Mobile Payments & Financial Integrity

UN Counter Terrorism Special Event
NYC, May 24, 2013

Lois Quinn
Senior Payment System Specialist
Financial & Private Sector Development (FPD)
The World Bank
New Payment Products & Services (NPPS)
Mobile Payments, Pre-paid Cards, & Internet Payments
NPPS vs. Traditional Products & Services

Access Channels
- Branch
- ATM / POS
- Agent
- Mobile
- Internet

Service Provider
- Bank
- Mobile Phone Company
- Traditional Money Service Provider
- Internet Payment Service Provider

Product / Service Design
- Offered to Previously Unbanked
- Tailored for Specific Access Channel
- Funding Source
Dimensions of NPPS Mobile Payment Service

Scope / Reach

- Closed Looped
- Open Looped
Dimensions of NPPS Mobile Payment Service

Scope / Reach
- Closed Looped
- Open Looped

- Internet load
- Rapid Transit App
- Cash Load Specialized Machines / agents
- Cash Load -- Agents
- No Cash Out
- Transit Use Only

Cash Load -- Agents
Cash Load Specialized Machines / agents
Internet load
Rapid Transit App
No Cash Out
Transit Use Only
Dimensions of NPPS Mobile Payment Service

Scope / Reach
- Closed Looped
- Open Looped

Entities Involved
- Single
- Multiple

- Internet load
- Rapid Transit App
- Cash Load Specialized Machines / agents
- Cash Load -- Agents
- No Cash Out
- Transit Use Only
Dimensions of NPPS Mobile Payment Service

Scope / Reach
- Closed Looped
- Open Looped

Entities Involved
- Single
- Multiple

Interne t load
Rapid Transit App
Cash Load Specialized Machines / agents
Cash Load -- Agents
No Cash Out
Transit Use Only
3rd Party Agent
ACH system
Mobile
Risk Factors: NPPS Mobile Payment Service

- Anonymity
- Weak Oversight
- Cash Withdrawal
- Segmentation
- Funding Methods
- Geographical Reach
Assess Risk

Nature of Market

Combination of Risks

Magnitude of Each

World Bank, others - Active in this Space

- Cash Withdrawal
- Funding Methods
- Anonymity
- Geographical Reach
- Segmentation
Risk Mitigation Tools

- Customer Due Diligence
- Geographic Restrictions
- Value Limits
- Funding Source Restrictions
- Recordkeeping, monitoring & reporting
- Usage Limits
- Identification of Compliance Responsible Party
Balanced Approach – Risk mitigation, financial inclusion, & retail payment system efficiency

Barriers for Unbanked
- Perpetuate Use of Cash
- Frustrate Financial Inclusion Efforts

Reduce CDD Barrier to Usage
- Transaction Value Thresholds.
- National ID Card

Balancing Measures
Right Sizing – Risk mitigation, financial inclusion, & retail payment system efficiency
World Bank -- Cross Cutting Approach

Integrated Effort

Market Integrity

Payment System Development

Financial Inclusion

Research

Standard Setting

Technical Assistance

Topologies

Outreach

Financial Inclusion
Thank you!

Lois Quinn @ lquinn@worldbank.org

www.worldbank.org/paymentsystems
www.worldbank.org/financialinclusion
www.worldbank.org/amlcft