e-Commerce BOOT CAMP

Electronic Payment Acceptance and Fraud Prevention Boot Camp

Presented by
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e-Commerce ★★★★★ BOOT CAMP

OLIVER P. ORNIDO

Product Design and Development,
Mobile Payments

Smart e-Money, Inc.

SMART e-money

- **Multi-awarded** Services and Globally recognized Innovations (GSMA, MC, and USAID, UN, Telecoms.com)
- **14 years of experience** in the mobile commerce industry
- A Global **Pioneer** in Mobile Banking and Mobile Wallet Services

OUR VISION

To be the leading global digital financial services provider

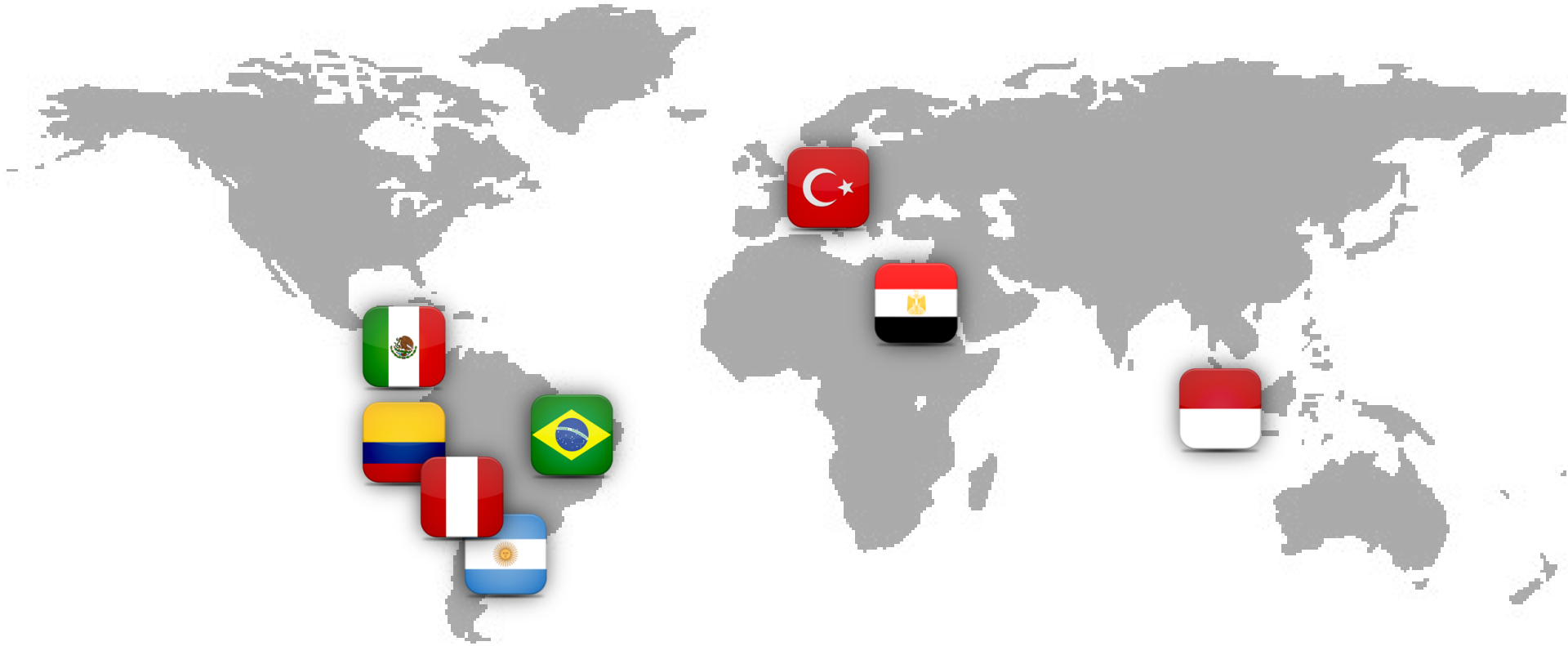
OUR MISSION

Transform lives by enabling financial empowerment and well-being

Smart e-Money Inc. (SMI) is a wholly owned Subsidiary of Smart Communications that provides Domestic and Global Markets for Mobile and Online Financial Services, such as:

- ✓ Money Transfers (Domestic and International)
- ✓ Payments (Commerce and eCommerce)
- ✓ Disbursement (Loans, Salaries, Grants)
- ✓ Mobile Banking (BDO, BPI, Metrobank)
- ✓ Mobile Payment Systems (International)

INTERNATIONAL IMPLEMENTATIONS



e-Commerce
BOOT CAMP
MOBILE E-PAYMENTS

SESSION OUTLINE

I. What is Mobile Payment
II. Transaction Channels

- Financial Services
- How consumers get accounts (Issuing)
- Merchant Enrolment (Acquiring)
- Service Charges
- Fraud/Risk Management
- Q & A

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What is mobile payment?

MOBILE PAYMENTS

Point of Sale (POS) made through a mobile device using mobile money

An alternative payment channel (APC) of performing a transaction (cashless)

Strategy for financial inclusion (FI) of the uncarded & unconnected

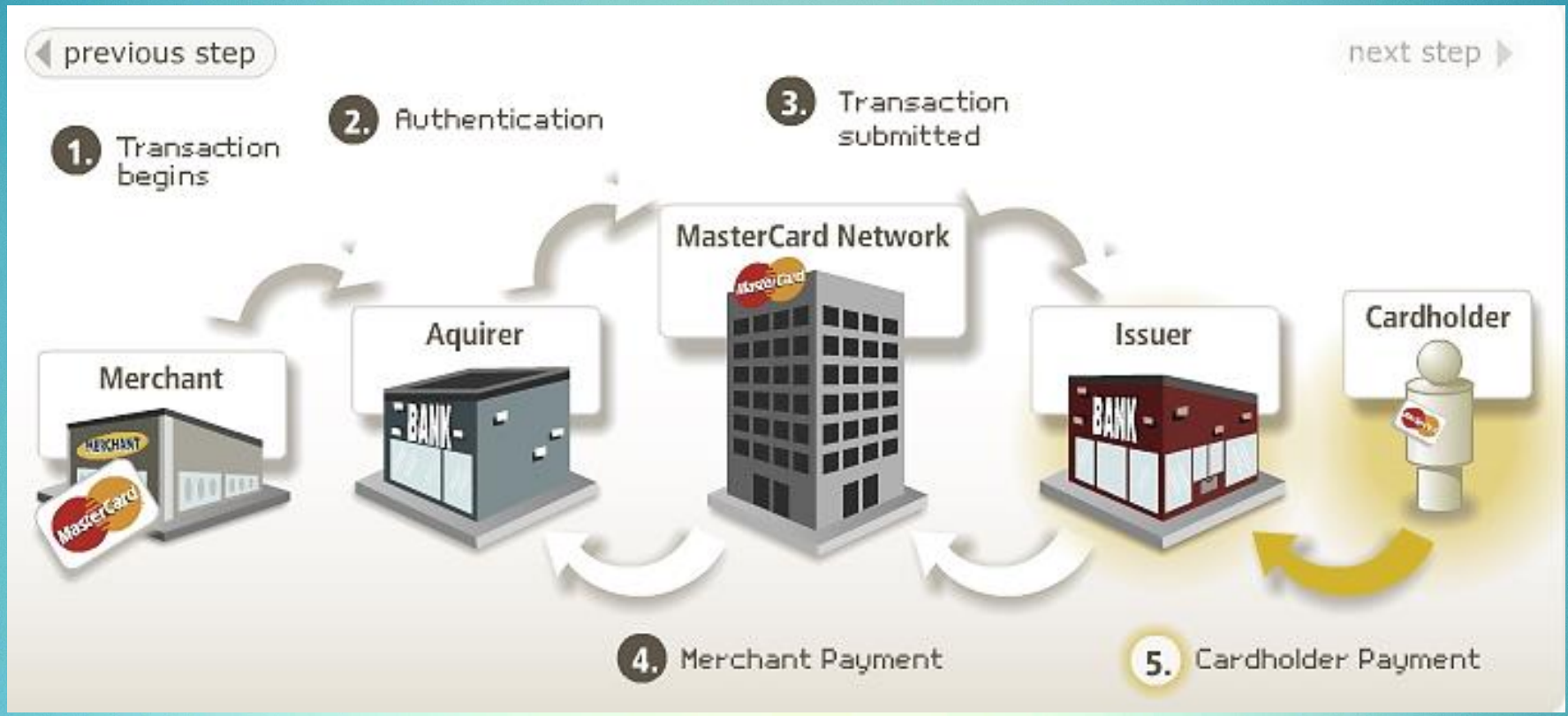
Simplifies the payment UX

MOBILE PAYMENTS

Usually involves the following entities:

- **Mobile Network Operator (MNO)**
- **Financial Institution (Banks)**
- **Non-financial Institution (non-banks)**
- **Payment Network (Scheme)**
- **Mobile Wallet Providers**
- **Technology Partners**

TRANSACTION PROCESSING



http://www.mastercard.com/za/merchants/how_works.html

MOBILE PAYMENTS

http://www.mastercard.com/za/merchants/how_works.html

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Transaction Channels

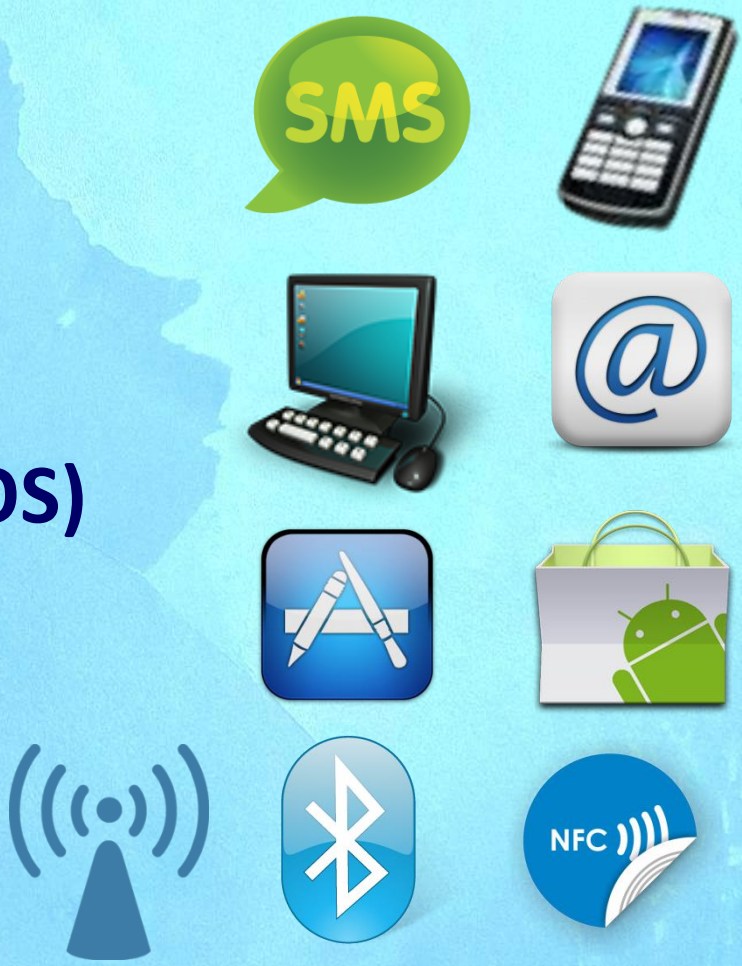
TRANSACTION CHANNELS

The point of interaction where the consumer or merchant initiates a financial transaction.

User Interface (UI) for Payments

1. SMS/STK
2. USSD

- Email
- Mobile Web (Online)
- Mobile App (Android, iOS)
- Mobile POS
- NFC/Bluetooth



STK UI CHANNEL

PERA PADALA

RELOAD AIRTIME

BILLS PAYMENT

SHOPPING

WITHDRAWAL

Consumer interacts with 30K Centers

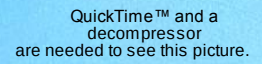
SMART e-money

KEY IMPLEMENTATIONS

USSD UI CHANNEL (ETISALAT)

QuickTime™ and a
decompressor
are needed to see this picture.

NFC AS UI CHANNEL (C2P)



Mobility, Speed, and Simplicity

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Financial Services

Mobile Payment Financial Services

1. Purchase
2. Remittance

- Money Transfer (P2P)
- Bills Payment
- Reload Airtime
- Encashment
- Mobile Banking

SIMPLE REMITTANCE FLOW

STEP 1	STEP 2	STEP 3	STEP 4	Remittance Sent!
Remitter visits any SMART Money Padala Center	Remitter fills-out SMART Money Padala Logbook and provides cash for sending	Smart Money Padala Center performs sending of transaction	Remitter pays the service fee	Beneficiary receives an SMS confirming receipt of Padala

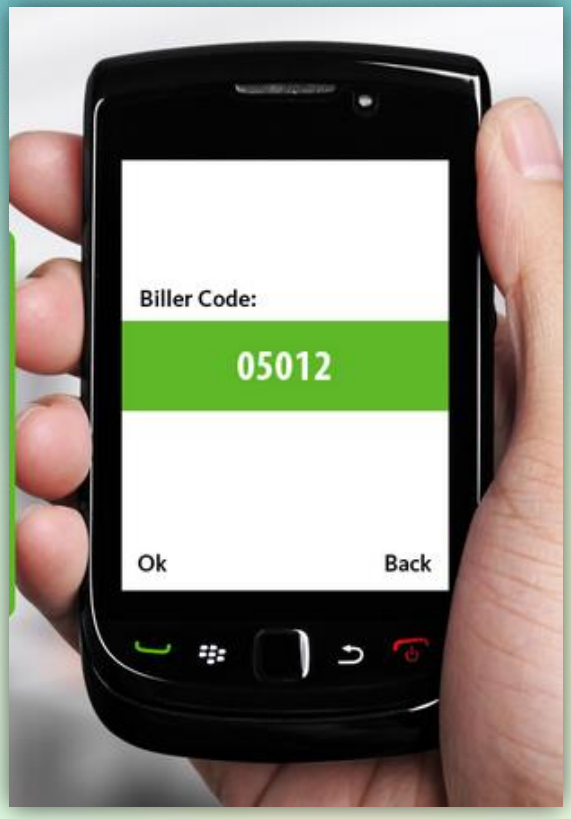
PURCHASE TRANSACTION FLOW

1. Consumer transacts through any channel (online or F2F)
2. Consumer account debited & item delivered to consumer

- Merchant Settled with purchase amount less fees (MDR) the next day

BILLS PAYMENT

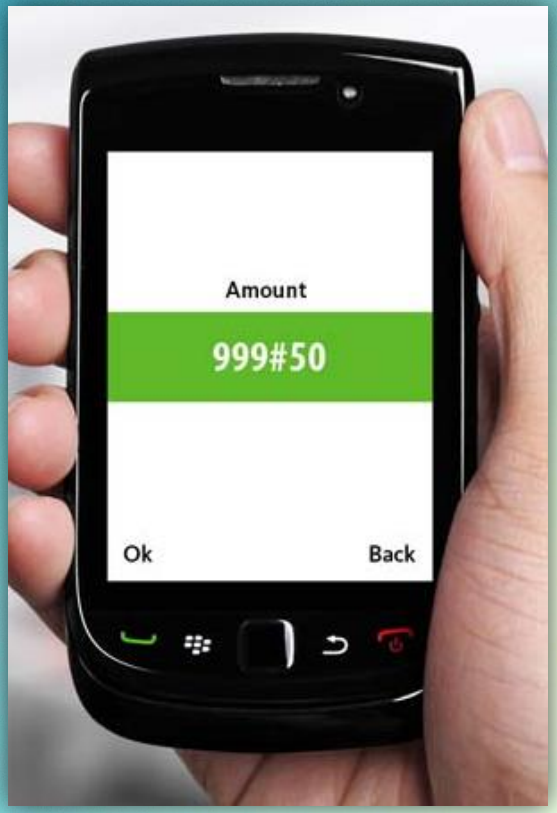
1. Choose Pay Bills



2. Enter Biller Code

3. Enter Bill Account No.

BILLS PAYMENT



4. Enter Amount
5. Enter W-PIN

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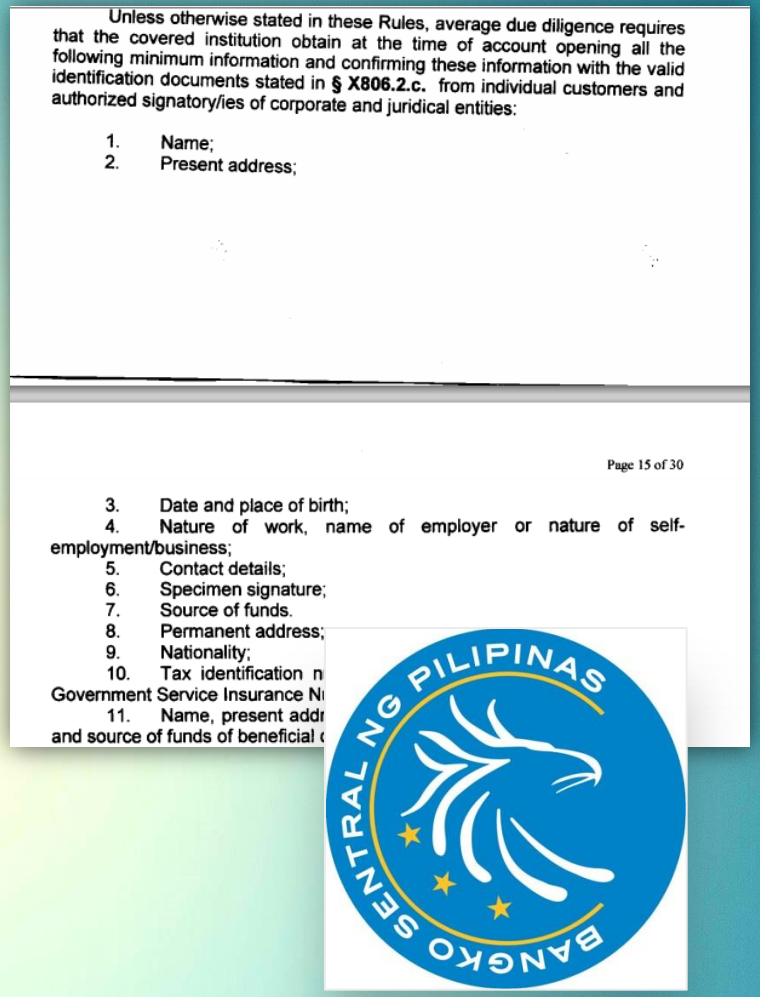
How Consumers get Accounts (Issuing)

KNOW YOUR CUSTOMER (KYC)

1. Minimum fields
2. Name
- Present address
- Date and place of birth
- Nature of work, name of employer or nature of self-employment / business.
- Contact details
- Specimen signature
- Source of funds
- Permanent address
- Nationality
- TIN, SSS number or Government service insurance number, if any



Unless otherwise stated in these Rules, average due diligence requires that the covered institution obtain at the time of account opening all the following minimum information and confirming these information with the valid identification documents stated in **§ X806.2.c.** from individual customers and authorized signatory/ies of corporate and juridical entities:

1. Name;
2. Present address;

3. Date and place of birth;
4. Nature of work, name of employer or nature of self-employment/business;
5. Contact details;
6. Specimen signature;
7. Source of funds.
8. Permanent address;
9. Nationality;
10. Tax identification n
Government Service Insurance N
11. Name, present addr
and source of funds of beneficial

How Consumers Can Get Accounts

1. Register an account (different KYC levels)
2. Sign-up online with minimal KYC (www.mepay.ph)

- Have a prepaid or postpaid MNO account (Direct Carrier Billing)
- Avail more services if KYC is completed (carded)

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Merchant Enrolment (Acquiring)

Business Solutions (Video)

QuickTime™ and a
H.264 decompressor
are needed to see this picture.

SMI's unique value proposition for Growth and Emerging Markets

	SMART e-money	M-PESA	PayPal Skrill	ZONG mobile payments boku Pay by Mobile	Google Checkout	Banks	VISA MasterCard	bitcoin
Carded	✓		✓		✓	✓	✓	
UnCarded	✓	✓		✓				
Connected	✓	✓	✓	✓	✓	✓	✓	✓
Unconnected	✓	✓						
Connected Free Data Access	✓							

We have deployed a robust, bank-grade and proprietary eMoney Platform, locally and internationally.

Standard Merchant Requirements

1. The 11 mandatory information
2. Completed Merchant Enrolment Form
3. Valid IDs

- Business permit
- BIR Registration
- Online store (as applicable)

Merchant Types

1. Purchase Merchant
   - ❑ F2F
   - ❑ Online
- Biller Merchant
- Agent Merchant (MIMO)
   - ❑ Remittance
   - ❑ Bills Payment
   - ❑ Payment Center

Integration Efforts

- Integration via Payment Page (MePay Checkout) or via API
- Testing & Development
- UAT & Sign-off
- Production Deployment

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Service Charges

SERVICE FEES

1. **MIMO -** *Podium Fees and Percentage Fee (Smart Padala)*

- **Purchase Merchant** – *MDR (% depending on MCC)*
- **Biller Merchant -** Fixed Fee & Percentage fee
- **Direct Carrier Billing -** Convenience Fee

SMART PADALA FEES

TRANSACTION	SERVICE FEE	WHERE IT WILL BE DEDUCTED
PADALA	Service fee will depend on the amount. Please refer to the Service Fee Table (slide 10)	SMART Money Wallet
ENCASHMENT	no charge	N/A
RELOAD SMART MONEY	Service fee will depend on the amount. Please refer to the Service Fee Table (slide 10)	SMART Money Wallet
RELOAD AIRTIME	P2.50	Airtime Load
PAY BILLS	P2.50	Airtime Load

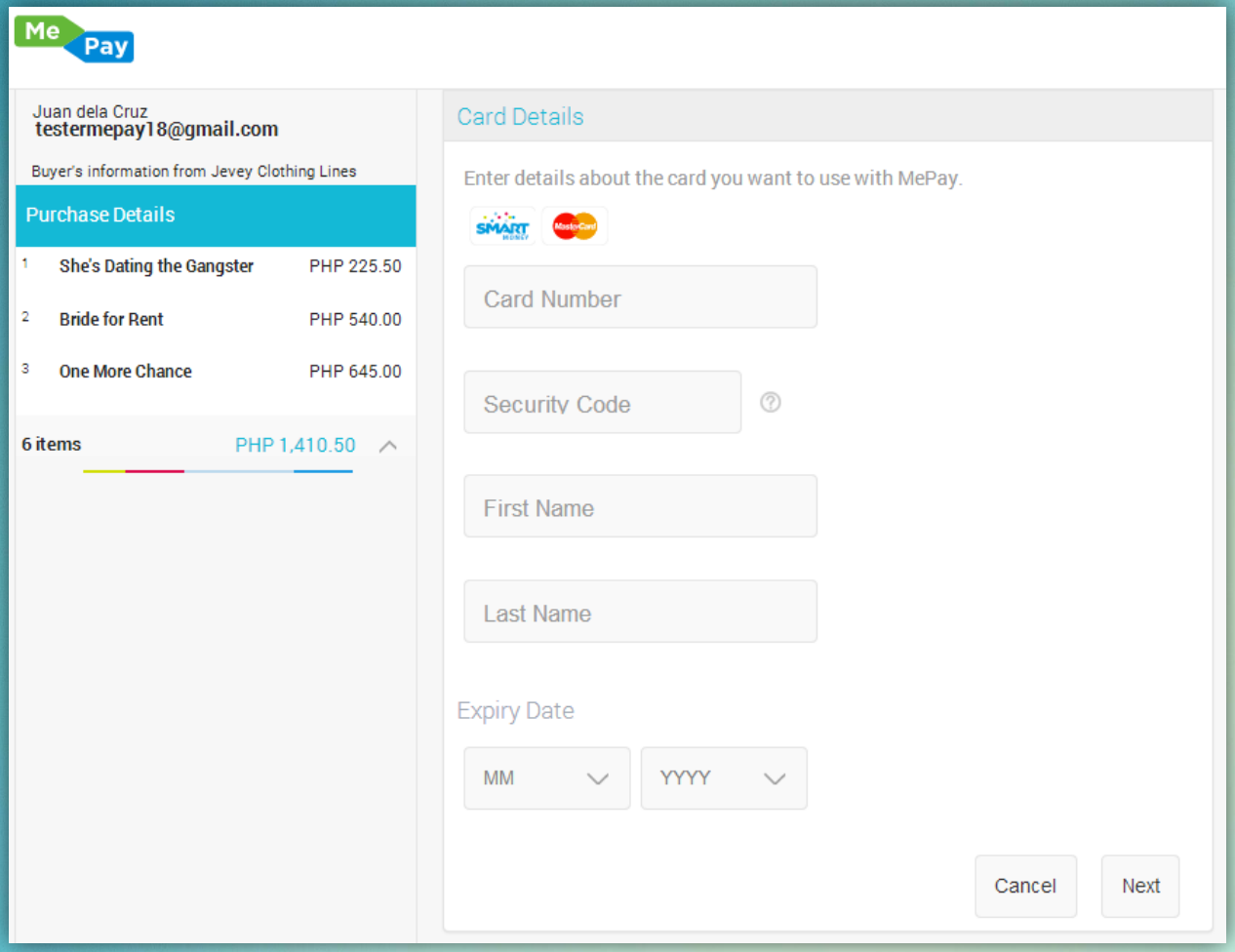
SMART PADALA FEES

Service Fee	Transaction Amount
PhP5.00	• For the first PhP1,000 of the remittance transaction
PhP2.50	• For every PhP500 (above PhP1,000) and/or increments thereafter

Sample Computation for Padala or Reload SMART Money:

Transaction Value	Paid by Clients (2.5%)	Trxn fee (SMART)	Net Income Name of Partner	Other Service Providers
PhP1,000	PhP25.00	PhP5.00	***PhP20.00***	PhP55.00
PhP1,500	PhP37.50	PhP7.50	***PhP30.00***	PhP80.00
PhP2,000	PhP50.00	PhP10	***PhP40.00***	PhP110.00
PhP2,500	PhP62.50	PhP12.50	***PhP50.00***	PhP135.00
PhP3,000	PhP75.00	PhP15.00	***PhP60.00***	PhP150.00

MERCHANT DISCOUNT RATE



For every transaction, an MDR is applied which can be a percentage (%) fee of the transaction amount.

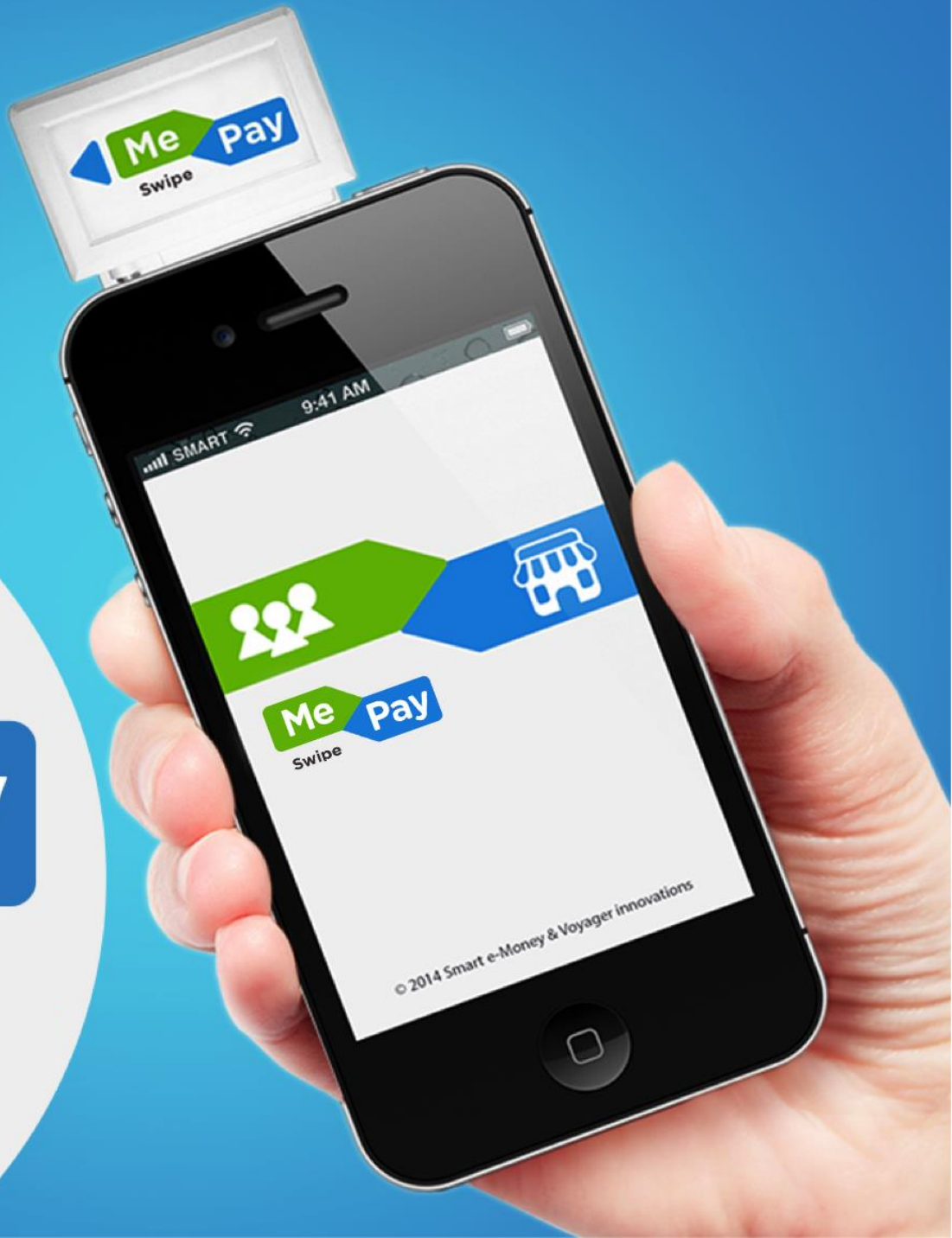
DIRECT CARRIER BILLING

SMART unveils
Pay-With-Mobile,
a pay-with-load service for
the App Store and iTunes.

Now you can purchase your favorite games,
apps, in-app items, music and movies
directly with your Prepaid load
and Postpaid account!

Me Pay

Business



MePay Swipe

ONE-TIME ACTIVATION FEE

- Card Swiper
- Mobile App
- Online Sales Report
- Delivery within and outside Metro Manila
- Free data access using the mobile app (for Smart subscribers only)
- VAT inclusive

P 1,499

Apply online at **MePay.ph** or
get from our authorized partners.

Fraud and Risk Management

Mobile Payment Security

1. Wireless PIN
2. 2-Factor Authentication

- Security Apps (LockByMobile)
- 3-Factor Authentication

Online Payment Security Tools

PCI-DSS Certified

MasterCard 3D Secure

CSC Verification Check

Risk Assessment Module

IP Address Location Checking

BIN to Country Matching

Post-Query Analysis

Velocity Check

Lock by Mobile

Two-Factor Authentication

Mobile Wallet Credentials

QUESTIONS?

THANK YOU VERY MUCH!