

India Might Be Able to Leapfrog Credit Cards”

their bills and recharge their phones while the second is more like a bank account and allows people to send money to others who also have an account with Obopay. There is a two per cent charge for money transfers and payments.

In Pune, where we have our first pilot in India, we have also tied up with 200 merchants who are ready to accept mobile payments for their goods. So we have people with “Easy Send” paying with their mobile phones at these merchant outlets. To pre-load their accounts with cash, people need to deposit it at the Nokia retail outlets. We allow people with “Easy Pay” to pay for their friends, and relatives’ mobile phones also. We often see someone walk in with a lot of cash and charge his Obopay account with the money and then use that available credit on the phone to re-charge multiple pre-paid mobile accounts.

Our next pilot is in Chandigarh. We are doing small towns first as it is easier to sign up a critical mass of merchants. Two hundred is a good number for a place like Pune. What we find is many of the merchants do not yet accept credit card payments but are happy to accept mobile payments. (That may be because) you do not need a swiping machine or a dedicated telephone link.

You are present in the US, Kenya and India. How varied is the experience?

If we talk about regulations, India has the toughest rules while Kenya is the most liberal and the us is somewhere in the middle. In Kenya, a receiver of money need not be an Obopay account holder, and he can redeem the cash at any retail outlet. In the US, a receiver can send the money to his bank account or his MasterCard account. In Kenya, people have their identification cards, which is a great help. India is also working on unique identification numbers. Opening an account in India takes about a day as we have to

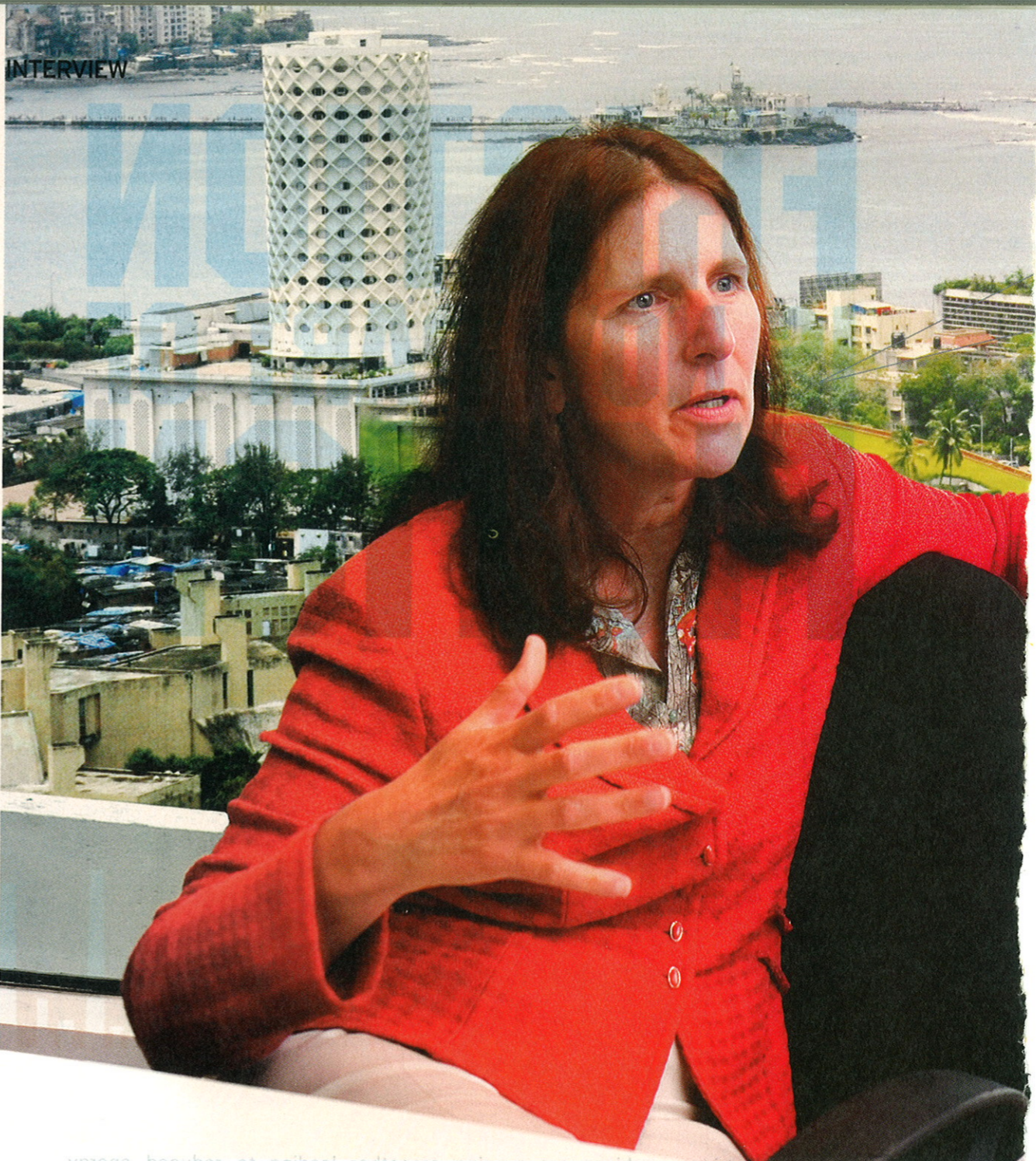
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CAROL REALINI
FOUNDER & CEO, OBOPAY

What are the kinds of mobile payments that can be made with an Obopay account in India?

In India, it is a bank-led service as that is what regulations now allow and we have a tie-up with YES Bank for that. (In Kenya and the United States, the bank account is not mandatory and one needs only an account with Obopay.) We may tie up with other banks, too. We also have a tie-up with Nokia to use their retail outlets as centres where people can open their accounts. There are two kinds of accounts: “Easy Pay” and “Easy Send”. The first allows people to pay

INTERVIEW



It needed to be a really big idea to drag Carol Realini out of retirement. After taking two Silicon Valley technology companies public over a span of 10 years (1990-2000), she had decided to settle in the ski-resort city of Aspen. But a trip to Kinshasa, the capital of the Democratic Republic of Congo, opened her eyes to a huge opportunity. In the midst of poverty, Realini saw widespread usage of mobile phones. Customers would walk into pre-paid mobile phone recharge centres with wads of cash to top up their phones.

The big idea that popped into Realini's mind: mobile bank-

ing. After all, she reckoned, the world had four billion mobile phones and only one billion bank accounts. Realini came out of retirement to start Obopay in 2005. Today, Obopay is one of the largest service platforms in mobile banking and has backing from the likes of Nokia. It counts India among its most important markets — enough to make Mumbai its second headquarters. On a recent visit to Mumbai, Realini, 52, spoke to Business Today's Suman Layak about her firm's plans for India over the next 12 months. Edited excerpts from the interview:

India presents a huge opportunity. Even now 90 per cent of all transactions in India are in cash; and there are 12 million merchants in India”

follow the same KYC (know your customer) norms as banks do. We are also providing a YES Bank debit card now with the Obopay account.

In Chandigarh, we will work with companies that have a field force so that money can be transferred as and when they need. A lot of regulatory changes are happening in India now and we are working with the Reserve Bank of India so that we can bring more services like money transfer to any phone in India.

You have taken two companies public. How different is Obopay from those companies, and at what stage of its investment cycle is it in?

My earlier companies were technology companies. When I came back to work, it was because I was inspired by the big idea — using mobile phones to take banking to the unbanked. We had to be a service provider and we had to be something like a PayPal or a Western Union and not like SAP or Oracle. This is a very large global opportunity. I cannot talk about how the company will move to raise capital in the future, but what I can say is Obopay is the best funded mobile banking company in the world. So far we have raised a total of \$140 million from the Essar Group, Nokia and Qualcomm.

At Obopay, I have done things I have never done before. Meetings were most painful — we would have mobile phone technology people talking about things like “mobile terminated text messages” and banking people who would react with a blank look. It worked the other way round, too. When the banking guys would say that the banking regulators would not allow something, the technology guys would ask: What is the need to tell the regulators at all! Now we understand each other better in the company.

You have a global president based out of Mumbai. India seems to be growing in importance in your scheme of things...

Deepak (Chandnani) came on board to run our India operations. Then, we quickly put him on to the global



board and gave him a global role. Today, he runs all operations out of India. India is now our second headquarters. Now we have two CEOs, one based in San Francisco and the other in Mumbai. It is a very convenient time difference. I talk to Deepak at the end of the day and then again at the beginning of the next working day. One CEO is always on the job all the time.

India presents a huge opportunity. Even now 90 per cent of all transactions in India are in cash; and there are 12 million merchants. Today, two-thirds of our employees are in India and we do most of our technology innovations out of our offices in Bangalore. In the US, people

carry a whole lot of cards in their wallet — India might just be able to leapfrog that and some people may just go on to using their phone as a wallet instead of ever using a card.

You did a pilot with Citibank that was not scaled up. What went wrong?

People who used the service liked it. For some reasons, Citibank chose not to complete the pilot. Our takeaway from the pilot is that mobile payments have to be integrated on to a bank's website; in the Citibank pilot it was activated from a separate website that users were taken to. We are in discussions with other private and public sector banks in India. But 2008-09 was a challenging time for banks and they are still trying to come to grips with that. Banks missed the Internet; they were late. I do not think they want to miss the mobile payments bus, too.

Is China one of the markets that is on your radar?

The next will be Senegal in Africa in a tie-up with Société Générale. From India we will also look at going into neighbouring countries like Bangladesh, Pakistan and Sri Lanka. We are not looking at China right now as the regulations there are a little more complicated. We also want to do international transfers of money, but we have to work on that a little more as regulations are tougher for international money transfers. ©

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