

Digital Payments South Asia

Democratising Secure Electronic Payments

Day One: Tuesday 13 November 2018

8.00	Registration
INTRODUCTION	
	Welcome and Opening Addresses
9.30	Overview and Objectives Introduction to the sessions and the objectives of Digital Payments South Asia. Abhijit Sengupta, Country Director, APSCA India
9.40	The Future of Digital Payments in Asia What are the factors that have enabled China to become the world leader in mobile payments with over 520 million users of mobile QR code payments by the end of 2017? How was this achieved in timeframe of just over 2 years, without mobile payments fragmentation? Was it driven by online payments or face-to-face payments? How has almost ubiquitous mobile payments acceptance been achieved? What has been the reaction from banks and the impact on the card payments business in China? Most importantly, are these outcomes achievable in other markets in Asia-Pacific, in India and in other global regions? Greg Pote, Chairman, APSCA
Mobile and card-based payments in China & Asia	
SESSION 1	
	Mobile Wallets
10.00	On the Road to Interoperability Mobile wallets in India have experienced exploding usage during demonetisation, plateauing after cash was reintroduced, a slowdown in transactions after mandatory KYC requirements, and a new upsurge since May this year. Upcoming regulatory guidelines are expected to first enable interoperability between KYC-compliant prepaid payment instruments (PPIs) including mobile wallets, and later interoperability between PPIs and banks. This session explores how these changes will impact development of mobile wallets in India's retail payments business. <ul style="list-style-type: none"> ▪ After the up-and-down experiences and challenges faced by mobile wallet companies in India since demonetization, what is the outlook for mobile wallet transactions and sales volume? ▪ Mobile wallet providers have complained about the challenges of implementing mandatory KYC requirements but what would be some of the benefits for both customers and the mobile wallets? ▪ Why has the mobile wallet industry proposed that they be able to access merchant payments on an interoperable framework with applicable merchant discount rates and interchange fees? ▪ How would mobile wallet providers benefit from an interoperable framework for retail payments and the ability to settle transactions directly over the same payment network as banks? ▪ What would be some of the long-term benefits of introducing interoperability between mobile wallets (prepaid payments instruments - PPIs), bank accounts and cards in a phased manner? ▪ Following the Supreme Court decision on Section 57 of the Aadhaar Act, is there any way for banks and non-banks to avoid a return to laborious paper-based KYC in their future onboarding of customers? Viewpoint 1: Nikhil Sawaitul, Associate Director II, Payments & Fintech Partnerships IDFC Bank [-20min] Viewpoint 2: Speaker to be advised [-20min]
New directions for development of mobile payments services	
10.40	Discussions: Rethinking customer authentication and the concept of KYC <i>The original concept of Aadhaar authentication was that it would be done only by sending the customer's Aadhaar number, the customer's encrypted data from biometrics (given at time of authentication) and the customer's name to UIDAI for verification of the customer's identity. The UIDAI responds to verification requests by replying either 'Yes' or 'No' - and that is all that banks, payment banks, mobile wallets and any other third parties can expect in future. The original idea was not that customer's Aadhaar number and Aadhaar-related data would be stored by third parties (which goes against global data privacy trends). The SC ruling will not allow commercial entities to store the customer's Aadhaar number or any related data. They can only store data that the customer provides to open the account, together with a record that Aadhaar KYC has been carried out at the time of opening the account. Will this be sufficient for banks, payment banks and mobile wallets to meet the KYC requirements specified by the regulator? Just as importantly, will it enable the smooth operation of the Unified Payments Interface (UPI)?</i> Nikhil Sawaitul, IDFC Bank Speaker to be advised Greg Pote, APSCA
11.10	Refreshments

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SESSION 2	Real-Time Payments
<p>11.45</p> <p>The future for UPI-based real-time mobile payments services</p>	<p>UPI - paying as fast as messaging</p> <p>Unified Payments Interface (UPI) transactions increased from 2M in December 2016 to over 246M in June 2018, while the total monthly transaction amount increased nearly 60 times from Rs 700 crore to over Rs 40,000 crore (over USD5.5Bn) in the same period. An over-arching set of payment rails based on mobile-based real-time payments and providing ubiquitous interoperability between every payment system in India is proving to be a powerful proposition for driving digital payments. This session explores the many new opportunities enabled by UPI.</p> <ul style="list-style-type: none"> ▪ UPI transactions through mobile wallets are increasing rapidly and new mobile payments services appear to be focusing on UPI payments. Is UPI the future for all mobile payments transactions? ▪ If UPI's low-cost, level playing field enables more organisations to launch mobile real-time consumer payments services, how will this impact the consumer payments business in India? ▪ With the national interoperability, pricing regulation and service uniformity provided by UPI, how can banks and mobile payments companies compete for customers based on service offerings? ▪ Today more than 90% of UPI transactions are P2P, which (usually) attract no fees, and UPI merchant transaction charges are low and getting lower. So where is the business model for UPI-based payments? ▪ Unified Payments Interface (UPI) 2.0 enables new payments services, particularly "for merchant" features. Does it go far enough to drive P2M transactions? What should be added in a future UPI release? ▪ In addition to KYC challenges for onboarding of customers after the SC decision on Aadhaar, how can banks and non-banks manage existing customer data if it must all be completely de-linked from Aadhaar data? <p>Viewpoint 1: Bertram Dsouza, Vice President & Head – Digital Payments Kotak Mahindra Bank [-20min]</p> <p>Viewpoint 2: Mihir Gandhi, Partner, Leader - Payments Transformation PwC India [-20min]</p> <p>Viewpoint 3: Mehul Mistry, Senior Director, Payments & Fintech Partnerships IDFC Bank [-20min]</p>
<p>12.45</p>	<p>Discussions: Real-time payments, mobile wallets and card-based payments, KYC</p> <p><i>India's digital payments market is estimated to increase from about \$200 billion today to \$1 trillion by 2023[1]. Will that growth be driven by real-time payments, mobile wallets or card-based payments? UPI transactions are growing at a phenomenal rate but are they undermining the original objective of payments banks and mobile wallets? Most UPI transactions today are P2P - is this accurate or are many UPI transactions P2M or P2G? What strategies could assist the development of UPI transactions in the retail sector? If the number of UPI P2M transactions could be significantly increased, then will this grow the total volume of digital payments transactions? Or would growth in the number of retail UPI transactions compete with or even cannibalise card-based payments and mobile wallet payments in India?</i></p> <p><i>How will the Supreme Court decision regarding Section 57 of the Aadhaar Act, impact the Aadhaar-based authentication processes (based on the Aadhaar-related data collected by payments services providers [PSPs] from their customers) which enable the smooth operation of the Unified Payments Interface (UPI)? How will NPCI and all their connected PSPs be able to leverage the existing Aadhaar infrastructure if they are not allowed to hold or manage Aadhaar-related customer data? If customers voluntarily agreed to provide their Aadhaar-related customer data to banks and non-banks then will this avoid conflicting with the Supreme Court decision?</i></p> <p style="text-align: right;">Bertram Dsouza, Kotak Mahindra Bank Mihir Gandhi, PwC India Mehul Mistry, IDFC Bank Greg Pote, APSCA</p>
<p>13.15</p>	<p>Lunch</p>

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SESSION 3

Financial Inclusion

14.15

Bringing the underbanked into the payments business

Aadhaar has registered almost 90% of the population (1.2 Bn people). Using the program to provide access to payments services is proving to be transformative. Aadhaar-based payment solutions are designed to be easy-to-use and reduce the costs of providing financial services to the underbanked. The Aadhaar enabled payment system (AEPS), Aadhaar Pay App and Aadhaar Payment Bridge are driving simple and low-cost financial inclusion. But the future of payments banks as a channel to bring formal financial services to the underbanked appears less certain.

Providing payments
services to the majority
of the population

- India's 800M rural population is largely poor, used to cash payments, and unfamiliar with financial services. How can simple and easy-to-use payment services be made available to these citizens at a low cost?
- AePS transactions are growing but why were there only around 100M AePS transactions in 2017-2018 across 250M households in India - less than one transaction a year for each rural household?
- What are the challenges today for the micro ATM and business correspondent model that provides basic payment services to rural citizens using the Aadhaar enabled payment system (AEPS)?
- Recent discussions about the level of micro ATM interchange fees has highlighted the challenges for banks which install and manage Micro ATM devices across rural areas. Could this business model be improved?
- UPI launched on smartphones but is available on feature phones. With 50% growth in India's feature phone market would customer UPI be a better approach to financial inclusion than the BC/micro ATM approach?
- How will the Supreme Court decision regarding Section 57 of the Aadhaar Act, impact the Aadhaar Payments Bridge System and its authentication processes for direct transfer of benefits and subsidies?
- What will be the impact of the SC decision on operation of the Aadhaar Enabled Payment System and that agents use to deliver basic financial and payment services to customers and merchants in rural India?

Viewpoint 1: Arun Sharma, Director, DBT Mission in Cabinet Secretariat
Government of India [-20min]

Viewpoint 2: Mohit Saini, Manager, Digital Financial Services (DFS) Domain
MicroSave [-20min]

Viewpoint 3: V. Shankar, Managing Director & CEO
MAXIMUS INFOWARE [-20min]

Viewpoint 4: Krishnan Dharmarajan, Executive Director
Centre for Digital Financial Inclusion [-20min]

15.35

Discussions: Outlook for payments banks

Payments Banks were intended to introduce un-banked/under-banked citizens to the first tier of financial services. In a business segment with challenging profitability (no revenue stream from lending), recent government requirements for more stringent KYC have limited growth. The Jan-Dhan Yojana financial inclusion initiative provided almost every Indian household with access to a bank account, removing the unbanked market which was the original objective of payments banks. Then the Unified Payments Interface (UPI) enabled digital technology companies and full-scale banks to compete with the payments banks. They may soon face more competition from interoperable mobile wallets. A lot has now changed since the concept of payment banks was first proposed in 2013-2014. Does the payments industry believe there is still a market for payments banks and their entry-level financial services?

Arun Sharma, DBT Mission, Government of India

Mohit Saini, MicroSave

V. Shankar, MAXIMUS INFOWARE

Krishnan Dharmarajan, Centre for Digital Financial Inclusion

Greg Pote, APSCA

16.00

Refreshments

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SESSION 4

Roundtable Discussions

16.45

Introduction

In this session, all conference delegates will have the opportunity to participate in 1 of 3 roundtable discussions lasting 20min each, chosen from the list of roundtables below. Each roundtable discussion will be assisted by experts who will facilitate, but not lead each roundtable. The objective is to provide an informal opportunity for all delegates to join discussions and get their questions answered.

1 - Accelerating Mobile Wallet Adoption and Usage

Average mobile wallet transactions are low compared to other e-payment modes such as cards. How can mobile wallet companies entice their customers to spend more - but without the cost of cashbacks offers and discounts?

2 - The Business Model for Consumer Payments in India

The payments industry supports the objective to expand e-payments acceptance and usage but with MDR capped for all card payments and low or zero fees for real-time payments, where is the retail payments business model in India?

3 - The Commercial Proposition for Financial Inclusion

Commercial opportunities usually drive innovation and create results. Can we create improved outcomes for financial inclusion by aligning our commercial interests with long-term well-being of people who most need financial services?

17.15

Close of day one

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Day Two: Wednesday, 14 November 2018

INTRODUCTION	Welcome to Day 2 and Opening Address
9.30	<p>Review and objectives</p> <p>Recap of day one discussions and introduction to day two of Digital Payments South Asia</p>
SESSION 5	Contactless Retail Payments
9.45	<p>Expanding contactless acceptance and contactless payments</p> <p>Adoption and usage of EMV contactless payment cards is creating convenience for consumers and business efficiencies for merchants in markets around the world. They are expanding e-payments by displacing cash for low value transactions. EMV contactless cards and NFC mobile phones that support EMV contactless are faster and easier to use than both cash and QR code mobile payments. This session looks at the outlook for contactless card-based retail payments in India where card acceptance still has a long way to go.</p> <ul style="list-style-type: none"> ▪ Can India achieve Australia's level of success with contactless acceptance where over 80% of payment card transactions at major retailers are now contactless? ▪ Markets such as Australia, UK and Poland highlight the success of contactless payments, but will they only be successful in markets where card payments are mature and does that not include India? ▪ What will be the impact of the Finance Ministry request that all new cards issued should support EMV contactless technology? Will this be effective without a similar request for contactless acceptance? ▪ What are the new low-cost EMV contactless acceptance solutions, such as PIN on Glass, that can on-board micro merchants for e-payments by accepting EMV contactless payment cards and NFC mobile phones? ▪ With the numerous mobile wallet companies in India, Bharat QR, and now UPI-based payments on mobile, are the "Pays" and their mobile NFC payment products likely to have much success in the Indian market? <p>Viewpoint 1: Rajeev Kumar, Senior Vice President - Market Development, South Asia Mastercard [-20min]</p> <p>Viewpoint 2: Marthinus Hadipranoto, Regional Account Manager, South Asia and ASEAN UL Identity Management & Security [-20min]</p> <p>Viewpoint 3: Lionel Ravel, Product Marketing - Banking & Transport, Secure Microcontrollers STMicroelectronics [-20min]</p>
Driving acceptance and usage of contactless consumer payments	
10.45	<p>Discussions: The future of card payments in India</p> <p><i>India leads the world in innovations in consumer payments. NPCI, the umbrella organisation for retail payments in India, was the first domestic payments operator to enable a nationwide interoperable real-time consumer payments scheme alongside the existing national card payments scheme. Most Indian banks are also offering UPI-based real-time mobile payments alongside EMV compliant card-based payments. Today UPI-based payments are accelerating faster than card payments. Most UPI-based payments today are P2P but with the release of UPI 2.0 the proportion of P2M payments is expected to increase. Is it likely that the volume and value of UPI-based payments will exceed that of card payments in India in the future? Will or retail payments eventually shift to the UPI platform? What is that likely to mean for the payments industry in India?</i></p> <p style="text-align: right;">Rajeev Kumar, Mastercard Marthinus Hadipranoto, UL Identity Management & Security Lionel Ravel, STMicroelectronics Greg Pote, APSCA</p>
11.15	Refreshments
SESSION 6	Contactless Transport Payments
12.00	<p>Open-loop payments in public transport</p> <p>Contactless transit ticketing schemes that collect public transport revenue generate high volumes of low value e-payment transactions. EMV-based contactless payment cards are being introduced as a new approach to transit revenue collection and fare payment products. Transport authorities are exploring the use of bank-issued EMV open-loop contactless payment cards as ticketing media. This session explores business opportunities for banks and transport operators to collaborate and drive acceptance and usage of contactless payments in transport and retail applications.</p>

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SESSION 6	Contactless Transport Payments (continued)
12.00	<p>Open-loop payments in public transport</p> <p>The development of contactless transport card schemes in India</p> <ul style="list-style-type: none"> ▪ What are the benefits for accepting third-party EMV contactless fare media and what commercial and practical considerations need to be addressed by both the public transport operators and the banks? ▪ EMV-based National Common Mobility Card (NCMC) schemes will need to issue prepaid contactless NCMC cards to customers that are unbanked or under-banked. Will PTOs or banks issue these prepaid cards? ▪ Initial NCMC transport card schemes involved commercial agreements that restricted card issuance to a single issuing bank. Are future NCMC transport card schemes likely to employ similar business models? ▪ If NCMC contactless payment cards are accepted in a public transport ticketing scheme and for open-loop retail payments, then can they be accepted by every public transport ticketing scheme in India? ▪ There is growing interest in using QR code mobile payments in public transport ticketing, particularly for single journey tickets. Will mobile wallet interoperability make it easier to adopt QR codes in transit? <p>Viewpoint 1: Sanjay B. Lal, General Manager - Payments Solutions State Bank of India [-20min]</p> <p>Viewpoint 2: Klaus Orthofer, Senior Sales Executive, Payment FEIG ELECTRONIC [-20min]</p> <p>Viewpoint 3: Anuj Goel, General Manager - Head (AFC) Mumbai Metro One [-20min]</p>
13.00	<p>Discussions: Practical issues for accepting open-loop payments in transit</p> <p><i>How will open-loop payments in transit offer new opportunities to transport authorities and operators in India? How feasible will it be to migrate to accepting bank-issued fare media when some public transport customers are unbanked or underbanked? What will be the challenges of integrating legacy transport ticketing systems with EMV devices and related architecture for both account-based and card-based ticketing? Are these challenges the responsibility of the transport authorities or their bank partners that are issuing the contactless payment cards for transport payments? Are public transport payments an opportunity to NFC mobile payments products? Or is the growth of smartphones and mobile wallets in India more likely to enable acceptance of other third-party fare media for transport payments in India, such as QR code-based mobile payments?</i></p> <p style="text-align: right;">Sanjay B. Lal, State Bank of India Klaus Orthofer, FEIG ELECTRONIC Anuj Goel, Mumbai Metro One Greg Pote, APSCA</p>
13.30	Lunch
SESSION 7	Next-Generation Payment Cards
14.30	<p>New Levels of Security and Convenience</p> <p>Despite the development of real-time payments and mobile wallets, the payment cards market continues to grow and issuers are offering active cardholders a variety of next-generation cards with new capabilities targeting increased security and greater convenience, including biometric EMV contactless cards. At the same time there are a growing number of e-payments companies (Paytm, Uber, Stripe) now entering the payment card issuing business. Why is the payment card market continuing to expand and what is the outlook for next-generation card payments?</p> <p>Increased customer protection and performance</p> <ul style="list-style-type: none"> ▪ Why are biometric payment cards a good fit with the new scheme requirements for all new acceptance terminals to be EMV contactless-enabled and all new cards issued to support EMV contactless? ▪ How can biometric EMV contactless payment cards prevent fraud on lost and stolen cards and remove the adverse media coverage and customer concerns raised by fraudsters on stolen card spending sprees? ▪ How will payment cards with on-card fingerprint biometrics eliminate PIN theft by fraudsters using shoulder surfing, miniature undetectable cameras near ATMs or payment terminals, or fake keyboards on ATMs.? ▪ Today it is challenging for cardholders to make higher value EMV contactless card payments. How will biometric on-card CVM support EMV contactless card payments of any ticket size? ▪ In a developing card market such as India, but with the regulator focused on customer protection, how do next-generation payment cards such as biometric cards and display cards fit into the payment card business?

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SESSION 7	Next-Generation Payment Cards (continued)
14.30	<p>New Levels of Security and Convenience</p> <p>Viewpoint 1: Atul Jain, Head - Strategic Sales & Advance Offers IDEMIA [-20min]</p> <p>Viewpoint 2: Radek Matyasek, SVP Sales, EMEA NEXT Biometrics [-20min]</p> <p>Viewpoint 3: Yew Fai Chu, Regional Marketing Manager, Digital Security Solutions Division Infineon Technologies [-20min]</p>
15.30	<p>Discussions: Strategies for next-generation payment cards</p> <p><i>How will the market for next-generation payment cards such as biometric contactless payment cards and dynamic code verification cards develop? Will on-card biometrics replace PIN as the new CVM for in-store and ATM transactions? What will be the impact of biometric cards on the contactless payment card market? Will the concept of low-value versus high-value, and contactless payment thresholds, disappear? Will the rapid uptake of e-commerce in India provide an opportunity for dynamic code verification cards and will banks need to upgrade their host systems to support these solutions? The two most challenging issues are likely to be the business model and issuing cards to customers. Are there new business models for issuers to manage the higher costs of biometric card and display card products? How should issuers manage the new challenge of customer biometric registration?</i></p> <p style="text-align: right;">Atul Jain, IDEMIA Radek Matyasek, NEXT Biometrics Yew Fai Chu, Infineon technologies Greg Pote, APSCA</p>
16.00	Refreshments
SESSION 8	Roundtable Discussions
16.45	<p>Introduction</p> <p>In this final session, all conference delegates will have the opportunity to participate in 1 of 3 roundtable discussions lasting 20min each, chosen from the list of roundtables below. Each roundtable discussion will be assisted by experts who will facilitate, but not lead each roundtable. The objective is to provide an informal opportunity for all delegates to join discussions and get their questions answered.</p> <p>1 - Accelerating e-Payments Acceptance and Usage</p> <p>Both mobile QR code payments and contactless payments have been proven to expand e-payments by displacing cash for low value transactions. But which is likely to have a greater impact on the adoption of e-payments in India?</p> <p>2 - Open-Loop Transport Payments in India</p> <p>What will be the most successful third-party payment products accepted in public transport ticketing schemes in India and why? Domestic open-loop contactless cards, international scheme contactless cards, mobile QR code wallets?</p> <p>3 - Bringing Biometrics to Card Payments</p> <p>In a market where fingerprint biometrics are widely used in government applications, how will customers respond to the higher levels of convenience and security offered by biometric contactless payment cards?</p>
END OF DAY 2	Wrapping Up
17.15	<p>Closing remarks</p> <ul style="list-style-type: none"> ▪ APSCA
17.30	Close of Digital Payments South Asia