

Business Standard

WILL THAT BE CASH, CARD OR PHONE?

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WILL THAT BE CASH, CARD OR PHONE?

M-commerce gets a major fillip with RBI's decision to up daily transaction limit to Rs 50,000



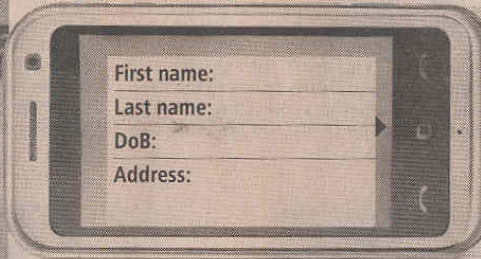
Atom's Director Dewang Neralla (pictured) feels that m-commerce remains the most promising mode of transaction for reasons like security, awareness and the transaction limit

PHOTO: DIVYAKANT SOLANKI



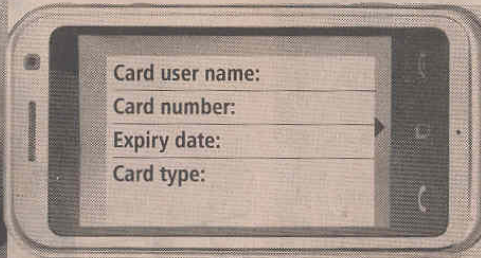
Step 1:

Install a mobile payment application from service providers like PayMate, Atom, Obopay and mChek, by sending an SMS on the provided short code



Step 2:

Register by providing a few personal details — name, mobile number, address and a PIN number



Step 3:

Once registered, you can add credit, debit card, bank account details for purchases



Step 4:

Using service provider's m-payment application, which lists services like utility bill payments, travel, shopping, insurance and entertainment services, you can purchase directly from mobile phones

(*Minimum requirement is a Java MIDP 2.0-enabled mobile phone with basic GPRS connection)

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SHIVANI SHINDE & PRIYANKA JOSHI
Mumbai

Most people are not surprised with Ajay Adishesham's regular use of his mobile handset for paying utility bills and making other purchases, like booking movie tickets. After all, Adishesham is the founder and managing director of mobile commerce (m-commerce) company PayMate.

But even this veteran of phone payments is excited over a recent decision of the Reserve Bank of India (RBI) to increase the daily transaction limit for purchases made over the mobile platform to Rs 50,000 from the earlier cap of Rs 5,000. Adishesham, who so far had constricted his m-commerce transactions to between Rs 500 and Rs 4,000, is set to pay life insurance premiums, as well as generate shopping bills of much larger amounts, through the m-commerce platform.

"With the credit limit going up, which I see as an indicator of RBI's confidence in the medium, I think, my m-commerce bills, as a consumer, might just go up," he says.

Indians have largely been wary of using their mobile devices to make high-value purchases. But the registered five million-plus m-commerce users are beginning to make their presence felt. In fact, financial services and research firm Celent claims, in 2010, nearly 35 per cent households registered for online banking will use mobile banking too. This will increase the mobile banking user base to 2 per cent from last year's 0.2 per cent.

Somit Biswas, a State Bank of India card-holder, who bought airline tickets worth Rs 23,000 just last month, is one of the latest converts to m-commerce and mobile banking transactions.

"Till now, most of my mobile transactions were for small-ticket items, like bill payments and digital content downloads," says the Kolkata-based sales professional. During a family vacation to Bangalore, Biswas had to rush to New Delhi for a family emergency. In the absence of a laptop, he had to resort to booking tickets through his mobile phone.

"Once I downloaded SBI's mShop application on my Nokia mobile phone", he says, "it was a matter of a few clicks. I just needed a one-time registration before I could book my tickets on Kingfisher Airlines". Since then, Biswas has been actively exploring other m-commerce options available to him through SBI's mShop application.

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But there are users who do not want to transact more than a few thousand rupees on their mobile phones. It was only last year that Rashesh Shahani first heard of m-commerce. Even then, the 46-year-old HR manager wasn't really comfortable sharing his credit card details with an IVR (interactive voice response)-based system, even if it was for just paying phone bills that never exceeded Rs 500.

"I figured out only recently that I could simply register my Axis Bank debit card with Vodafone and use it to pay bills, recharge my DTH subscription, and send flowers or gifts to

friends without getting hassled by an IVR system," he said.

However, he still does not trust the medium for transactions of over Rs 2,000. Consumers like Shahani are comfortable with using their mobile phones to buy items such as pizza and movie tickets. But, they also argue that it would help if the process is not so cumbersome, products are easier to find and a reliable entity like their service provider assures them about the security of credit card transactions.

Atom Technologies, a mobile payment service provider, understands these concerns. And, it has a good reason to. The company has over a million registered users for m-commerce services and has successfully executed transactions worth over Rs 1,000 crore. Atom's director, Dewang Neralla, says: "Even though many Indians continue to be wary of using their mobile devices to make high-value purchases, m-commerce remains the most promising mode of transaction for various reasons like security, awareness and, of course, the transaction limit."

Adishesham, who claims his company, PayMate, has more than a mil-

lion m-commerce subscribers, believes it is only a matter of time before awareness of the mobile payment channel and, subsequently, m-commerce takes off.

Of course, having a web page show up on a 3-inch LCD screen instead of a 17-inch monitor is not the best way to promote m-commerce, since users must zoom in and out and endlessly scroll to make the site's content large enough to read. Also, mobile handsets may lack the required bandwidth to download graphics or pages as quickly as a desktop.

Also, lack of interest for m-payments and m-commerce has less to do with whether the user will eventually see value in mobile services. More than that, it's the ecosystem players — banks, telcos and m-commerce companies — who need to proactively deliver services and an environment that can trigger the Indian mobile evolution, according to mChek CEO Sanjay Swamy.

As for the recent move by RBI, he quickly adds a cautious outlook for m-commerce: "It will take a few months to really quantify the impact of the latest RBI regulation."