

RESEARCH REPORT

# From Digital Content to M-Wallets: M-Payment Strategies for Operators

July 2013



Pyramid Research

# From Digital Content to M-Wallets: M-Payment Strategies for Operators

Authors:

**Jan ten Sythoff**  
Analyst at Large

**Stela Bokun**  
Senior Analyst

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2Dfacto  
 7-Eleven  
 Aeon  
 Aéropostale  
 AFSCM  
 Akbank  
 Amazon  
 América Móvil  
 Appia  
 Apple  
 Association Française du Sans  
   Contact Mobile (AFSCM)  
 AT&T  
 Atos  
 Avex Entertainment  
 Banamex  
 Bancomer  
 Bango  
 Banque de France  
 Barclaycard  
 Barclays  
 BC Card  
 Best Buy  
 BKM  
 BlackBerry  
 BlueVia  
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 Capital One  
 Cardtek  
 CGR Cinema  
 Chase Bank  
 CHI Group  
 Citigroup  
 Cityzi  
 CJ Group  
 ClickandBuy  
 Coca-Cola  
 Commercial Bank of Africa  
   (CBA)  
 CorFire  
 Corporacion de  
   MediosIntegrales  
 CorporacionInteramericana  
   de Entretenimiento  
 Crédit Agricole  
 Crédit Mutuel  
 C-SAM  
 Dai Nippon Printing  
 Darty  
 Deezer  
 Denizbank  
 Deutsche Telekom  
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 Fortumo  
 Fortuna  
 Free  
 Fujitsu  
 G Market  
 Gameloft  
 Garanti Bank  
 Gemalto  
 Getin Bank  
 Google  
 Hana Card  
 Hana Financial  
 Horipro  
 HTC  
 Hutchison 3G UK (known as  
   Three)  
 IDT Finance  
 Inbursa  
 Ingenico  
 Inteligo  
 Intuit  
 Is bank  
 ISIS  
 Itochu  
 Jamba Juice  
 Japan Credit Bureau (JCB)  
 Japan Railway East  
 KDDI  
 Konami  
 KopoKopo  
 Korea Smart Card Co  
 Korean Air  
 KPN  
 KT  
 Lawson Inc.  
 LG  
 Loen  
 Lotte  
 Macy's  
 MAGAseek  
 MasterCard  
 mBank  
 McDonalds  
 MegaFon  
 Merchant Customer Exchange  
   (MCX)  
 Microsoft  
 Mitsubishi UFJ NICOS  
 Morrisons  
 Moscow Bank for  
   Reconstruction and  
   Development (MBRD)  
 Motorola  
 M-Pesa  
 MTS  
 MTV  
 MTV Mobile Poland  
 Nanaco  
 NatWest Bank  
 Netsize  
 Nichido Fire Insurance  
 Nike  
 Nippon Airways  
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 Omlet.ru  
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SFR  
Sharp  
Shinhan Card  
Sistema  
SK C&C  
SK Group

SK Marketing & Company  
SK Planet  
SK Telecom  
Skylark  
Société Nationale des  
Chemins de Fer Français  
(SNCF)  
Société Générale  
Softbank  
Sony  
Sony Ericsson  
Sprint  
Square Inc  
Starbucks  
Sumitomo Mitsui Card Co  
Telcel  
Telefónica  
Telekom Austria  
Three UK  
T-Mobile  
T-Mobile Poland  
Tokio Marine & Nichido Fire  
Insurance  
Tower Records

Transdev  
Turkcell  
Universal Studios Japan  
VeriFone  
Viacom  
VimpelCom  
Virgin Mobile UK  
Visa  
VivOtech  
Vodafone  
Vodafone UK  
Walmart  
Weve  
Whole Foods  
Wholesale Applications  
Community (WAC)  
Yandex  
YapiKredi Bank  
ZolotayaKorona  
Zong  
ZTE



## Acronyms and abbreviations

Acronym	Definition
API	application programming interface
ATM	automated teller machine
CDMA	Code Division Multiple Access
GMV	gross merchant value
KYC	know your customer
NFC	Near Field Communications
OTT	over the top
PoS	point of sale
QR	Quick Response (code)
RCS	Rich CommunicationService
SD	Secure Digital
SE	secure element
SIM	Subscriber Identity Module
SMS	Short Messaging Service
SNS	social network service
SWP	Single Wire Protocol
TSM	trusted service manager
UICC	Universal Integrated Circuit Card
USIM	Universal Subscriber Identity Module
USSD	Unstructured Supplementary Service Data

## Executive summary

The mobile payments market has long been an attractive opportunity, and mobile operators have been facilitating payments for content services for many years..

Today, operator-driven services addressing the unbanked are showing growing adoption.....

The main findings of this report are:

- Mobile money services for the unbanked, popular in emerging markets, are showing both much faster adoption than m-wallets and related services addressing those with a bank account and a steeper revenue curve..
- It follows that operators in developed markets:
  -
- Mobile payments are becoming increasingly integrated into a broader range of mobile services..’
- Mobile operators and financial institutions are finding some success in driving financial service adoption.

## Section 1: Market overview and background

### 1.1 Definitions and overview

#### 1.1.1 Context

#### 1.1.2 Types of mobile payments

Mobile payments themselves can also be segmented, as shown in **Exhibit 1.1**.

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**Exhibit 1.1: Mobile payment breakdown and overview**

*Source: Pyramid Research*

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#### 1.1.3 Overview of report

The remainder of this section provides more context and overview for the reader to be able to understand the analysis that follows.

- Orange in France
- NTT Docomo in Japan
- Safaricom in Kenya
- Telcel in Mexico
- T-Mobile in Poland
- MTS in Russia
- SK in South Korea
- Turkcell in Turkey
- O2 in the UK
- AT&T in the US

## 1.2 Banked vs. unbanked

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**Exhibit 1.2: Percentage of adults (15yrs+) with a bank account in 10 markets, year-end 2011**

*Source: World Bank*

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**Exhibit 1.3: Percentage of adults (15 years+) who had used mobile money in the previous year, year-end 2011**

*Source: World Bank*

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**Exhibit 1.8: Google Wallet**

*Source: Pyramid Research & Google*

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## Section 2: MNO approaches and strategies

### 2.1 Overview

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### 2.2 MNO approaches: organizational structure

#### 2.2.1 Separating access and OTT services.

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#### Exhibit 2.1: Overview of Docomo's Smart Service restructuring

*Source: Docomo*

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#### 2.2.2 Working with financial institutions

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#### Exhibit 2.2: Relationships between operators and financial institutions

Operator	Financial institutions	Relationship details	Key drivers and focus
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*Source: Pyramid Research*

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**Exhibit 2.3: Summary of cross-operator partnerships**

Partnership	M-payment focus	Comment

Source: Pyramid Research

**Exhibit 2.4: Summary of key operator opportunities and actions in different segments of mobile payments**

Digital content	Mobile online commerce	In-store commerce

Source: Pyramid Research

**Exhibit 2.5: Operators in the digital content value chain**

Source: Pyramid Research

## Section 3: Case studies

### 3.1 Orange – France

#### 3.1.1 Market context

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#### Exhibit 3.1: France m-payment indicators

#### *Mobile payments and wallet services*

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#### Exhibit 3.2: Orange France mobile payments and wallet strategy

Service	Business objectives	Strategy
	•	•
	•	•

Source: Pyramid Research

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#### Exhibit 3.3: Cityzi campaigns

Source: AFSCM

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