

# ‘Mobile payments gaining traction in India’

From snapping pictures to downloading music, cell-phones are for more than just talking. So, it was inevitable that someone like Carol Realini, who is “hooked on building new things”, would come up with the technology to use cellphones to transfer money.

Realini, a three-time successful entrepreneur and all-around force of nature in the Silicon Valley, was struck by the idea back in 2002 that a cellphone could be a wallet. She wrote a \$50,000 check to fund exploratory research. Encouraged by the research, she launched pay-by-phone start-up Obopay Inc in 2005

with seed money from Redpoint Ventures and Qualcomm.

This year, Realini received \$70 million from Nokia. “We’re excited that Nokia has chosen Obopay’s platform,” Realini, founder and CEO of Obopay Inc, said after Nokia announced this week that it would offer all its customers basic financial services.

Obopay’s service, already live in the US and India, lets people with cellphones pay each other through text messages. The funds can come out of bank accounts or credit cards. People who lack bank accounts can prepay funds into an Obopay ac-



■ Carol Realini

count. For 25 cents, anyone with a cellphone in the US can also send up to \$1,000 a week to anyone in India with a cellphone.

“The Obopay vision was for a global mobile money service. We operate in coun-

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tries like the US and in countries like India and connect the two,” said Realini.

Similar to how Western Union offers a complete money transfer service or how PayPal offers an online payment service, Obopay

offers a complete mobile money service. Realini talked to *DNA Money’s Uttara Choudhury* in New York about how Obopay builds the technology, deploys it and partners with mobile operators, merchants and banks to deliver it.

Obopay is a leader in the mobile payments industry, which is planted with smaller startups such as Kush-Cash and MobileLime. Banks are tripping over themselves to team up with firms like Obopay in emerging markets as banks can’t build branches fast enough, and the brick-&-mortar model can be too expensive to reach people in rural areas.

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## 'Mobile payments gaining traction'

"There's such a big gap in the world — there are 4 billion cellphones and only 1 billion bank accounts," Realini said. Clearly, mobile payments offer a wider way to reach people without bank accounts in places like India and China. The payoff could be huge. People who are now "unbanked" in China, India and Brazil alone could generate \$85 billion in banking revenue by 2015, estimates the Boston Consulting Group.

**What prompted you to come out of retirement in Aspen after successfully taking three companies public to launch Obopay?**

Obopay is not your ordinary brainchild. The idea for the company didn't develop in a conference room or during a gruelling brainstorming session. The concept for Obopay happened while I was doing volunteer work in Africa. It was there I observed an interesting phenomenon— people living in some of the most remote corners of the world carried a mobile phone even if they didn't carry a wallet.

Combining the two seemed like an ideal marriage of empowerment and convenience. And that's when the idea for Obopay was born. Returning to the US, I saw incredible opportunities within the ever-growing mobile youth market. Although I had not planned on rejoining the workforce after a three decade run as a successful entrepreneur,

my passion for this new idea changed my mind. I pulled together an all-star team of seasoned mobile and financial professionals, raised venture capital and successfully launched Obopay in 2005.

**What are the challenges that need to be overcome in developing a mobile money service?**

In every market, there are regulatory challenges, money transfer requirements, competitive challenges, and so on. From the beginning, I centred my strategy on building an ecosystem of partners that includes wireless carriers, financial institutions and merchants. To illustrate this point, our relationship with Citibank was an industry-first, as was our partnership with Verizon Wireless.

**Was it tough getting all the different money transfer licences to operate in a market like India?**

Obopay operates a P2P money transfer service with YES Bank in India. YES Bank applied to the Reserve Bank of India and was the first bank in India to obtain approval for such a service under the Mobile Banking and Payment Guidelines in March 2008. The service has been operational since April 2008. Mobile payments are clearly gaining traction as an area of high interest to financial institutions in India and we expect to work with several more going forward.

**How has the Grameen-Obopay "Bank a Billion" initiative fared and what is the potential of the Indian market?**

The Grameen-Obopay "Bank a Billion" initiative will provide access to affordable financial services, including cross-border remittances, money transfer, payments, savings and credit accounts. By empowering life and work endeavours with mobile technology that is ubiquitous, even in the most impoverished and remote corners of the world, Grameen-Obopay is bringing the full power of banking to those who need it most. **Are you planning to launch the service in other markets and what are the lessons from the Indian experience that you think will help you?**

Right now we are live in the US and India market. Both experiences allow us to build on further expansion in similar markets in the near future.

**Obopay focused on two very different markets — the US and India — to launch its mobile money service. How did you develop a service that works in both environments?**

It is critical for a payments product to have a broad appeal and address interchangeable markets. The United States and India are two of the largest markets in the world and we have built a platform and an ecosystem that would allow us to address all market segments: the banked, under-banked and unbanked.