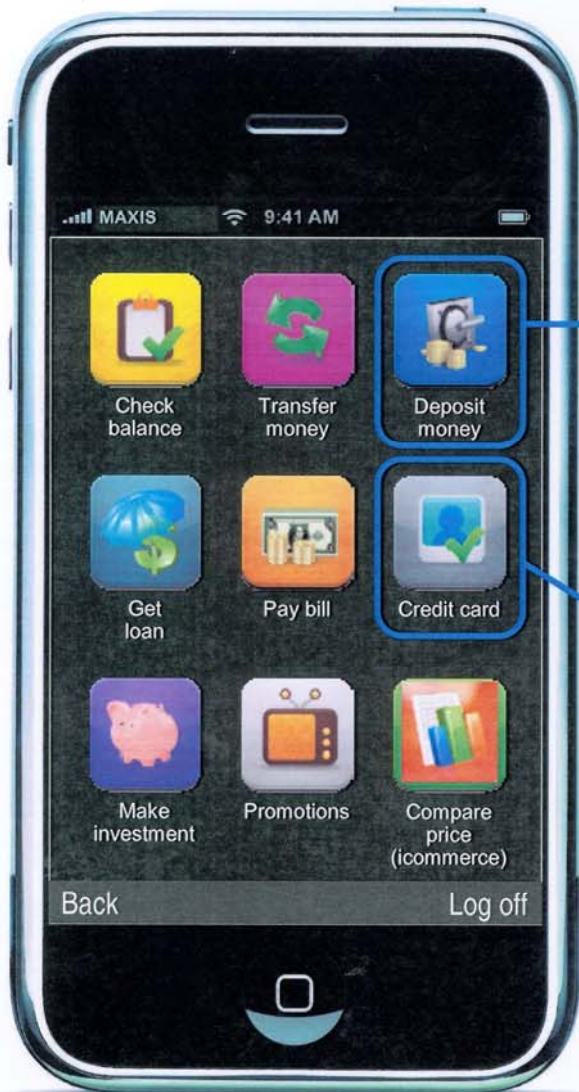
- Mobile wallet: stored value a/c (M-money) for unbanked
- Remittance: collaboration with Western Union (>345,000 outlets world-wide)
- iShare: focus on awareness & penetration of Migrant base
- New services: Hot Tickets for remittance & iShare

Monetization

- Remittance: share of service fee and forex spread
- iShare: margin in retail pricing for international airtime



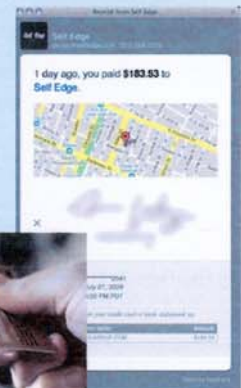
EXAMPLE



- Customer can take a photo of the check and send it electronically to the bank
- Customers do not have to mail the check to the bank later
- For security reason, only customers who are eligible for credit and have insurance are permitted to use the feature



- Small, plastic card reader that fits in to the headphone jack and transfers the credit card's swipe data
- Seller enters the purchase data and enters amount to pay
- Amount transferred to retailer's bank A/c and receipt sent by email



Thankyou