Mobile Money

700 B.C.

900 A.D.

1900s A.D.

Now?

A global glut of phones and dearth of bank accounts

- ~5 Billion mobile subscriptions worldwide in 2010.
- On average, roughly 75% of people have at least one mobile subscription.
- However, bank account penetration remains low in many emerging markets:
  - Latin America: 42%
  - South Asia: 22%
  - Sub-Saharan Africa: 12%

Note: 2010 data are estimates; source: World Bank Development Indicators Database.
Mobile money implementations are booming

- 85 Live deployments and 90 planned deployments in 2010.

Yet most markets are still in the early stages

- A handful markets have made it past phase 1, including Kenya, Uganda, Philippines, Malaysia and Austria

Why is mobile money so difficult?

Many parties are involved with different objectives

- **Regulators**
  - Ensure the integrity of the financial system

- **Mobile Operators**
  - Generate new streams of revenue to counterbalance decreasing margins

- **Consumers**
  - Innovation contributes to a financially active and engaged customer base

- **Banks**
  - Develop new channels for financial services, reach new customers, capture new flows and protect against disintermediation

At a minimum, mobile money growth requires a Bank and an MNO

- **Marketing**
  - Idea market brand building and advertising
  - Direct/Indirect customer service channels and models to support consumer adoption

- **Payment Management**
  - Capabilities to link customers to governments, businesses and each other through clearing capabilities spanning disparate mobile networks, states and countries

- **Value Added Service**
  - Knowledge of the regulatory process in a given country and its effect on mobile commerce

- **Regulation/Compliance**
  - Progressive AML/KYC... Payment Management Regulation/Compliance

- **Capabilities to link customers to governments, businesses and each other through clearing capabilities spanning disparate mobile networks, states and countries**

- **PCI Compliant Infrastructure**
- **Strong portfolio of technology partners**

- **Operational infrastructure for Mobile Financial Service transactions**
- **Networks that can move money from bank accounts or cash into the mobile payments universe**

- **Global Cards**
  - One of the largest credit card issuers
  - Operations in over 40 countries
  - 50+ million card holders and $100+ billion in receivables
  - Among the top 3 >25 countries
  - >100 years of experience in global underwriting

- **Global Transaction Services (GTS)**
  - Unparalleled infrastructure
  - 2+ billion transactions per year
  - $3 trillion in flows per day
  - Cross-border solutions in 135 countries
  - Connections to over 400 global clearing systems

A revolutionary market segment but an evolutionary step for Citi

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Case: Citi Poland launches holistic mobile payments

- **Citi** partnered with a technology provider to provide message based payments and clearing services and partnered with the three MNOs and the Post Office.

- **Customers** pay for various different items including:
  - Restaurants
  - Vending Machines
  - Retailers
  - Invoices / Bills
  - Parking/Transit

- Citi has multiple parties involved:
  - **Consumer bank**: provides the platform directly from the bank account as a funding mechanism.
  - **Corporate bank**: integrates the platform with corporate cards, prepaid card, etc. Now connecting corporate & government collections and payments.
Success in Mobile Money Requires the Right Banking Partner

- Most robust, global network based on years of experience in processing $3 trillion in flows a day – payments is part of our corporate DNA
- More mobile commerce experience than anyone else in the financial industry of the world through consumer offering, corporate offering, and payment offering
- A clear vision of what a mobile commerce could be for the industry and for the bank
- The only bank that can combine global expertise with local execution in 135 countries to ensure success
- Unique participation in the mobile ecosystem through our diversified portfolio of technology partners
- A proven ability to leverage our capabilities for any company interested in Mobile Financial Services