

The logo for 'tapp.' is a red circle containing the word 'tapp.' in white lowercase letters with a period. The background of the entire page is a photograph of a city skyline with many skyscrapers under a clear blue sky.

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# Intersection of Mobile Economies and Retail Cultures

Bridging the Cash Economy, Points-of-Sale and Mobile Commerce:  
Increasing Financial Inclusion in Southeast Asian Markets

Overview of the opportunities for global brands and financial institutions. Billions of people without a bank account and often with no personal identification do have the desire for first world goods and services. Thus, they can face complex challenges when crossing the barrier from financial non-inclusion to inclusion.

# Executive Overview

## Company

Tapp Commerce is the beacon of financial inclusion, fighting for equality and sustainability on the sea of economic storms and societal instability. Building new from scratch takes courage, relentless innovation and extraordinary individuals. The emerged “finance meets technology sub-industry”, meets the counter force of our educated and visionary personnel to re-shape and re-model economics of emerging markets. Our team, where enthusiasm meets the reality of a vision, interpret the socio-cultural environment of Southeast Asian economies.

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Today the world is divided economically, causing cultural and financial strain between people living in first and third world countries and dealing with their economies. Human rights, women empowerment, and sustainability are some of the leading topics on many corporate annual reports. Part of today’s corporate leadership process is to include sustainability and financial inclusion themes in their ongoing business strategies and then measure the success of these principles in their organizations. In general, such measures have proven to increase corporate value as well as positive acceptance among customers and corporate stakeholders.

Financial inclusion is the leading theme of the 21st century. Many of the three billion unbanked<sup>(1)</sup> customers, however, do have access to a mobile phone and cash. With these new innovative ways of networking physical and mobile commerce, these individuals can move their cash online and pay with their phones. Commerce exchange networks are a novel and new innovative angle to achieve financial inclusion. These networks connect to social, mobile and physical commerce networks. By intelligently connecting buyers and sellers within these different communities, the businesses in emerging economies can improve the lives of hundreds of millions. Narrowing the gap of inequality also lessens the demand and even need for crime and brings stability to all societies.<sup>(2)</sup>

Tapp Commerce operates a networked world of mobile commerce. Bridging the physical world of corner shops and mobile commerce, it facilitates making purchases with cash and offers access to goods and services otherwise only available to the financially included. This conversion from being a member of the non-inclusion group to inclusion allows the bottom of the demographic pyramid to participate and become part of e-commerce and that society. Tapp empowers families and lets them receive goods and services in remote parts of Southeast Asia using cash payment. Well-being extends the reach of humanity and a connected society by allowing everyone to purchase goods and services without a credit card or even a bank account and lessens inequality for financially unbanked residents in metropolises and remote villages alike.

Tapp Commerce partners with UNDP BCTA with a commitment to bringing more than 500.000 micro-entrepreneurs <sup>(3)</sup> into its value chain and giving 10 million low-income consumers access to mobile payments by 2018. At the same time. Tapp Commerce promotes an initiative for women’s empowerment in thriving communities in the Philippines.<sup>(4)</sup> As a sustainability driven company we support the agendas of Global Partnership of Financial Inclusion (GPFI). The GPFI is an initiative launched by G-20 and non-G-20 countries as an inclusive platform that is committed to learning policy advocacy and shared learning and knowledge sharing. These efforts also tie well to the global trend toward financial inclusion occurring in the next few decades.<sup>(5)</sup>

<sup>1</sup>World Bank Data Repository

<http://documents.worldbank.org/curated/en/187761468179367706/pdf/WPS7255.pdf#page=3>

<sup>2</sup>FINANCIAL INCLUSION STRATEGY (FIS) PEER LEARNING GROUP

<http://www.afi-global.org/sites/default/files/publications/2016-08/FS-WG-FIS-A5-digital.pdf>

<sup>3</sup>Global Partnership for Financial Inclusion (GPFI) is an inclusive platform for all G20 countries

[http://www.gpfi.org/sites/default/files/documents/2014\\_g20\\_financial\\_inclusion\\_action\\_plan.pdf](http://www.gpfi.org/sites/default/files/documents/2014_g20_financial_inclusion_action_plan.pdf)

<sup>4</sup><http://www.businesscalltoaction.org/news/tapping-developing-markets-new-business-call-action-member-tapp-commerce-oy-brings-financial>

<sup>5</sup>World Bank Data Repository

<http://documents.worldbank.org/curated/en/187761468179367706/pdf/WPS7255.pdf#page=3>



## Keywords

Point-of-sale, mPOS, mobile retail, cash economy, fintech, Southeast Asia, mobile money, ecommerce, Indonesia, Philippines, Vietnam, Thailand, Myanmar.

## Terms and abbreviations

GPFI - Global Partnership of Financial Inclusion.

GBA - Global Agenda Council is a section of the World Economic Forum.

WEF - World Economic Forum

BDP - Bottom segment of the demographic pyramid.

GPFI - Global Partnership for Financial Inclusion.

Laku Bandai –an Indonesian government initiative to promote banking services for rural areas.

OJK – Indonesian Financial Services Authority

BRI – Bank Rakyat Indonesia

UNDP – United Nations Development Program

BCtA – Business Call to Action

KYC – Know Your Customer

CDD – Customer Due Diligence

This work is a product of the staff of Tapp

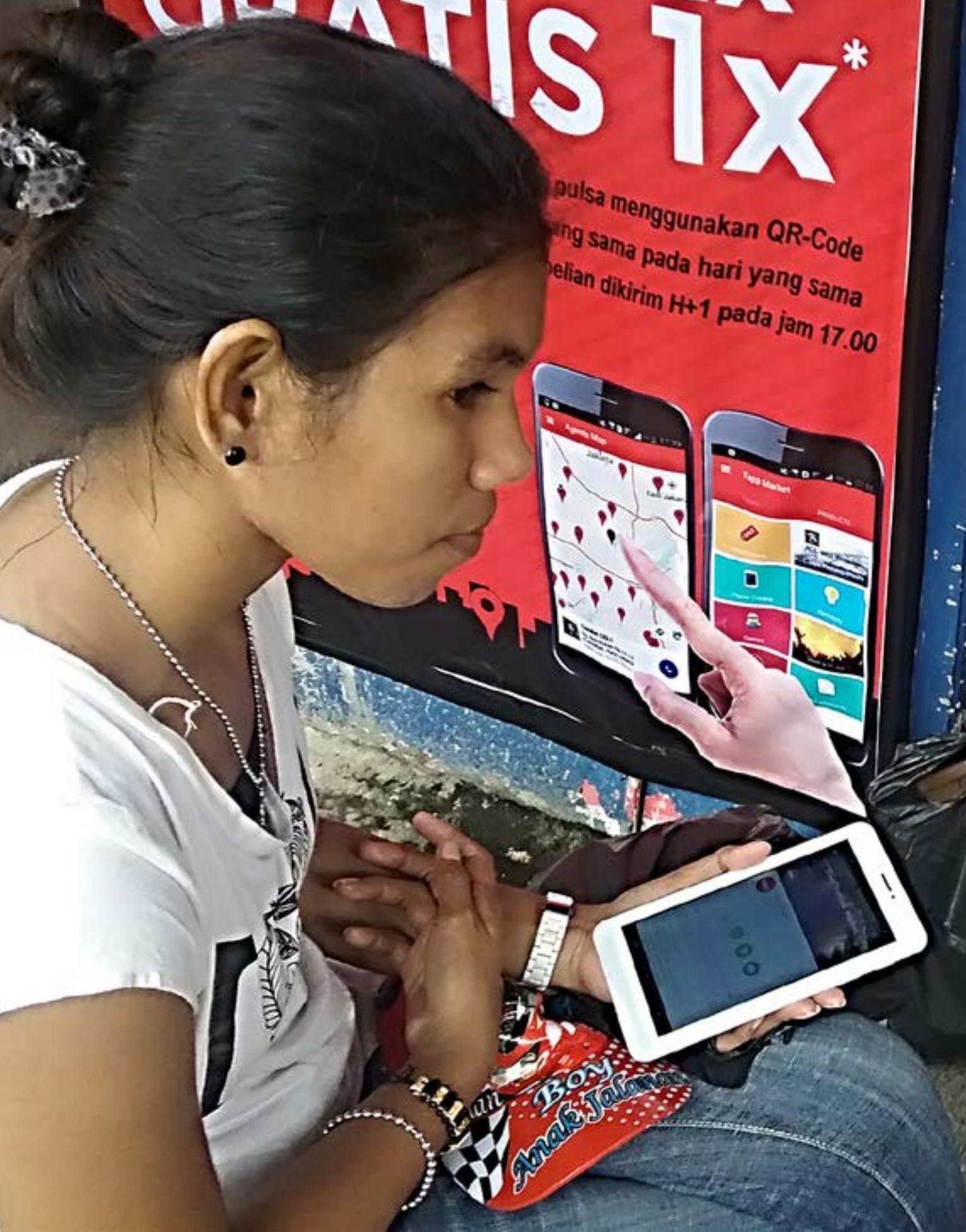
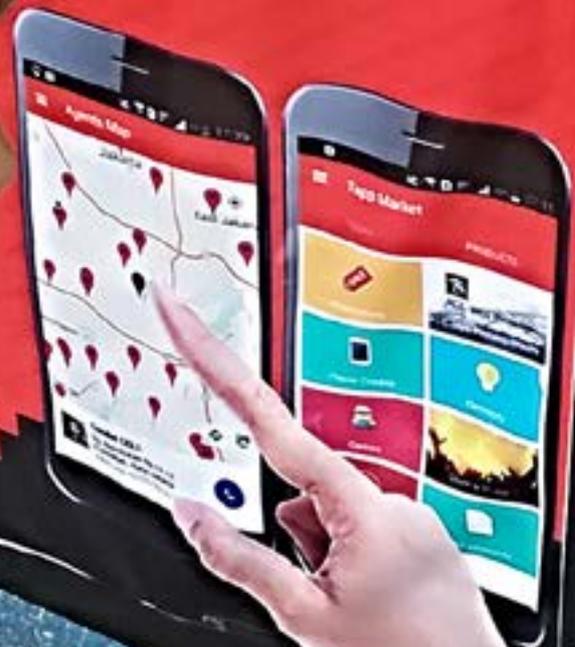
Commerce. Cut-off date for the data used in this white paper was October 15th 2016.

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# Fintech Arena

## Southeast Asia Fintech Arena Connects Physical and Mobile Commerce

Fintech, as the intersection of finance industry and technology, has gained ground in the regional and occasionally even global media coverage. This phenomenon is not new. Finance has been in the forefront of using fastest networks and stronger computers for decades, even early as the 1950's (6). The Southeast Asian economies financial markets now offer a myriad of financial services, credit, insurance, fund management to name a few. Newcomers like Tapp Commerce, innovators and disruptors, sit at the intersection of many economies. They provide market tools to source cash for consumers from financial non-inclusion to inclusion, from unofficial economies to official economies and move toward more quantifiable GDPs. These market tools can be anything from connecting physical and mobile commerce to online credit comparisons. Indeed, these efforts target to connect buyers, sellers, and points of sale across all metropolitan and rural communities.

## Unwound Potential of Cash Economy

The aim of the players in the financial ecosystem is to enable consumers, small businesses, and large companies alike to perform as those in the Western markets do with greater access to a multitude of services available for all parties. In such rapidly developing societies as Indonesia and the Philippines, the people themselves are the key to activate the economy, often via an entrepreneur mindset. These markets have a very high potential as only 3% of Indonesians are aware of the meaning and benefits of financial inclusion.(7) Indeed, Tapp Commerce runs a threefacet market connecting consumers, products, and services to corner shop entrepreneurs. These services which connect the physical world to mobile commerce can improve the lives of all three parties, and ultimately also the quality of life.(8)

## Cash Crowd and the Mobile Markets

Southeast Asian fintech (finance-technology) markets are crowded, highly fragmented and without clear winners. Payments and purchases are offered by companies such as; Tapp Commerce, MimoPay and DOKU. Finance management services are provided, for example, using VeryFund, Asuransi88.com, Pasarpolis.com and Cekaja. There are also companies offering insurances, including Allianz, BIMA and Chubb (formerly ACE). Savings services in Indonesia, are known as Laku Pandai, i.e., branchless services with brands like Mandiri, Bank BRI and BNI. Credit services are offered by Kitabisa, Crowdo, Kredivo and others.(9)

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6 Automation and Management Accounting in British Manufacturing and Retail Financial Services, 1945-1968 Bernardo Bätz-Lazo\* Open University Business School and Trevor Boyns Cardiff Business School  
<http://econwpa.repec.org/eps/eh/papers/0303/0303001.pdf>

7 Wall Street Journal 21st. July 2015 by Sara Schonhardt

8 Does corporate sustainability matter to investors? By Shih-Fang Lo and Her-JiunSheu, Chung Hua Institution for Economic Research, Taiwan and National Chi-Nan University,

9 Microsave Blog

Regardless of the market leaders and runner-up candidates for these areas of financial services, many of these services can be burdensome to operate. Know Your Customer procedures increase the bar for participation even further. Wallet services have been promoted to convert cash to digital, with limited interoperability so as to use the digital format of cash. This process causes unease and complexity for users who need to overcome the process of using these offerings, sometimes rejecting the concept as a whole. The overall functionality led to poor user experience for some, thus keeping participation limited. It can also be claimed that Southeast Asian markets will benefit most from the interoperability between private and public sectors, banks, and financial service companies in the years to come.<sup>(10)</sup> As cultures, societies and ways of life do differ, as do the paths forward in their economies. However, differences in these markets are indeed vast. For example, Singapore is nearing full financial inclusion, whereas Indonesia is strongly a cash economy.<sup>(11)</sup>

## Local financial services markets in Southeast Asia

At the same time as global wealth gap widens, the World Bank estimates 73 to 80 percent of the people in Indonesia, the Philippines, and Vietnam and about 30 percent of those in Malaysia and Thailand have no banking relationships.<sup>(12)</sup> There has still been rapid growth in digital-banking penetration across Southeast Asia. The rapid rise of consumers who are using Internet banking via PC or Smartphone has ballooned in recent years. In Thailand every fifth person uses Internet banking, whereas in Vietnam, half of the people access banking via a PC or smartphone.<sup>(13)</sup> Across Southeast Asia, digital-banking penetration is higher in younger and prosperous consumer segments. Affluent customers are twice as likely to use digital banking than the customer national average. Customers below the age of 30 eagerly will use digital banking, unlike their older peers in their 40s.<sup>(14)</sup> There is a clear trend of consumers becoming less reliant on bank branches. Bill payments, transfers, and balance inquiries are now often undertaken from a Smartphone. Consumers now average five to six transactions per month with strong growth on an annual basis and thus declining branch visits. Consumers continue to benefit from the convenience of self-service and digital channels, and thus branches are becoming less important due to access by mobile banking. However, more than a third of financial-service consumers still prefer to visit branches for specific financial decisions. For complex transactions, such as investments and mortgages, people still want face- to- face interaction.

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<sup>10</sup> Does corporate sustainability matter to investors? By Shih-Fang Lo and Her-JiunSheu, Chung Hua Institution for Economic Research, Taiwan and National Chi-Nan University, Taiwan.

<sup>11</sup> see note 11.

<sup>12</sup> Digital Banking in ASEAN: Increasing Consumer Sophistication and Openness, McKinsey & Company

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

# Shift in Banking

## Case Indonesia

Indonesia is characterized by high mobile phone penetration with over 340 million connections, fairly low access to banking, and high use of cash in that society. According to a study conducted by Financial Inclusion Insights, over 80% of the people have never heard of mobile banking.<sup>(15)</sup> At the same time, mobile first access is dominant in the country with over 64 million users of the total 88 million users access the Internet through mobile device.<sup>(16)</sup> The Indonesian Financial Services Authority (OJK) guided initiative has rolled out a type of banking program called Laku Bandai.<sup>(17)</sup> Laku Bandai promotes basic service accounts, especially to rural communities with residents who belong to the lower part of the purchasing pyramid.

Indonesians who belong to the lower part of the demographic pyramid have long been outside the reach of financial services. Only 27% of these consumers have ever saved at a financial institution and only 26% have a debit card. Only a tenth of the adult population have borrowed from a financial institution and even fewer have used mobile money services. Especially in rural areas, people continue to utilize the Arisan type of services that function as group saving schemes for individuals who agree to meet for a defined period in order to save and borrow together. With an exceptionally low deposit-to-GDP ratio of 34,55% in Indonesia and 54,38% in the Philippines, people are still early in the financial inclusion process.<sup>(18)</sup> Some of the banks have taken the lead in spreading financial services. Bank Rakyat Indonesia (BRI) has over 28,000 agents working on promoting financial services especially designed for low-income customers.<sup>(19)</sup>

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<sup>15</sup> Wall Street Journal 21. July 2015 by Sara Schonhardt

<sup>16</sup> See Note 11.

<sup>17</sup> Ibid.

<sup>18</sup> Gallup Research

<http://www.gallup.com/poll/182420/number-bank-account-owners-worldwide-grows-700-million.aspx>

<sup>19</sup> See Note 5.

# Sophistication of Use

## A Shift in Banking and Sophistication of Use

Increased consumer sophistication and openness has propelled electronic and mobile commerce. The start-ups gain funding and the more established operators, such as Alibaba, Softbank, and Temasek, are backed by local ventures (20). With only 41% of Indonesians having access to formal financial services, there is a major potential for market newcomers (21). However, Southeast Asian countries are well positioned to leverage financial technology toward changes in four main financial service sectors – credit, deposit taking, remittances and payments. In many societies today, ecommerce services are expanding and overlapping traditional financial services as to leapfrog from non-inclusion to inclusion without ever becoming a bank customer.

The major enabler of building momentum for consumers, merchants, banks, and agents is the shift going on today in thinking. There may not be profits on the table during the first years of these operations, as market share is of course divided between market operators. Financial corporations are moving steadily into an extension of financial services, while start-ups innovate and execute their try-for-success or fail-fast models to gain traction and find a user base for their offerings. Similarly, as in transportation, GoJek and Grab have expanded to a broader range and variety of services. Such financial inclusion will also extend toward uncharted territories with creative start-ups build both a customer base and a real revenue generating business.

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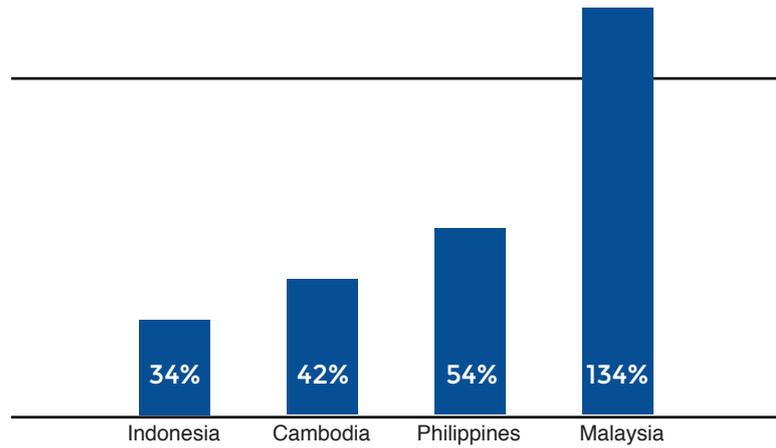
21 <http://www.ey.com/Publication/vwLUAssets/>

# Infographs

## Bank to deposit ratio

Bank to deposit GDP ratio has a strong statistical link to long-term economic growth. It is also closely linked to poverty reduction in Southeast Asian countries.

Figure 1. The Bank-to-deposit-GDP ratio

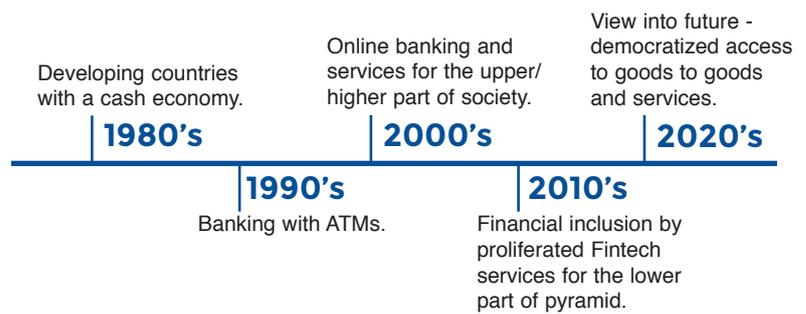


Source: Blog.Microsave.net, Gallup Research

## Timeline of financial progress

Progress of Southeast Asian banking sector and foresight into 2020's.

Figure 2. Timeline of banking sector progress.



Source: atkearney.com



# Tiered KYC

## Cumulative Customer Verification

The cornerstones of the global financial system are the Know-Your-Customer (KYC) and Customer Due Diligence (CDD) processes. They are essential to prevent money laundering and identity theft. Challenges appear when implementing these measures for emerging markets where cash is the prevailing means of financial endeavors.

The unified efforts to combat money laundering and identity theft were enforced in the 2001 Patriot Act in the United States and The Money Laundering Regulations of 2007 in the UK, and these dual measures have been enforced in most European and American countries. These procedures are fully coherent with the practices of first world banking; however, emerging economies operate within a different reality.

In Southeast Asian economies cash is still king, accounting for approximately half of transactions.

The bank deposit-to-GDP, which is an indication of deposit mobilization, is around 34% in Indonesia. In the Southeast region, societies vary greatly, peaking at 130% in Malaysia, 52% in the Philippines and onwards to 42% in Cambodia (22). At the same time in the Philippines, two-thirds of the people lack any financial connections, such as a bank account or a debit card. (23)

It takes two official identification documents to open a bank account in the Philippines. Therefore, there is no wonder that tens of millions of residents are without a bank account. They lack the benefits of having direct financial inclusion, and pay that cost by using cash and going through a middleman which often penalizes them with complications, extra burdens, and fees. These bottom-of-the-pyramid individuals are separated from the goods and services that come with financial inclusion. However, there is progress, as rural banks in the Philippines, which were one of the first banks to offer text message services, offer goal-based savings, as some banks do in Indonesian market.

The barriers of opening a bank account relate to the hardships involved in getting an official identification. Even then, the official KYC and CDD procedures can be a burden to local residents.(24) A creative solution, such as adding information cumulatively from each of the local community residents, could be a tiered model for getting to know your customer, according to regulatory approval.

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22 <http://blog.microsave.net/leveraging-fintech-to-achieve-financial-inclusion-in-indonesia/>

23 LinkedIn blog note: AML KYC - Customer Due Diligence (CDD)

24 Philippines Central Bank Money Laundering Notes.

Emerging markets consumers are often living outside the scope of traditional identification and monthly salaries. Their income may be intermittent, often paid in cash per task, or delivered on daily basis. The local corner shop operators that belong to commercial chains can be connected to mobile commerce networks, extending their offerings and reach to order nearly all goods and services in most remote areas. These social hubs of the 2010s stand at the center of villages and sub-centers of the ghettos. The entrepreneurs get to know the near-by locals, and collect KYC information via a tiered model, piece by piece. Reaching each tier adds confidence for the consumer and grants more financial services accordingly. Eventually in the long term, each consumer may reach full KYC that a local government authority can verify. In addition to these models, a partial replacement of KYC procedures can be sought through social media connections, user behavior, and phone call data. Algorithms can also model each user and his or her financial behavior.

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The KYC and CDD models could be combined and formalized into three categories of tiers: (1) Standard KYC - that is equal to the Western model of known and identified customer recognition; (2) Downgraded KYC – a variant with single government photo identification, senior identification card, passport and school identification for the under-aged. This cumulative information gathering would also include face-to-face interaction at the location where the transaction takes place; (3) Inclusive KYC - the lowest category without any of the aspects above. They often come to financial inclusion through mobile commerce networks and are identified not only face to face but also through their mobile device, mobile identification subscriber number, social connections, activity, and phone call and purchase history records.

The third category has the potential to include billions of people. This process could start by gathering KYC items gradually, as the customer relationship deepens.<sup>(25)</sup> For example, under a 90-day scheme, information could be collected gradually, including name, address, date and place of birth, names of children and spouse, etc. as the beneficiaries sign up for micro-insurance. The activities in mobile commerce networks, which built history and act as a reputation for handling financial matters. Therefore, a build-up of credibility occurred in the eyes of the CDD process authenticator. This process could also include a specimen signature and source of funds, even though it would be cash. Tapp Commerce can participate in tiered KYC and financial inclusion, and its agent network of tens of thousands can build customer credibility through tiered KYC. However, tiered KYC still has regulatory challenges to overcome with local authorities.

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<sup>25</sup> See Note 12.

# Networked Societies

## Networked Societies – Polarized Communities

The fast pace of development and increasingly interconnected ecosystems have brought us to the critical stage, where societies are experiencing a disruptive change across industries. Established mobility forms the basis for rapid transformation in our world, where engaged stakeholders form partnerships across traditional sectors in society. Hyperconnected societies also exclude many from the outer zones of society. Mobile commerce-equipped corner shops contribute to the financial inclusion of all levels of demographics to reach nearly any service and most goods with notes of cash. This process democratizes both commerce and society, reducing polarization and adding stability for citizens. Overall mobile connectivity organizes an entirely new economic model, a hyper-connected society, by engaging and connecting buyers and sellers across communities. (26)

## Friction of Use in Mobile Banking, Retail and Payments

User experience is everything. If services, financial or otherwise, are cumbersome to use daily, people will find other solutions. If financial services do not deliver instantly and without failure, consumers and merchants will reject them and lose both confidence and interest in them. Interoperability is also essential when accelerating adoption of new services. There are also decelerating factors, such as operator lock-ins that often limit the availability of services and increase the cost of small bill payments. Cash in emerging markets is still “king” in terms of liquidity. Being a change-maker in the finance industry comes with opportunity, but it also is a responsibility. The services operating in this field all have an equal responsibility to act responsibly with cash-ins and cash-outs, and they also open the gates to rapid change in the service workforce. Therefore, it is essential that friction about making cash deposits into the financial system are minimized. Prevention of money laundering can be done with tiered know-your-customer processes. In general, no single entity owns the emerging Southeast Asian fintech market. It is about innovation and daring opportunism, but also about responsibility.

The potential is enormous for all operatives in the e-commerce space. It is essential to expand partner operations with entrepreneurs who are operating with consumers by also offering multi-functioning financial field services that also deliver physical goods. For financial inclusion as a whole, the journey toward a wider recognition of well-being in society has, therefore, just begun.

## Mobile Retail Challenges Create Opportunities

Cash has its downsides that are more than just security. Using cash needs agent networks to access services and goods. Agent networks can be mobile, based on individual users with a smartphone, or they can be tied to a corner shop and benefits from the trust of the nearby community. Other challenges include building the reach of agent networks, maintenance, and updates to the latest knowledge financial services. Quite often regular education and accreditation is needed to keep these networks valid and up to date with regulations. The churn of the agent base due to lack of a decent income are prevailing problems. Combining e-commerce with agent operations, the business and income level can exceed levels for proper income. This aspect enhances the vibrancy of the network and multi-city tempting services.

## Empowering the Unbanked People

Lowering the bar of technology, electronics, and mobile devices has brought many of us the ease to run our daily errands. However, there are many people without a mobile device, literacy remains a major problem in many of the emerging countries and societies. Technology, phones, and the Internet in general are in the reach for most of us. Therefore, we can empower many of the underbanked to help them join the new economy. All this convergence allows individuals to attain services and goods that were earlier inaccessible to many. Regardless of demographic status, however, the opportunity to benefit from instant communication allows us to become citizens of networked societies and do so beyond geographical limits. This inclusion especially empowers women, minorities, and ones who have lost their jobs due to structural change to redefine their relationship with various stakeholders, whether that stakeholder is the family, education or income.

Nations and their societal communities can create responsible interactions through democratized commerce. Those who lack the opportunity to join traditional retail and distribution chains now have the opportunity to bypass the more established players and become part of a new type of value chain.

# Intersection Economy

## **Tapp Commerce –The Intersection of Payment and Retail Economies**

Tapp Commerce is the pioneer in bridging those outside the global financial system using mobile commerce to leverage physical stores and micro-entrepreneurs in local communities. The Tapp Market drives financial inclusion in emerging markets, where most people still today do not have bank accounts, credit cards and other formal financial services, despite the expansion of the global digital era. Tapp connects three facets of users, namely, agents that run corner shops and have their local communities as their customers, merchants that offer their goods and services, and consumers that live with only limited means to engage in economic activity both in rural and metropolitan areas. It is worth noting as well that in the future we may not have clear and distinguishable roles between a buyer of goods and services an e-tailer is selling, either constantly, regularly or every now and then. Each of us may need to act in their preferred role based on their situation both geographically and financially.

## **The Entrepreneurial Mindset**

Those people, equipped with an entrepreneurial mindset and indeed talents present in hundreds of millions can create a better future for them and their families. Whereas Tapp operates and facilitates a commerce network that acts as an enabler of such economics, a solid self-drive combined with visionary perception can enable these tenacious individuals and let them succeed and rise, albeit step at a time, to fulfill their dreams of financial inclusion and a better standard of living. They adopt micro insurances as a new concept for the safety and continuance of their family lives. The people themselves are the drivers. They will connect to Tapp Market with their peers and increase the quality of life for themselves and their families while lifting cash from the street to the Internet, while driving billions more into the Digital electronic economy. Therefore, it is justifiable to argue that Tapp Commerce is a beacon of financial inclusion for the 21st century. The payment network literally lifts cash off the streets in Southeast Asian markets into digital world, by offering the socially isolated and financially excluded an opportunity to choose for themselves by acting as entrepreneurs selling goods and services.



# Conclusions

## Conclusions of The Ecosystem

Southeast Asian tiger economies will continue their growth and fast pace in this region with its large economies. Leveraged savings and enabled payments will become the de facto methods for most people in these societies to conduct everyday errands. However, there remain KYC challenges when accessing this market. Companies that are connecting subsections of societies across demographics will continue their strong growth, becoming an essential function of financial inclusion and carrying wealth from unofficial economy to official GDP quantified economy. Such efforts will improve the quality of life for the masses, which again is reflected in commitment and connectivity in the society and an improved stability.(27)

### Slow Acceptance (28)

- Rejection of the adoption of mobile financial services.
- Consumer disappointment when executing transactions.
- Friction in user experience exceeding felt benefits.
- The challenge in the regulatory Cash-out – Cash-in paradigm.
- Limited government support.
- Lack of interoperability between banks, payments and retailer markets.

It may very well be that the efforts of inclusion will not carry across all of society. The level of threat increases may incrementally top opponents and leave those voting for progress behind. Adoption of innovative financial services continues, but eventually may slow, causing only partial approval for bottom part of the demographic pyramid. A large part of financial technology and innovation may be left unrealized during the next decade. Risk lays in the friction between cash injection and possible user disappointment about the promise of emerging financial services.

### Rapid Acceptance of Financial Inclusion (29)

- Accelerated digitalization across the region.
- Fast-paced acceptance of mobile payments throughout society.
- Consumers will become daily users of mobile-meets-cash-retail-stores instead of random visitors.
- The reach of services will extend to farthest rural regions.
- Proactive government support will connect societies.
- Accelerated digitalization across the populations in Southeast Asian economies.

Consumers will benefit greatly from connecting services and, therefore, become daily “must-have” users. However, banks must treat MSME loans and smaller variants of larger loans equally, regardless of the different characteristics of the prerequisite financial model needed to profit serving such instruments.(30)

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27 World Bank – Universal Financial Access Program, UFA 2020

28 Loosely based on (WEF) World Economic Forum - Risk and Responsibility in a Hyperconnected World

29 See Note 18.

30 WEF – Why Mobile Money is the Key to Financial Inclusion

<http://www.worldbank.org/en/topic/financialinclusion/brief/achieving-universal-financial-access-by-2020>

## Winning Hearts and Minds

At the same time, merchants must become aware of the opportunities for connecting and offering their services to both metropolitan and rural area consumers and creating vast transaction volumes. The economic agents running the corner-shops can receive a major increase in their income, as connected mobile-commerce becomes an essential piece of their business. The proactive public and government support will stimulate innovation and drive the cyber resilient ecosystem forward to better facilitate and connect residents, both in the cities and rural areas. All these outcomes will build institutional interest towards vast new opportunities.<sup>(31)</sup> Countries are likely to separate into market leaders, trailblazing the financial inclusion theme, and laggards, depending on how they enable digital services and the spirit of agile start-up mentality regardless of organization size.

To conclude, Southeast Asian consumers have begun to upgrade their lifestyle into using more consumer goods. They join the services consumption society, thus creating new opportunities for a mobile e-tailer that is facilitating cash payments to disrupt the market. However, the disturbance of adoption, whether from the public sector, the government, or institutional operators, may interfere with market development. Whether or not the momentum of moving cash online and paying with phones becomes consumer driven vitamin for occasional purchases or a pain killer to get by on a daily basis, remains to be seen in the remainder of this decade.<sup>(32)</sup>

Tapp Commerce drives its creation of value through offering service by mobile and fixed agents. These mobile retailers allow the demand in markets to convert cash into goods and services. Governments support these initiatives, but in actual practice, they often release regulations with unclear and delayed definitions. Obstacles can include high capital demands in countries where e-money and wallet initiatives, such as MNOs, GCash and True Money all work to meet authority requirements.

Likely the beneficiary of winning the hearts and minds of consumers are companies with extended reach, who can blanket the markets with goods and services. The locally trusted corner shops have a constant presence by offering social engagement with an extended ability to provide a broader scope of products and services in remote locations. Regardless of the ultimate formation of mobile commerce, traditional banks are still needed for transferring cash from the corner shop to accounts for further processing. Quite often, some participants that have a bank account, also have web access and a debit card to access their funds. However, in the future, on-site cash collection may become the prevailing model to use for transferring cash directly to credit agencies, thus leaving banks, at least partially, away from the monetary process.

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<sup>31</sup> East Asia Forum - Regulatory constraints to financial inclusion in Indonesia  
<http://www.eastasiaforum.org/2012/06/11/regulatory-constraints-to-financial-inclusion-in-indonesia/>  
<sup>32</sup> World Economic Forum: Risk and Responsibility in a Hyperconnected World



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