



EPFSF/EIF Joint Dinner Discussion

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Mobile Financial Services

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Mobility & Reachability of financial services from mobile phones will change the way consumers and citizens are managing and using their financial resources. Let's consider Mobile banking. If we see 30% of bank consumers using internet banking, we should target at least as much penetration for mobile banking. Mobile payment – beyond Ticketing 35%, Paying bills 21% - which is 46% of mobile users that have sampled these applications. Mobility is always present with you. And can enable real-time interaction between products and services.

Mobility will also change how financial services are delivered to the consumer:

- The cost of mobile banking, the cost of money transfer and remittance.
- We can see today B\$ being transferred in the retail point of sale. Mobility will facilitate this application. Mobility is bringing this capability to products or services that reach out to the consumer in real time in his/her daily life. Companies can send a discount coupon to its loyal customers as they walk pass their shops. For example, it is time for lunch, the discount is about a snack...the coupon is adapted to the location, personality, and taste of the customer and instantly delivered to their mobile phone.

Mobility financial services is driving new behaviors in developed countries – like accelerated reduction of cash usage and/or enabling payment of smaller transactions with mobile simple touch. Developing countries will greatly benefit from these services. For example, the possibility to scale banking services into under-banked areas. This will bring not only consumer convenience, but also economic benefits – by making transactions more fluid as well as more traceable than current cash exchanges and management.

Nevertheless, today's situation falls below expectations of 5 years ago. Today in Europe, there are only 4% of consumers using mobile payment, whilst there are 40% of internet payments being made.

Based on our view of the mobile market, we believe that some key barriers to deployment are: User-friendliness, Convenience, Relevance and of course Trustworthiness & Security. As shown by a recent study conducted upon your leadership, we can see this in the 190+ countries where we deploy more than 500M mobile phones per year.

We believe we can help remove some of these barriers.

Trust & Security are critical for the individual and the merchant or the bank. Without trust, people will not use it. Work continues to be done to specify secured elements & authentication for mobile devices. This area remains expensive for phone categories that reach large populations. And they remain not yet standard, not yet open to all applications & authentication. We think that we need more open & flexible ways to deliver secured communication and authentication. Similar to the steps towards internet payments, Internet banking, which is used by 30% of banking citizens in US banks and drives and directs merchant relationships.

We are leveraging software solutions as well as leveraging the computer that the mobile device has become. The functions are on every phone which consumers are already using: such as the PIN code on a keyboard, screen, voice recognition, or multi-channel communication (sms, internet) And we can also deliver two factor authentication with such software and classic phone capabilities. We can already see that mobile banking is working with such techniques. BoA has 750,000 users in 6 months of services - on entry level phones...using sms based solutions. It is safe and secure and trusted. – And useful and simple...

All the same, it is not always simple to use since it is often specific to all types of mobile devices. Our approach is to propose an open platform for all applications to use openly integrated authentication & securitization capabilities, which allows the application to choose the mean and the level of authentication.

Relevance, convenience, user friendliness are very much linked to the integration of the applications. It requires us to:

- a) Bring these applications to phones for all market segments – not just the high end device. More and more devices are real computers and can support advanced applications (java, web runtime, open application interfaces reaching now 30+% of our phones). And as mentioned, we can bring efficient-running software based security mechanisms to the device.
- b) Deliver an open environment solution so that the different financial, commercial & governmental sectors can develop their applications, independently of the telecommunication network being used.
- c) Simplify the user interface and the user experience with unification of these different types of applications. Basically, we will leverage on integrated device software platforms to present the classic applications in a familiar way to the users.

As we are doing so, we are working very proactively with the financial sector and commercial sector to develop these applications. But we realized that it can also be used for other purposes. In India, we have an e-government solution which has enabled pension payments via a mobile phone. In Brazil, we have an application of mobile medical files for remote medicine. In both cases, the applications are very sensitive to the mobile identity of the individual.

We clearly believe that our technology will add another dimension of mobile financial service to the consumer, as well as add benefits to society and individual economics, by augmenting the fluidity and the traceability of the financial transactions – or healthcare and mobile government services.

As we are proposing this approach to our customers and industrial/commercial partners, we would very much like to continue to cooperate with governmental organizations so that they:

- keep supporting the open specification and usage of the payment/banking technologies and applications.
- promote the use of such mobile financial services applications.
- support and promote the usage of such solutions to other infrastructure services usage like mobile-healthcare and emobile-government.

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