



## **Cooperative Education Report**

### **Study of Mobile Wallet Market in Kathmandu for the Launch of New Product- CG Pay**

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**Project Title** : Developing toward systematic Textile and Knitting Industry.  
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**Semester / Academic year** : 1/2018

### Abstract

This report documents three and half month's internship at Nepali Sena Bahubyabasayik Udhyog, Kalikasthan Kathmandu from February to May 2018. NSBBU is an army owned non-profit sharing garment and knitting factory established to provide knitted and sewed apparels along with accessories to Nepal Army.

During my internship period with the company I got an opportunity to be involved in production department and to implement by managerial skill under the super vision of production in charge and managing director. The main objective of the study includes, to know how to make the product visible to other government agencies so that it can utilize and expand its production facilities by tapping the additional order from other government agencies without any marketing activities and to help the factory to gain a national platform with encouragement of potential government agencies.

The main objective of NSBBU is to be self- reliant with the raw materials and increase its customer base and to obtain this, company is also looking for the yarn and cloth production so that factory is also putting their best foot forward to establish themselves to be one of the finest and large scale textile factory.

**Keywords:** *Opportunity/Product visible/Self-reliant/Increase customer base*

*msj/tika*

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.....  
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## Table of Contents

<b>Acknowledgement</b> .....	3
<b>Abstract</b> .....	4
<b>1. Introduction</b> .....	7
1.1 Company Profile.....	8
1.1.1 CG Corp Global.....	8
1.1.2 CG Finco Ltd. ....	8
1.1.3 CG Pay Project .....	8
1.1.4 Promoters of CG Pay .....	9
1.2 Organizational Structure.....	10
1.3 Statement of the Report .....	11
1.4 Objectives of the Study.....	11
1.5 Expected Outcomes .....	12
1.6 Limitations of the Study .....	12
<b>2. Literature Review</b> .....	13
2.1 M-Pesa: The Safaricom Story.....	13
2.2 Paytm’s wallet business: on a growth trajectory or a suicide mission? ..	14
2.3 M-Wallet: Scenario Post Demonetization.....	15
2.4 Cashless Payment System in India- A Roadmap .....	15

<b>3. Methodology</b> .....	16
3.1 Roles and Responsibilities .....	16
3.2 Project Details .....	19
3.2.1 Conclusion of Project Details .....	21
<b>4. Results and Discussions</b> .....	32
4.1 Contributions of student made during the Internship .....	32
4.2 Learnings .....	33
<b>5. Conclusions</b> .....	35
5.1 Self- assessment as future professionals .....	35
5.2 Comparison of Practical Learning vs. Theory .....	35
<b>References</b> .....	37
<b>Appendices</b> .....	39
Appendix A: Photos at the Work Station .....	39
Appendix B: Personal Interview Questionnaire for Competitors .....	41
Appendix C: Personal Interview Questionnaire for Online Merchants .....	48
Appendix D: Personal Interview Questionnaire for Offline Merchants .....	50
Appendix E: Personal Interview Questionnaire for Agents .....	52
Appendix F: Summary of responses of customers .....	54

**List of Figures**

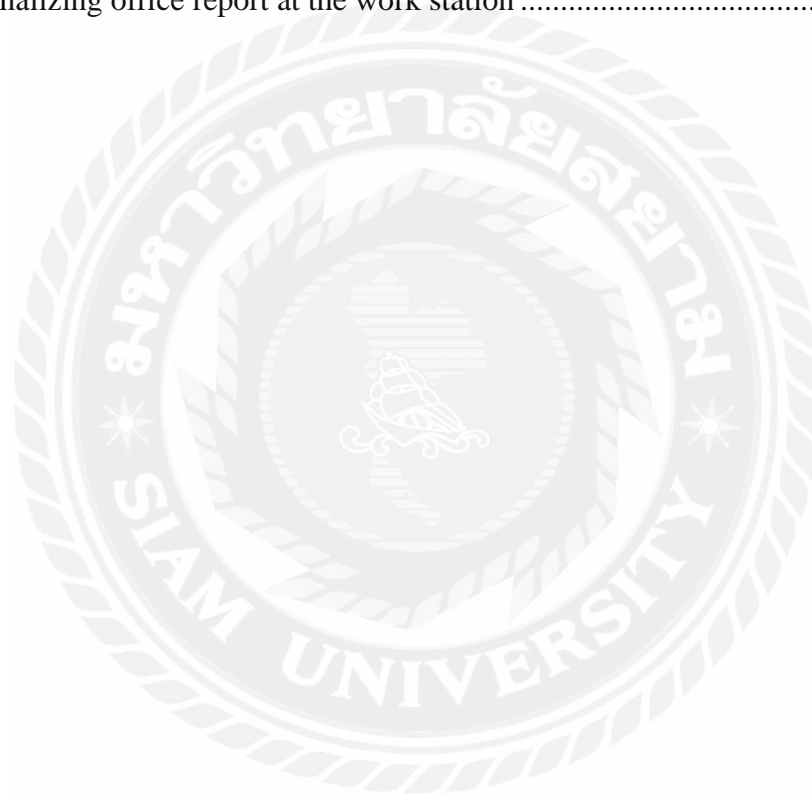
Figure 1 Organization Structure ..... 10

Figure 2. Architecture of Mobile Wallet..... 33

Figure 3Porter's Five Forces in context of Mobile Wallet Industry of Nepal..... 35

Figure 4 Analyzing gathered informationat the work station ..... 39

Figure 5 Finalizing office report at the work station ..... 40



## **1. Introduction**

### **1.1 Company Profile**

#### **1.1.1 CG Corp Global**

With its corporate slogan as “Touching Life Everyday”, CG Corp Global, also known as Chaudhary Group has been operating for more than 136 years and is an multinational conglomerate headquartered in Nepal. Lead by Mr. Binod Kumar Chaudhary, CG Corp has diversified business interests in Education, Real Estate, Automobiles, Consumer Electronics, Financial Services, Hydro Power, Hotels and Resorts, Telecommunication, Cement, FMCG (fast-moving consumer goods), Biotech and Ayurveda. The group runs 112 companies and 76 brands under 15 different verticals across all five continents.

To summarize, it is by far Nepal’s ubiquitous company (imagine a combination of AT&T, Kraft, Bechtel, and Marriot) and the first multinational of the nation.

#### **1.1.2 CG Finco Ltd.**

CG Finco Ltd., is the principle agent of Western Union Financial Service Inc. (USA) for Nepal. It is one of Nepal’s most prominent remittance company which has been involved in inward money transfer from different parts of the globe since 2003 through more than 1500 sub agent networks spread all over the country. It was awarded the fastest growing agent of South Asia in 2003. Furthermore, through its services CG Finco Ltd. has been minimizing the illegal transfer of money, ultimately making a huge contribution to the government revenue.

#### **1.1.3 CG Pay Project**

CG Pay is a mobile payment technology that enables payments via internet and telecom network. It is a digital payments platform that allows one to transfer cash into an integrated wallet through debit cards, credit cards, online banking, or even by depositing cash via select banks and partners.

A business undertaking of Chaudhary Group that uses 2 Factor Authentication, with CG Pay one can make mobile/ DTH/ Data Card Recharges, Bill Payments, Instant Money Transfers, Remittance and other wallet services- safely, securely and seamlessly using the internet, 3G, 4G, SMS, USSD and secure overlay element.

Through CG Pay, Chaudhary Group also aims to bring banking and financial services to the 65% of Nepal’s un-served and under-served population. Thus, dedicating to its corporate mission “creating value for the customer, creating value for the nation”.



#### 1.1.4 Promoters of CG Pay

*Nirvana Chaudhary*, the Managing Director of Chaudhary Group is a Nepali Business Conglomerate. He is a graduate from Kathmandu University. He also holds a number of other short term degrees from institutions such as the London School of Business. He also holds directorship of many companies including listed companies such as Nabil Bank and United Insurance Company.



### 1.2 Organizational Structure

A company like CG Pay requires a robust team with the needed experience to run such set-up. The organization structure for CG Pay is as follows:

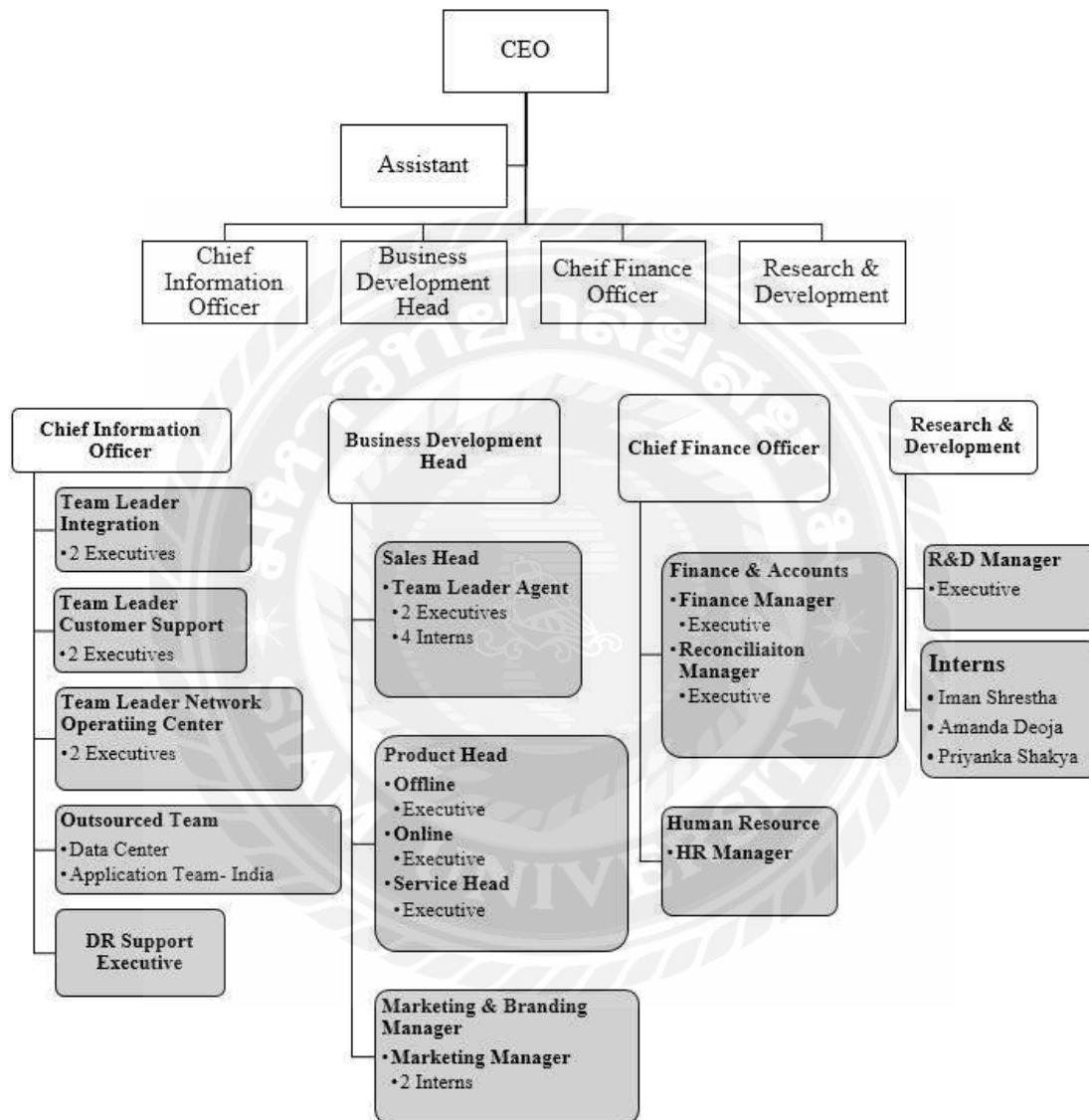


Figure 1 Organization Structure

I worked as a Research and Development intern under the “Research and Development Department” at CG Pay along with two other fellow interns. The department consisted of an executive to whom I had to report to. My job was to provide support to the department by conducting an extensive market research.

### **1.3 Statement of the Report**

Remittance has been contributing 28% to the GDP of our country. Here, remittance means the fund sent by Nepalese migrants working especially in Gulf countries and other parts of the world. These migrants are especially from the rural population of Nepal which contributes 81% of the total population. As learned, our country's digital transactions account for 36% which contributes majority transactions from the urban population. This means the rural population which comprises of almost 81% of the total population and who are the major remittance receiver of the country are still untouched in regards to digital transactions. This lays down potential market and population that can be tapped for affordable digital transactions.

However, the mobile financial services market is still in nascent stage in Nepal. Existing service providers are working to stabilize their technology, build agent networks and acquire new customers. This involves finding and training agents, customer awareness, marketing, helping customers transact and acquiring customers by using know - your - customer (KYC) and account opening processes.

In Nepal, 65% of the population is deprived of formal financial services. Hence, whether it be having an access to financial services to improve their economic conditions or transferring of funds to family, relatives, near and dear ones in far-off places, these unbanked populations are the ones who are in need of such financial services. Yet, most banks, microfinances and mobile operators concentrate their business towards domestic person-to-person transfers that aren't enough when considering only formal providers.

This is where the financial inclusion comes under consideration. Financial inclusion is the delivery of financial services at an affordable cost to the disadvantaged and low-income segments of society. Financial Inclusion is the explicit strategy for accelerated economic growth and is considered to be critical for achieving inclusive growth in the country.

Due to lack of access to a bank account and remittance facilities the individual pays higher charges for basic financial transactions. Financial inclusion helps in overcoming the difficulties faced by the poor. In the past few years, the number of branches has been increased in Nepal. However, there is no proportionate increase in a number of branches in rural and semi-rural areas. Hence, Mobile Wallet is the best alternative today to fill this gap and work towards financial inclusion providing necessary helping hands to the other financial intermediaries.

### **1.4 Objectives of the Study**

1. To understand the current market scenario of mobile payment services in Nepal.
2. To understand the Business Model of Mobile Payment Services.

3. To study the growth of Mobile Payment Services in Nepal.
4. To analyze current Market Trends shaping the perception of customers.
5. To understand the payment structure of Merchants and Agents.
6. To study the competition and the competitive pressure of the market.
7. To study the current features and services provided by prominent Mobile Payment Service Providers.

### **1.5 Expected Outcomes**

The expected benefits and outcomes of the research will accrue to me and the organization with an improved understanding of the functioning and operations of the Mobile Payment Service Companies in Nepal. Also, the research will shed light on the performances of key players of this industry in the context of Nepal.

Furthermore, the research will give a better understanding of marketing, operations and supply chain/ network management along with a holistic understanding of the business model and the revenue model of Mobile Payment Service Providers.

Areas of the research emphasis are changes in consumer behavior, competition, strategies, technologies and policies.

This research will result in the stronger awareness of the challenges in this business and concrete ways for improvements.

### **1.6 Limitations of the Study**

1. The sample size of the research is limited in terms of those taken for merchants and agents as the sample only comprises of people living inside Kathmandu Valley.
2. As the industry is relatively in its early stages in context of Nepal, the respondents of the research were hesitant to provide information due to conflict in terms of confidentiality.
3. The quality of the research may be limited due to time constraints.

## 2. Literature Review

### 2.1 M-Pesa: The Safaricom Story

An exemplary success story of mobile money as a business model is M-Pesa (“M” for mobile and “Pesa” is Swahili for money), operated by Safaricom (in conjunction with Vodafone) in Kenya. M-Pesa is a mobile based money transfer, financing, and micro financing service launched in 2007. It is an SMS-based system that enables users to deposit, withdraw and send funds using their mobile phones. Moreover, customers do not need to have a bank account to do so. (M-Pesa: The Safaricom Story, 2014)

M-Pesa spread quickly, and by 2010 had become the most successful mobile-phone based financial service in the developing world. By 2014, a stock of about 19.34 million M-Pesa accounts had been registered in Kenya who were supported by a network of 81,000 agents. Thus contributing 18 per cent to Safaricom’s total revenue.

This was the case when only 4 million Kenyans had bank accounts which is less than 30% of the population, and even less had a credit card. Yet, 17 million people in the country were using the M-Pesa money transfer service. This was because M-Pesa offered customers a wide range of formal banking services to an otherwise under-banked or unbanked population. The service has been lauded for giving millions of people access to the formal financial system and for reducing crime in an otherwise largely cash based society.

Similarly, in the context of Nepal, cash purchases are the norm. Furthermore, there lies the desire for financial inclusion: 65% of the population is deprived of access to formal financial services such as affordable transfer of funds, tools for saving, credit and loans. Also, there is the need to de-risk retail and trade which is currently based on cash transactions.

Thus, realizing the potential of the mobile payment network, Chaudhary Group is launching a secure mobile payment service called CG Pay. CG Pay brings secure banking/payments and wallet services to customer mobile handsets using the internet, 3G, 4G, SMS, and USSD and secure overlay element and provides payment services directly to the users’ mobile devices. With CG Pay users can avail, make bill payments, remit money and operate online and offline wallets using their mobile phones.

Therefore, the main objective of CG Pay is to tap those population who don’t have access to formal banking with the help of CG network by providing a platform of mobile payment system as more than 86% of the people are connected to the mobile network.

## 2.2 Paytm's wallet business: on a growth trajectory or a suicide mission?

Paytm is a digital payments and e-commerce platform that was launched by One97 Communications Limited (One97) in the year 2000. Paytm is persistently striving towards making small payments simpler, faster, and essentially cashless. (Agarwal & Tuteja, 2017)

Since demonetization, Paytm registers 8.5 million transactions on a daily basis through its platform and hence is confident that it would surpass the cumulative transaction volume through cards (debit or credit cards) in India.

By April 2017, it registered processing of 1.5 billion transaction in the year 2016-2017 and this fiscal year it targets to support four billion transactions. (Paytm Says It's Confident of Topping Total Card Transactions in India, 2017)

However, the subject of the matter is whether or not this optimism is justified.

Paytm suffered a net loss of INR 1.5 billion in 2016, which was four times the loss it faced in 2015. The main reason for such a huge loss was the sudden spike in the expenditure on cashbacks, expenditure on discounts offered to customers and marketing expenses. However, the company's revenue rose from INR 2.1 million in the year ending in 2014 to INR 3.3 million in 2015. (Mishra, 2016)

Major e-wallet players are growing on the back of doling out cashbacks to its customers. Take Khalti (Nepal's mobile wallet) for instance, which gives up to 25% cashback to its customers on the purchase of movie tickets.

Such a marketing strategy is not sustainable in the long run and eventually these players will have to come up with a more practical business model. Customers adopting mobile wallets due to cashback will eventually stop using them as soon as such promotions are pulled out. Subsequently, these wallets would be of no relevance to customers afterwards. (Agarwal & Tuteja, 2017)

According to the valuation paper commissioned by the company and prepared by the audit and consulting firm- Deloitte Haskins and Sells- the company claims to become operationally profitable by 2019.

The business logic for CG Pay is to charge fees to service providers. The major source of income of CG Pay is the commission received through merchant payments and service provider from every transaction. Merchant and service provider payment includes online payments to schools, airlines, movie theatres, airtime, ISP Bill, DTH, just to name a few. They charge users for services like inter-bank transfers and withdrawal of funds.

As upfront investments are high and margin per transactions is low, large volumes are required to recover investments. However, the trend of cashbacks will make it all the more harder for CG Pay as there won't be enough margin in the payments business. Cashbacks, thought to make using wallets a habit have spoilt the users as without them, the number of transactions is significantly reduced.

### **2.3 M-Wallet: Scenario Post Demonetization**

On November 8, 2016, Prime Minister of India, Mr. Narendra Modi announced 500 and 1,000 rupee currency notes would no longer be recognized legally as currency i.e. the legal tender of these currency notes was withdrawn with immediate effect. This surprise move nullified 86% of India's currency that evening, an effort that aimed to clean out the black market's cash supply and counterfeit notes which completely disrupted the social, political, and economic spheres of the world's second largest emerging market. (Shepard, 2016)

Demonetization is a progressive shift towards a cashless economy with a greater focus on electronic transactions. With demonetization begins the era of digital payments. Consequently, by means of demonetization, the use of mobile wallets like Paytm (Paytm claims to have their traffic increased by 435%), Vodafone M-pesa, MobiKwik and FreeCharge has been flourishing. With demonetization, there is an expected behavioral change with people learning to believe in technologically advanced tools and use digital transaction options.

There has always been a steady increase in Nepal's economic involvement with India. With India's heavy influence over Nepal, it is most likely that Nepal will subsequently shadow this trend which can be realized as mobile wallet industries are rapidly emerging in Nepal and companies like CG Pay are striving towards a cashless economy.

### **2.4 Cashless Payment System in India- A Roadmap**

The article suggests that cash as a mode of payment is an expensive proposition for the Government. India needs to move away from cash based payments and step towards a cashless payment system. This not only will reduce currency management costs, track transaction, eliminates tax avoidance, fraud etc., it also enhances and encourages financial inclusion and integrates parallel economy to the main stream. (Das & Agarwal, 2010)

Likewise, with CG Pay, CG realizes the potential of mobile payment services in Nepal. With its new advance features and technology, it is well equipped to fill this gap in the market and work towards creating a cashless economy. Also, it aims to uplift and ease the payment system in Nepal and reach out to the unbanked population towards financial inclusion through mobile wallet technology.

### 3. Methodology

The approach the report took was to first study digital payment systems especially mobile payment systems. For this, extensive review of international literature was carried out. This provided a good understanding of the business philosophy. The research study is not purely conceptual, hence primary data was also collected by means of questionnaires, online survey and interview schedules. Therefore, the research involved dealing with both primary and secondary data.

#### Primary Research:

As mobile payment service market is new and emerging in Nepal, so is the research area of this industry. Therefore, the primary data was gathered by carrying out extensive interviews and conducting both online and offline surveys. In order to gather information in the most effective and efficient manner possible, the Primary Research was categorized into four different categories i.e. Competitors, Customers, Merchants and Agents. Questionnaires were developed for each categories. Then samples for each category was identified. Personal interviews were conducted for three categories i.e. Competitors, Merchants and Agents. Information was gathered via an online survey for the fourth category of Customers.

#### Secondary Research:

For the secondary research, I conducted an extensive literature search on published papers on the topic. The literature search was based on the descriptors “mobile payments” and “m-payments”. Furthermore, pamphlets from existing companies that were gathered during the field visits, articles and case studies on mobile payments and fin-tech companies were all part of the secondary source of information.

#### **3.1 Roles and Responsibilities**

##### 1. Understanding the concept of Mobile Wallet

As the mobile financial services market is still in its initial phase in Nepal, it was fairly a new concept for me to decipher as well. Thus, my first task as an intern was to understand the concept of Mobile Wallet and its possibilities in the context of Nepal.

For this, I had to read a lot of case studies about different success stories of mobile money as a business model such as M-Pesa in Kenya, Alipay in China, and mobile payment services like PayTM and Oxygen in India.



Here, I learnt what mobile financial services are and how a mobile wallet is different from mobile/online banking. I also learnt about the concept of “Financial Inclusion”, why there is a need for it and how this would benefit the poor, especially in the rural areas of Nepal. My understanding of the concept helped me further in the market research part of my internship.

## 2. Study of CG Pay

As an intern of CG Pay, I got access to the company’s business feasibility report and other confidential materials. I had the opportunity to study and experience firsthand the business and product development aspect of the company.

I had to study the company’s mission, vision and objectives. At this point, I realized that CG Pay is trying to capitalize on its existing distribution channel and Network of CG Group and work towards creating a cashless economy catering to all groups of people. The study of CG Pay helped me align my own goals as an intern with the company’s objectives.

## 3. Study of Policies, Rules and Regulations of Mobile Payment Services in Nepal

Subsequently, I was given the task to study and understand the policies, rules and regulations of mobile payment services in Nepal. Nepal Rastra Bank is the apex regulator for banking and mobile financial transactions. It is the regulatory body that develops policies and rules and regulations for such institutions.

Therefore, for a more detailed comprehension of Mobile Wallet in the context of Nepal, I was given the task to study these policies and regulations.

## 4. Develop a plan for Market Research

Next was the development of a plan for Market Research for the launch of a new entrant, CG Pay into the mobile wallet industry in Nepal. This was the main purpose of my work as an intern at CG Pay. Furthermore, two months were allocated only for the purpose of market research.

Then, I developed a market research plan which was divided into four components- Competitors, Merchants, Agents and Customers.

Next I developed a set of objectives that had to be fulfilled by the questions that were asked in the questionnaire. Following this set objectives, I developed questionnaires for each of the four categories.

These questionnaires were tried and tested amongst the staff and employees of CG and further corrections and necessary changes were made. Lastly, the

questionnaires were approved by the supervisors and were ready to be applied in the field.

5. Conducting a Market Research on Competitors, Merchants, Agents and Customers

The market research began with competitors. Six major competitors currently in Nepal were selected for the research. Then, online research was conducted for each of the six competitors. Also, I had to use the mobile applications of each of the competitor and list down their product offerings.

Then, appointments for meeting were fixed. This part of the work was hectic as competitors were not easily convinced to give out information to a third party. After the appointments were fixed, personal interview with the concerned person of each company was conducted on the basis of the questionnaire.

The next step was conducting a market research on Merchants. The market research for Merchants was divided into two parts- Online Merchants (those merchant accounts that have online and mobile payments) and Offline Merchants (those traditional merchant accounts with an in-store terminal or POS system) which was again categorized as per industries (DTH, ISP, e-commerce, telecommunication, movie theatre, apparel stores and restaurants). Two questionnaires were developed for Merchants (Online and Offline), however with minor differences in questions. Lastly, most popular merchants of every industry were chosen as samples for the research study.

Then, appointments were fixed and information was gathered via personal interviews that were carried out with the concerned person of each of the company.

For the market research on Agents, prime locations inside Kathmandu Valley (Kathmandu, Lalitpur and Bhaktapur) were selected and sample size of a total of twenty three super agents and agents were taken. The agents were mostly general stores, printing and publication houses and stationaries located all over Kathmandu Valley.

The research was conducted via personal interviews with the shop keepers. Sometime a small purchase was made in order to initiate conversation.

The Market Research for Customers was carried out via an online survey on a Social Media Platform (Facebook). The sample size for customers was a heterogeneous group of 109 people.

6. Development and Testing of CG Pay Mobile Wallet mobile application/online portal

One of my work as a CG Pay intern was to assist in the development and testing of CG Pay mobile application and online portal. I was assigned to use the beta application and beta portal and note down any faults and problems that I encountered.

#### 7. Digital Marketing Campaign

As part of the Digital marketing Campaign for CG Pay, I had the opportunity to assist in setting up a PR Marketing Campaign via a Press Conference for CG Pay. The purpose of the Press Conference was to commemorate the release of a new entrant-CG Pay of Chaudhary Group into the mobile wallet market of Nepal. My work encapsulated drafting press kits and press releases, asking for quotations from prospective venues, drafting the guest list, making posters for the event, contacting media houses etc. to name a few.

#### 8. Prepare a Report and a Presentation

After the Market Research was complete, I along with my fellow interns, prepared a report that included the summary of our work, the analysis, findings, conclusion and recommendation of the research study and submit it to the HR Department of CG. Also, we were made to present our work via PowerPoint slides to our job supervisors and other executives of CG Pay.

### **3.2 Project Details**

As research intern at the Research and Development Department of CG Pay for 3 months, the single most important job assigned to me was to conduct a Market Research on CG Pay's Competitors (Major Mobile Wallet companies in Nepal), their Agents, Merchants and CG Pay's target customers. At the end of the internship, I was supposed to complete the research study with a Research Report and PowerPoint Presentation.

The online survey form and interview questionnaires that were used to collect data for the research study can be found in the Appendix section below.

#### Competitors

The objective of the research study of Competitors was to find out the competitor's current market status, market share, current/ future promotional activities, the commission structure for their agents and merchants, the number of active users and the amount of transactions per day, the most used services, their differentiating factor( any different service that they provide in lieu of competitors) , and incentives that they provide to their consumers (cash backs, referral rewards, gift vouchers etc.).

The interview questionnaire can be found in the Appendix section below.

### Merchants

The aim of conducting a market research on Merchants was to find out the prevalent commission structure with mobile wallet companies in the market, the problems that they are facing, any improvements or services they are seeking from Mobile Wallet Companies, the usage rate differences between cash vs. card vs. Mobile Wallet Applications and whether Mobile Wallet applications are contributing towards their business.

The interview questionnaire can be found in the Appendix section below.

### Agents

The goal of the research study on Agents was to find out the motivational factor for Agents (mostly general stores, stationaries, cyber etc.) to use a company's mobile wallet service amongst many mobile wallet companies. When you come right down to it, what would motivate them to switch to CG Pay? Also, additional services merchants seek, complaints received from customers, problems in the services provided by mobile wallets were within the scope of the study.

The interview questionnaire can be found in the Appendix section below.

### Customers

The task in hand was to learn and determine the demographics of target market such as gender, age, profession etc. Furthermore, the research study also encapsulated the customer's reasons for using mobile wallet services, how beneficial they are finding it, the problems that they face whilst using the service, areas for improvements, the most popular mobile wallet, the most used mobile wallet service and additional features desired by the customers.

The link for the online survey for customers is as follows:  
[https://docs.google.com/forms/d/e/1FAIpQLSfCZ9nU0exNSJLJg\\_7aa710RgwU29G-joWWJqzXnu5UBfuv7w/viewform](https://docs.google.com/forms/d/e/1FAIpQLSfCZ9nU0exNSJLJg_7aa710RgwU29G-joWWJqzXnu5UBfuv7w/viewform).

The summary of the responses is included in the Appendix section below.

### 3.2.1 Conclusion of Project Details

#### *Competitors- Key Findings*

The research study on competitors was based on six of the major mobile wallet companies currently in Nepal. The summary of the key findings of each of the competitors are as follows:

a. eSewa

Key Statistics:

- i. Total No. of Registered Users: +60 lakhs all over Nepal
- ii. Total No. of Active Users: +11 lakhs all over Nepal
- iii. Merchant Network Size: +2,500 all over Nepal
- iv. Agent Network Size: +25,000 all over Nepal

The current market leader of the mobile wallet industry in Nepal is eSewa with more than 10 years of existence in the industry and the most number of agent network, merchant network and partner banks in Nepal.

Their most popular services are Mobile Top up, Electricity Bill Payment, ISP and DTH Top up, and purchase of domestic flight tickets. Interest starting from NRs. 1 up to NRs. 10 is charged on transactions from wallet to partner banks. As per the commission structure, it begins from 2.0 % for agents and 3.5% for merchants. As for Merchants, the commission rate reduces as the volume of transactions increases.

The most popular merchants in terms of business is NTC and Ncell for Mobile Top Ups, followed by NEA for electricity payments, Clear TV, Dish Home, Subisu and Wordlink for ISP and DTH top ups, QFX, Big Cinemas and F Cube for Movie theatres and Buddha Airline and Yeti Airlines for Airline tickets.

They provide mobile payment services to the unbanked population of Nepal as well. They have the technology Syntax and SMS to support this.

They have successful promotional campaigns. They do TVCs, Sponsor events, Can InfoTech, NEA Campaign (where in every NEA counter brochures are distributed), sponsor funfairs. Furthermore, it is a company that keeps on adding new services and providing new and interesting offers for customers.

Their current incentive structure/ reward system is as follows:

Reward Points	Gift voucher
1000	NTC/NCELL recharge worth Rs 200
2000	NTC/NCELL recharge worth Rs 400 / gift hamper
3000	QFX/BIG movies Movie tickets for a couple
5000	eSewa Balance of Rs 1000
10000	Manakamana Darshan ticket for one person/ gift voucher of Muncha.com worth Rs 2000
15000	Flight from Ktm to Pokhara (One way) for oner person/ gift voucher of Bhatbhateni worth Rs 3000
20000	Android phone/ One paragliding voucher/ bungee jump for a couple
50000	18" TV set/Android Smart Phone (Samsung/Colors/Karbons/LG)
100000	13" Dell/Acer/Lenovo/Hp Laptop
1000000	Honda Unicorn/Pulsar 150 cc

(eSewa, 2018)

b. IME Pay

Key Statistics:

- i. Total No. of Registered Users: +60,000
- ii. Total No. of Active Users: 20,000-30,000
- iii. Merchant Network Size: +500
- iv. Agent Network Size: 13000+ all over Nepal out of which most of them are IME remit agents
- v. Total number of Daily Transactions: Online +5500or Offline +800

IME Pay's most used services are Utility payments, money transfer and remittance. They also provide QR based payments, have application that is multilingual and plan to have cross border payments.

IME pay has a strong merchant and agent network as it uses the same network that is under IME Group. Furthermore, all agents of IME Pay are registered businesses

and Credibility of the company is what they thrive on. As part of their retention strategy for Agents, they are offering more features and services as this means more interest for them and more revenue for agents. Their most important merchants are restaurants (IME Pay plans to target the restaurant industry), NTC and Ncell (Telecommunication industry).

As of now, IME Pay is concerned on growing its merchant and agent networks. The merchant commission rate is 2.5% on an average per transaction. IME pays the highest commission rate to agents (up to 3.8%).

Their promotional campaigns include sponsoring Sports Events, Contests and Giveaways. Their upcoming promotional Campaign involves merchants and Fifa World Cup 2018.

Their main target customers are the unbanked population for which they are targeting dairy and tea businesses with operations in rural villages via (SMS, Online/Offline). They have USSD technology as well however are unable to use it.

c. ePrabhu

Key Statistics:

- i. Total No. of Registered Users: +3950 users
- ii. Total No. of Active Users: +5,000
- iii. Merchant Network Size: 37
- iv. Agent Network Size: +7,000 all over Nepal
- v. Total amount of Transaction in a day: NRs. 5,500,000

ePrabhu began offering mobile payment services since 2012. It is a B2B Company that deals mostly with cooperatives, INGOs, and government organizations. However, their core business is Remittance. Out of the total users, 80% are cooperatives, 20 percent are public customers, and almost all of these users are active. They only offer referral rewards.

Recently, ePrabhu acquired another mobile wallet company Qpay mainly for its QR based payment systems.

Their most used services are Mobile Top Ups (NTC, Ncell) DTH Top up, Purchase of Airline tickets (domestic), and a pioneer for Electricity Bill Payments. Their major telecommunication merchant Ncell provides ePrabhu with 3.5% commission out of which 3.2% is given to the agents. They only charge interest for transaction from one to another bank.

To retain and hold agents, their strategy is to provide highest commission than the competition. Prabhu is providing more digital financial services, and infrastructures like 'e Shikshya', RuPaiya, Cloud base core accounting systems for cooperatives, and KOISK machines. They have placed 486 KIOSK machines all over Nepal. They are also providing an ecommerce platform with android and iOS app at Rs.2000 per month. Their main hurdle is lack of awareness.

Their upcoming promotional campaigns include workshops regarding ePrabhu in major cities with cooperatives. They are doing a Digital Financial Literacy Campaign with FWDR (Far Western Development Region) and EDR (Eastern Development Region) targeting the unbanked population.

d. Khalti

Key Statistics:

- i. Total No. of Registered Users: +500,000 (Through Application 100,000, Through Web 400,000)
- ii. Total No. of Active Users: +100,000
- iii. Merchant Network Size: 18
- iv. Agent Network Size: +1200
- v. Total amount of Transaction in a day: NRs. 800,000 to NRs. 1,000,000

Khalti's primary focus is to make their mobile application the most user friendly one in the market. They have a very product oriented approach to the market, in the sense that they are so focused on creating the most user-friendly app that is better than the competition. They believe that doing so will ultimately lead to attracting more agents to their business as that is what the agents are looking for. Therefore, they are using the latest technology and are currently going through a system upgrade. However, this is contradictory to our study as Agents' primary motivation factor is the commission they receive and has very little to do with the user interface of the application.

Furthermore, they don't have a multilingual application or website at the moment but are planning to offer Nepali and Maithali language I their application and website soon.

Their mostly used services are Movies, Airlines, Mobile Top-up, Electricity, ISP payment (mostly Vianet). Right now, Electricity Payment and ISP payment are becoming one of the most utilized services.

Their source of revenue is the commission that they receive from merchants. However, they plan to go on a loss for three consecutive years. So, the commission



that they receive are being utilized to acquire more customers by offering huge cashback offers. They are also offering Referral Rewards, Cash Rewards, Reward Points (Khalti Points).

Their agent network mostly comprises Sparrow SMS's and Easy Sims' agents. Their promotional campaigns include billboard advertising, tie-ups with banks, partnering and sponsoring events, and educating people about mobile wallets services.

e. iPay

Key Statistics:

- i. Total No. of Registered Users: +10,000
- ii. Total No. of Active Users: +3,000
- iii. Merchant Network Size: +100
- iv. Agent Network Size: +500
- v. Total amount of Transaction in a day: NRs. 200,000 to NRs. 250,000

iPay has been operating since 2010. Their most used services are Mobile top-up, ISP payment, and Electricity bill payment. Their source of revenue is the commission that they receive from merchants. They do not charge fees for services like Mobile P2P Transfer, Partner Bank to Customer Wallet Transfer, Wallet to Partner Bank transfer, Cash in services, and transfer from one bank to another.

They use geo location and are popular for their agent locator feature which customers use to find discount offers near them.

iPay's current focus is to restructure their entire system including both mobile application and website and make it more user-friendly. Their goal is to acquire more end users hence they are not pursuing agents nor merchants. Also, they believe that in the era of internet, brick and mortar agents will phase out. However, in order to undertake competition, they have Silver, Platinum and Gold membership programs which offers commission from 3% to 3.2% per transaction. They also are determined to offer international airlines ticket purchasing option to their customers.

They are also planning to provide mobile payment products to the unbanked population. Currently, they are working with UNCDF 'Mobile Money program' in this related matter. They don't have the technology (USSD, SMS, Online or Offline, GPS) to tap into unbanked population. Till date they only have 9 partner Banks. 10 more banks are coming in 2-3 months. They are providing incentives such as Location-based offers, Rewards points or cashback for mobile transactions, Referral Rewards- In the process (Will finish till April 2018), and Paying with points for mobile transactions at the POS.

f. Qpay

## Key Statistics:

- i. Total No. of Registered Users: +100,000
- ii. Total No. of Active Users: +80,000
- iii. Merchant Network Size: +5,000
- iv. Total amount of Transaction in a day: +NRs.150,000 (only from Utility Bill Payments)

Prabhu Group (ePrabhu) has recently acquired Qpay. Qpay do not have Agents. Their merchants are their agents. For Cash In and Cash Out features, customers will have to go to the nearest merchant. They provide around 2.5% commission per transaction to merchants.

According to Qpay, their application is multifunctional than their competition. Competitors' mobile applications are more focused on utility bill payments, however their mobile application has more merchant payment features.

***Merchant- Key Findings***

The market research for Merchants was divided into two parts- Online Merchants (those merchant accounts that have online and mobile payments) and Offline Merchants (those traditional merchant accounts with an in-store terminal or POS system) which was again categorized as per industries (DTH, ISP, e-commerce, telecommunication, movie theatre, apparel stores and restaurants). Two questionnaires were developed for Merchants (Online and Offline), however with minor differences in questions. Lastly, most popular merchants of every industry were chosen as samples for the research study.

a. Movie Theatre Industry

For the research on Online Merchants of the Movie Theatre Business, we gathered information from the three major players of the industry- Big Movies, QFX Cinemas and FCube.

From our research study, we came to a conclusion that there isn't a direct connection between the increase in the number of tickets sold and the use of mobile application as it completely depended on the success of the movie being screened. Nevertheless, mobile wallet has contributed in making the service aspect of theatres more effective and efficient by eliminating the need to stand in a queue for tickets making it easy and hassle free for customers.

Also, mobile wallet companies provide merchants with their own merchant portals, which notifies merchants about online transactions being processed in real time.

b. Airlines Industry

For the research on Online Merchants of Airlines Industry, we collected information from the three major players of the industry- Yeti Airlines, Buddha Airlines and Simrik Airlines.

To summarize, we found that eSewa is the most prominent mobile wallet service provider in this industry. Also, Card based payments is popular in the dollar market and one cannot pay for international flights via mobile payment services hence cash and card payment services is more preferred.

However, sales through mobile wallets are growing. As direct costs are reduced, middlemen are eliminated and payments are received directly, mobile payment services are proving to be beneficial for the industry.

Additional services that the Airlines industry are seeking in mobile payment services are reliable service (elimination of refund and transitory problems), QR Code Payment feature, more user-friendly interface and more customer awareness.

c. ISP Industry

For the research study on ISP Industry, we collected information from three major players in the industry- Vianet, Subisu and WorldLink. Through the research study we found out that the mobile wallet services thrive in this industry and have become a very popular mode for payments even more so than mobile banking. Again, eSewa comes on top of the list for the preferred mobile payment service for ISP Bill Payments.

Through mobile payments, not only are mediators eliminated and direct customer engagement is encouraged, but transactions are credited in real time and the process for refund has become easier. Also, it is a more convenient choice for customers. Also for the process of settlement, mobile wallet companies provide merchants with their own merchant portals.

d. DTH Industry

We collected information from three major merchants of Mobile Payment Service for DTH- Clear TV, SimTV and Dish Home.

Through the research study, the major beneficial factors of offering mobile payment services for the DTH industry is the mass reach, feasibility, ease and convenience of using mobile payment services.

There has definitely been an increase in the use of mobile payment services in the industry as customers are becoming more aware. However, there are scope for improvements such as the lack of refund provision and proper integration of APIs, also higher reward points for the recharge of DTH services is preferred.

e. Telecommunication Industry

For the research study, we opted Ncell and NTC who are the two major players in the industry. However, as they had no provisions regarding distribution of information, we gathered information from a rapidly upcoming player-SmartCell.

Through our research we discovered that mobile payment services have helped in making the operations more efficient as transactions can be traced easily through the merchant portal. The selection criteria for Payments gateway are the scope and reach of the gateway itself.

Telecom companies are looking for a synergy with mobile payment service providers that will increase their subscriber base. They are also interested in co-branding, promotional campaigns, ATL as well as BTL marketing campaigns that proves to be beneficial for both parties.

f. E-Commerce Industry

For the research study, information was gathered from Sasto Deal which is the current market leader of the e-commerce industry in the context of Nepal.

Through our study, we found out that the selection criteria for Payment gateways are the scope and reach of the gateway itself. Also, the rate of charge and the rate of commission plays a vital role in the selection criteria. Furthermore, tie-ups with different financial institutions is desired. E-commerce is also focused on targeting the rural areas, hence mobile wallets that are prevalent even in rural parts of the country are preferred.

However, maximum transactions occur via cash (through their cash on delivery option), i.e. 90 percent of the business. Only 10 percent of sales happen through mobile wallets and banks. Technical errors are prevalent (up to 5 percent of total transactions). Also, in case of e-Sewa, the transfer of cash is slow.

### ***Agents- Key Findings***

For the market research on Agents, prime locations inside Kathmandu Valley (Kathmandu, Lalitpur and Bhaktapur) were selected and sample size of a total of twenty three super agents and agents were taken. The agents were mostly general stores, printing and publication houses and stationaries located all over Kathmandu Valley.

The research was conducted via personal interviews with the shop keepers. Sometime a small purchase was made in order to initiate conversation.

Through our research we found out that the most used services are Mobile Top Up, ISP and NEA bill payments. Also, the purchase of domestic flight tickets is rapidly becoming popular.

The market trend for commission rate provided by mobile wallet companies start from 3.2% and can reach as high as 3.8%. This has led to a very poor trend amongst agents as these agents keep shifting from one mobile wallet company to another as they are solely motivated by high commission rates. Even though eSewa is the current market leader, agents are less motivated to use its services as competitors are providing higher commission rates. Currently, IME Pay and ePrabhu are the wallet companies that provide the highest commission rate to these agent networks.

Also, Agents get paid different commission rate for different services used. The profit in agent acquisition is the highest as the agent who acquires more agents gets a cut from each transaction the sub-agent performs.

### ***Customers- Key Findings***

The Market Research for Customers was carried out via an online survey on a Social Media Platform (Facebook). The sample size for customers was a heterogeneous group of 109 people.

The link for the customer survey is as follows:

[https://orordocs.google.com/forms/d/1FAIpQLSfCZ9nU0exNSJLJg\\_7aa710RgwU29G-joWWJqzXnu5UBfuv7worviewform](https://orordocs.google.com/forms/d/1FAIpQLSfCZ9nU0exNSJLJg_7aa710RgwU29G-joWWJqzXnu5UBfuv7worviewform).

The summary of the responses of customers are in the appendix at the end of the report.

### *Challenges to the adoption of Mobile Payment Services*

#### a. Digital Literacy of Consumers

A huge section of the target population in Nepal are not comfortable using technology. Therefore, wallet companies need to put more effort in making the technology and interface simpler and user-friendly. Nepali consumers are in the process of going online to access basic mobile phone services. There is a lack of digital literacy among consumers and merchants on how they can use mobile payments services. When transactions are unsuccessful, they are not aware of the alternatives available to them and its aptness. Moreover, in a country like Nepal, mobile applications must have multilingual features.

#### b. Speed of Transaction

At POS, merchants and consumers look for quick execution of transactions. This is not the case in the context of Nepal, because poor network connectivity and slow internet speed result in failure of transaction or transaction timeout.

#### c. Lack of Trust in Mobile Waller as Financial Service Providers

People in Nepal are used to traditional banking methods and are heavily dependent on cash transactions. Cash is used by all, Bank cards are popular in city areas, and Mobile payments are just up trending. So, it is only natural for people to not trust new means of payments, especially in a country like Nepal, where many are deprived of financial services.

#### d. Easy Availability of Cash

Even the most financially literate and digitally sound people prefer to carry use cash as a mean to store value especially in the context of Nepal. Therefore, for Nepali consumers to start using mobile wallet services, it is very critical for mobile payment systems to have high liquidity.

#### e. Regulatory Barriers

As mobile payment industry is in its nascent stage, so is the regulatory framework. Rules and regulations keep on changing. It is difficult to implement such frequent changes in a short time period for mobile wallet companies. This acts as a barrier for potential development in the industry.

f. Unhealthy Competition

Everyone is providing the same range of services and a battle of commission is going on. Business is only getting diverted. Agents keep on shifting. No new agents are acquired. Credit is also increasing for the companies. The only ones getting the most benefits are the Agents.

This market dynamic is the cause for lack of innovation and causes hindrance in financial inclusion as customers tend to rely on cash and use mobile payment services infrequently that too for a limited range of services.



## 4. Results and Discussions

### 4.1 Contributions of student made during the Internship

The primary portion of the internship at CG Pay was the research study conducted on the mobile payments market in Nepal. To put the work we did into perspective, together with the full completion of the roles and responsibilities assigned to us by the company, I along with my fellow interns conducted a market research on the competitors, merchants, agents and customers of the major mobile wallet companies in Nepal. To put it into simpler terms, we conducted a launch study for a new market entrant- CG Pay into the mobile wallet sector of Nepal. The details of the research study can be found in details in Chapter Three.

Following are the offerings of the research study to the company:

- i. Information regarding agent and merchant commission structures facilitates CG Pay to understand the current market benchmark for commissions making it easier to acquire or convert merchants and agents.
- ii. This information also aids in the valuation of their income and expenditure.
- iii. The information about the most important service/ feature for the customers helps the company meet customer needs and make such feature/services become more accessible and user-friendly.
- iv. Through our research, we found that there is a huge untapped market yet to be explored that is the rural areas.
- v. Information regarding upcoming promotional activities of competitors may help CG Pay to better prepare for the impact cause by such campaigns and may also help in their plans for promotion.
- vi. Furthermore, information regarding the most effective promotional campaigns rolled out by competitors may be taken as learning or inspiration for future promotion campaigns of CG Pay.
- vii. Our research also provides knowledge regarding the scope for improvements for mobile wallet companies in the service arenas for merchants, agents, and customers.
- viii. Also, our research provides data regarding which merchant and merchant industry is more attractive and which is not. This may help CG Pay become more efficient while approaching merchants.
- ix. Most importantly, our research study mentions the key challenges to the adoption of Mobile Payment Services in Nepal. These are the main reasons of difficulty for customers to adapt mobile payment services.
- x. Our research also mentions the changes in rules and regulations declared by the Central Bank.



### 4.2 Learnings

Internship in CG pay provided me with greater understanding of Fin-tech and its application of mobile payment business. This industry of business is relatively new in the context of Nepal from the technological and user’s convenience point of view. Due to the fact that not many people are aware of this side of the technological advancement, being a part of CG’s innovation in creating a space where consumers can have the conveniences, it helped me understand one of the business with the most potential throughout the world.

As an intern of CG pay, I was assigned the task of analyzing the existing mobile payment industry in Nepal. This was done through visits to competitors, merchants and agents who incorporate the mobile payment system for their revenue collection. These visits not only gave me deeper insight about the technical part of the mobile payments system, but also helped me enhance my interpersonal skills and boost my confidence.

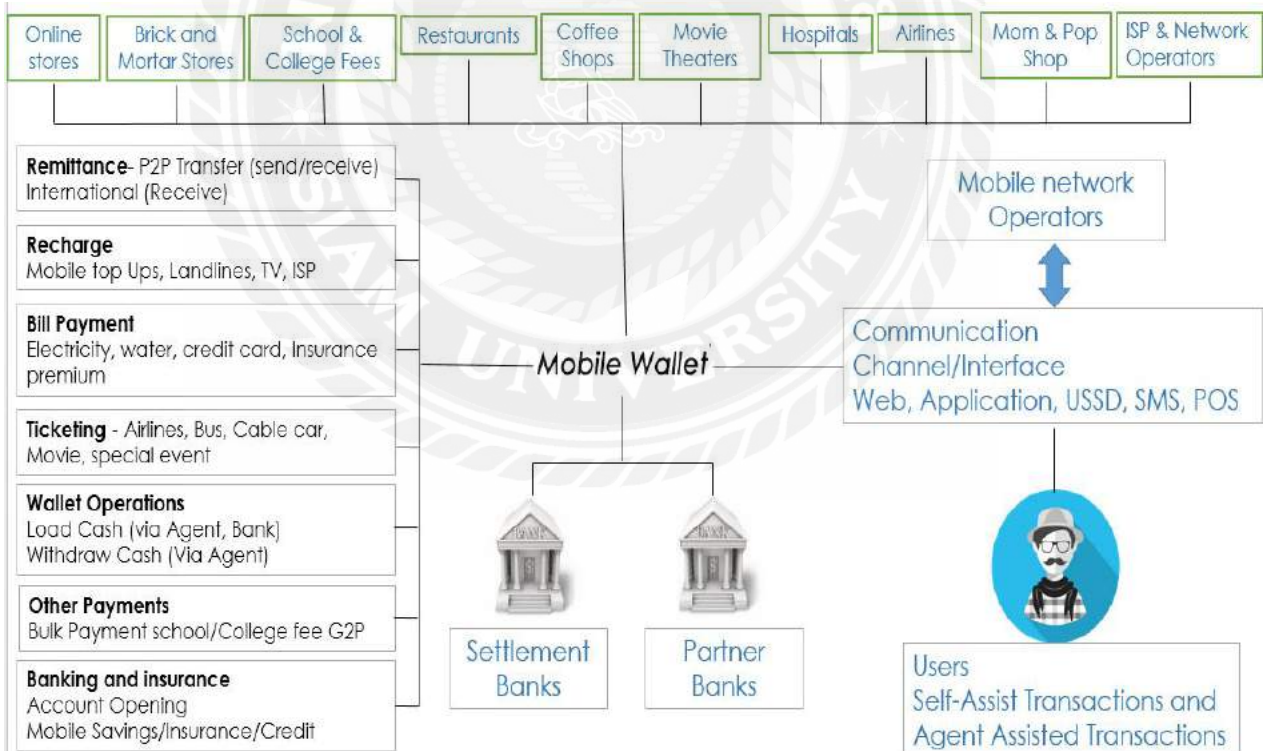


Figure 2. Architecture of Mobile Wallet

The figure below is my understanding of the mobile wallet business.

The figure above shows the operation flow of mobile wallet. This Business model of CG pay is fair and simple. CG pay connects the merchants to their customers and payment is done via CG pay's mobile application. Merchants include Brick and Mortar stores, Schools and Colleges' fees, Restaurants, hospitals, coffee shops, Internet service providers and any kind of business who feel the need to incorporate mobile payment system. CG pay charges certain amount of commission for connecting the merchants to the customers which is their revenue model.

The customers through agents or through websites/application connect with the platform of CG by opening up an account. Customers have the option to use the features listed below and make payments:

- Remittance- P2P Transfer (send/receive), International (Receive)
- Recharge (mobile top ups, landline, TV, ISP)
- Utility bill payment
- Ticketing (Airlines, Bus, Cable car, Movie, special events)
- Mobile Wallet operations; Load cash (Via Agent, Banks) Withdraw Cash (via Agents)
- Other payment (Bulk payment ;school/ college fees)
- Banking and insurance (Account opening, Mobile savings/insurance/ credit)

To use these features of mobile payment, customers need to add fund in their CG pay account. Loading cash in the wallet can be done via partner banks of CG pay, settlement banks or Agents. Transferring of money from one bank to another can also be done through CG pay. For this, CG pay will provide some commission to settlement banks per transaction.

Throughout the entire 4 years of BBA program, networking and relationship building was emphasized on. And, CG pay helped me build it up. Many interviews with professionals and guidance from my supervisor helped me move towards my goal of network building.

The internship also provided me with experiential learning about subjects of Fin-tech, government regulations and about mobile payment system. Alongside the technical knowledge, time management skills, team work and skills to work under pressure was learnt from this internship.

## 5. Conclusions

### 5.1 Self- assessment as future professionals

Me as a professional working in a corporate organization in the Research and Development Department seems to be viable and most likely in the early stages of my career.

With the burgeoning scope of fin-techs all around the globe, the initiative of CG in order to acquire the market as payment service provider is an astute step towards technological advancement and transformation of financial era in Nepal.

These companies are the game changing companies in order to change the way people pay for services and could even be a substitute for card system and ATMS in the field of micro-payments in the days to come. In a nutshell, CG Pay is striving to establish mobile payment network in Nepal which can be a ground breaking project with significant contributions to economic development and prosperity of the country.

### 5.2 Comparison of Practical Learning vs. Theory

To compare the practical learnings and experiences I had the opportunity to gain vs. the theories I learnt in class, this internship has contributed a lot.

To take an example, using Porter's five forces Framework to understand and analyze the competition of the business. With this model we were able to determine the competitive intensity and therefore the attractiveness of the industry in terms of profitability. An analysis of Mobile Wallet Industry is presented below-

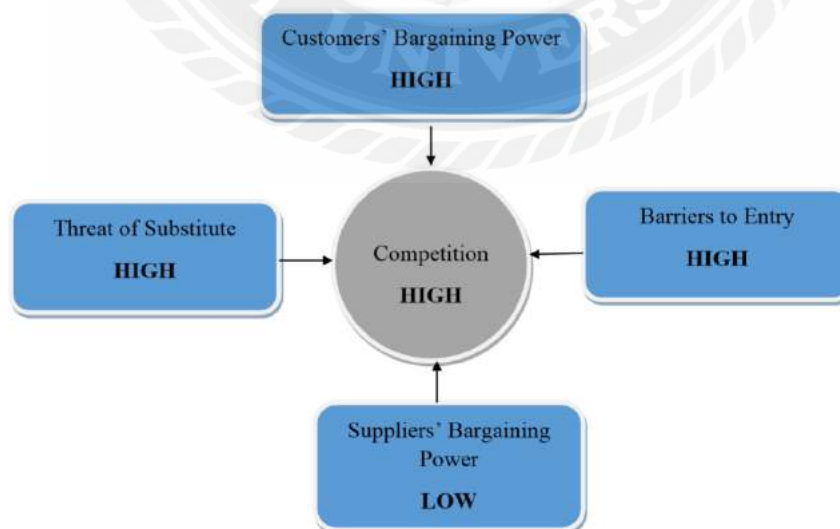


Figure 3 Porter's Five Forces in context of Mobile Wallet Industry of Nepal

The bargaining power of buyer is high. This is because the companies provide very similar range of service to the customers. Although, mobile wallet service industry has not been widely accepted or adapted by consumers, there are plenty of alternatives to choose from for the buyers. This has led to companies offering incentives such as cash backs, referral rewards etc. which automatically means less profit margin just so as to get more customers to use the service. This strategy is not healthy for the mobile wallet companies in the long run.

The supplier's power is low. Again, this is because of the fact that the competition is high and every competitors provide the same range of services with one or two alterations. Furthermore, the companies are striving to acquire the same network of agents and suppliers by providing the highest commission with the beneficiary party being only the agents. Also, this has led to lack of innovation in the industry.

The threat of substitute is high. Customers can easily substitute mobile payments with Cash or Bank Cards. To make things worse, the target audience is habituated to using cash and digital illiteracy prevails in the market.

It is very hard to enter the market as there are many regulations that the government has placed. There needs to be many supporting infrastructures and partnership with banks, network operators, and many more. So, it is very difficult to enter the market. Today, even the market leader eSewa is facing problems with new rules and regulations placed by the central bank.

The rivalry between the competitors is intense. Battle for agents and their commission is an ongoing process. Agents use the wallet that provides them with the highest commission. So, companies try to provide the highest commission rate to hold their agents. Not only agents, retaining customers is now becoming a battle. Companies are providing cashbacks, referral rewards, and other incentives to attract customers. So, this makes this industry very competitive.

Therefore, it would be agreeable to conclude that earning revenue is very hard. Battle for commission, providing gifts, rewards to customers and having less merchants make it hard to earn revenue. It seems that if a new entrant is to enter the market, they will have to bear loss for more than 6 years.

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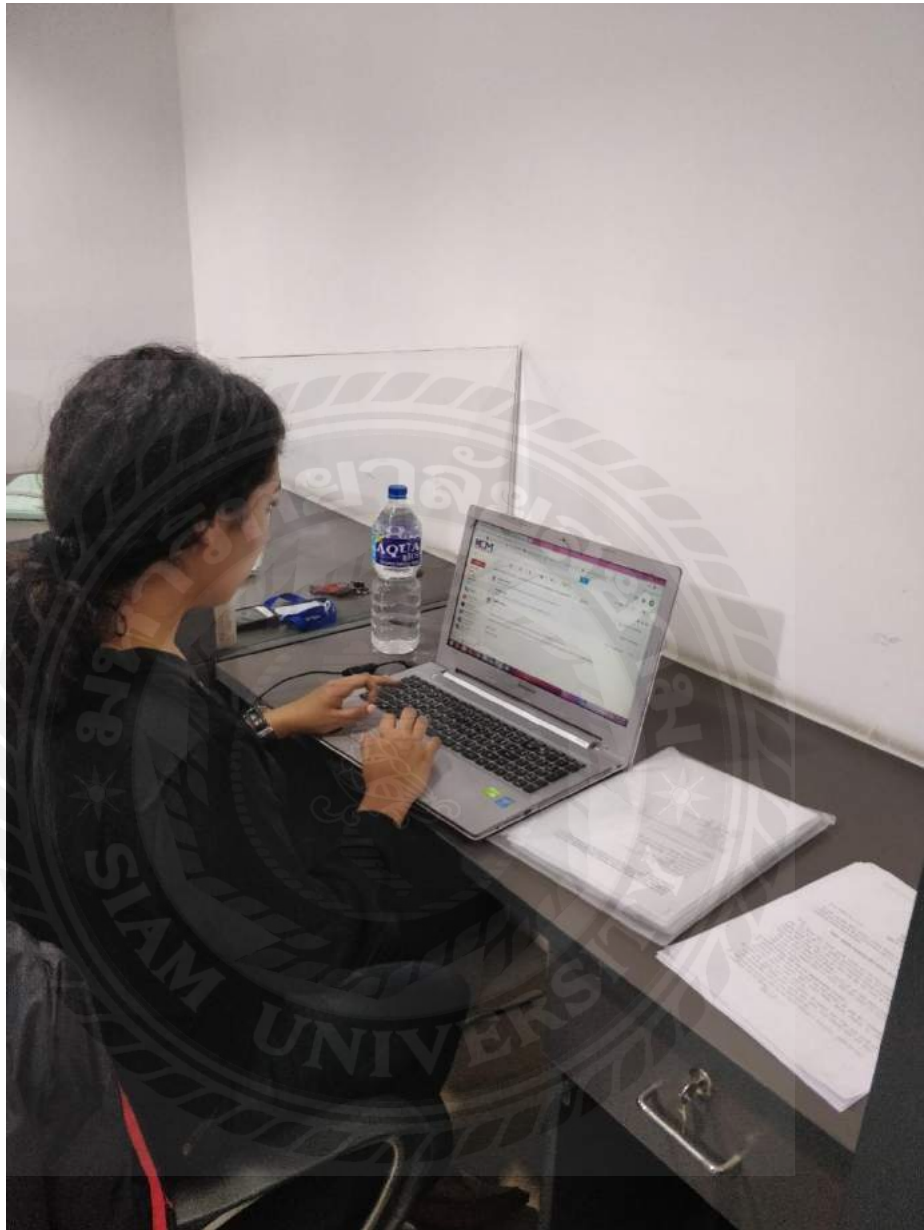
## Appendices

### Appendix A: Photos at the Work Station



*Figure 4 Analyzing gathered information at the work station*





*Figure 5 Finalizing office report at the work station*



**Appendix B: Personal Interview Questionnaire for Competitors**

We are students of marketing pursuing a Bachelor's degree from Kathmandu College of Management. We are conducting a survey regarding the Mobile Wallet applications in Nepal. The main objective of this survey is to determine the use of mobile wallet and its feasibility for future.

1. Name of the Company:

2. Contact Name:

3. Contact Title:

4. Contact phone: (optional)

5. Email:

6. Corporate Address:

7. When did you start offering mobile payment service?

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8. Which mobile operating system(s) (OS) does or will your mobile payment application support? (Check ALL that apply) (Is it necessary?)

- Apple iOS
  - Google Android
  - Windows Phone
  - Blackberry OS
  - Other: (please specify)
- 

**Part A: Product**

9. What difficulties did you face while launching the product?

---

10. Which of the following mobile payment features do you currently offer or plan to offer to consumers? (Check ALL that apply)

Mobile Payment Feature	Currently offering	Plan to offer	No plans to offer
Mobile enrollment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Top Up or Mobile Recharge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
View statement or balances and/or transaction history	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill payment (DTH, ISP, Insurance Premium, Bank EMI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Utility Payment (Electricity and Water)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Money Transfer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Remittance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merchant Payment (Offline)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merchant Payment (Online)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
P2P Lending	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
QR based payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bill presentment or Receipt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mobile person-to-person payment (P2P)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merchant or Agent locator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Cross-border payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Multilingual mobile website or app	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Others:

---

11. What are your top five mostly used services?

---

12. Please indicate ALL services for which you charge a fee. (Check ALL that apply)  
 (Also please specify the amount or interest rate charged)

- Mobile P2P \_\_\_\_\_
- Cash in \_\_\_\_\_
- Partner bank to customer wallet \_\_\_\_\_
- Wallet to Partner banks \_\_\_\_\_
- From One to another bank \_\_\_\_\_
- Others: (please specify)

13. Which of the following does your company use or plan to use to enhance mobile security? (Check ALL that apply)

- Multi-factor authentication
- Time-out due to inactivity
- Out-of-band authentication (e.g., callsortexts to alternate phone number)
- Login with PIN
- Biometrics (e.g., fingerprint, facial, voice recognition, etc.)
- Mobile notifications (e.g., SMS text message, push notifications)
- Mobile device ID
- Geo-location
- Other: (please specify)

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14. What are the biggest challenges in business?

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15. How do you plan to mitigate them?

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16. What is it that differentiates you from the rest of the competition?

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**Part B: Agents**

17. What is the size of your agent network?

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18. How did you get hold of them?

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19. What is the commission structure for agents?

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20. What are your plans to retain them?

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21. Do you plan to acquire more agents? If yes, how do you plan on doing so?

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**Part C: Merchants**

22. What is the size of your merchant network?

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23. Who are the most prominent merchants?

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24. What is the total number of online and offline transaction in a month?

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25. What is the commission payment structure for merchants?

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26. What are your plans to acquire more merchants?

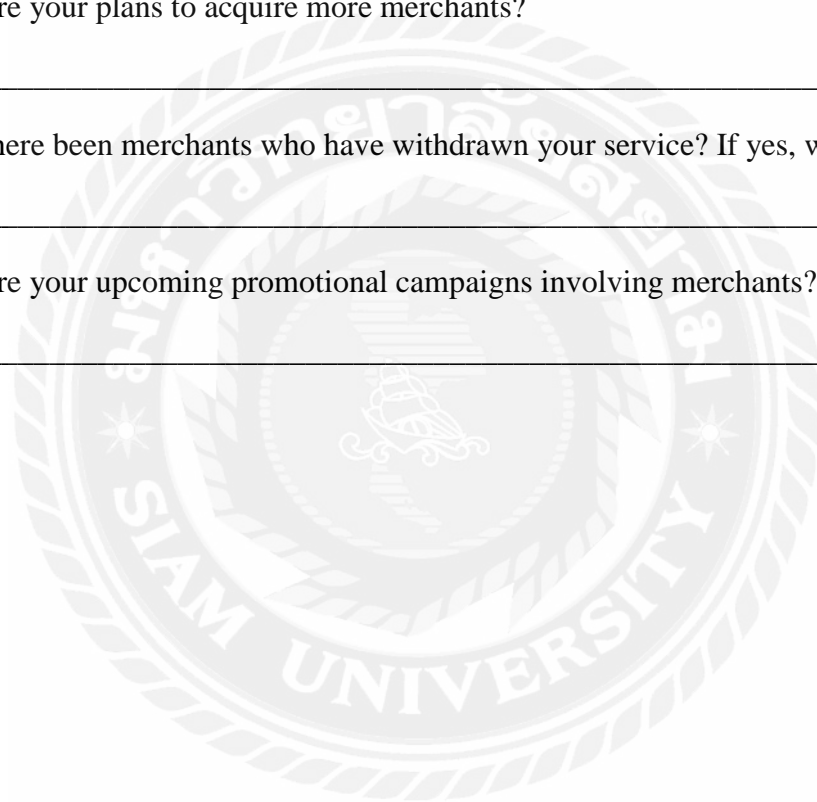
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27. Have there been merchants who have withdrawn your service? If yes, why?

---

28. What are your upcoming promotional campaigns involving merchants?

---



**Part D: Customers**

29. How many customers have downloaded your wallet? What percentage of your customers are active and use the services on regular basis? What is the total number of Customers?

---

---

30. Do you provide or plan to provide any mobile payment products to the unbanked population?

- Yes, currently providing
- Yes, plan to provide within next (\_\_\_\_) years
- No

If 'No', why not?

---

31. How do you plan on tapping the 'Unbanked Population'? (USSD, SMS, Online or Offline, GPS). *(If they have a plan, ask for a detail explanation and know whether they have the technology and approval in place of not)*

---

32. For your company, which are the most common barriers to customer acquisition? (Check ALL that apply).

- Ineffective marketing by Company
  - Security concerns for monetary transactions
  - Difficult to use the application
  - Lack of trust in the technology
  - Credibility of the company
  - Payment or Wallet needs are being met through other services (Bank Cards, Cash, Online banking)
  - Others: (please specify)
- 

33. What are you plans to overcome these barriers?

---

---

34. Are you planning to give interest on wallets to your customers?

- Yes
- No

If 'Yes', how do you plan to do it?

---

35. What types of incentives tied to mobile payments do you offer or plan to offer?  
(Check ALL that apply) (*What sort of reward*)

- Location-based offers (Examples)
  - Cash reward or account credit for mobile wallet enrollment
  - Rewards points or cashback for mobile transactions
  - Referral Rewards
  - Paying with points for mobile transactions at the POS
  - None
  - Other: (please specify)
- 

36. Plan to offer in future-

---

37. What are your current plans to retain customers?

---

38. What kind of promotional campaign(s) do you do? Which Promotional campaign has been the most effective?

---

39. Please share your ideas on how to increase customer's knowledge of mobile payment services.

---

**Appendix C: Personal Interview Questionnaire for Online Merchants**

Company Name:

Location:

1. How long have you been providing mobile payment services?
2. Do you also provide Card Based Payment Services? How do you rate Card Based Payment against Mobile Wallet Payment?
3. Why did you become a merchant?
4. What are the benefits of becoming merchant?
5. What is the process for settlement?
6. Who are your Wallet Gateway(s)? Bank Gateway(s)? Which is used the most? (Usage difference)
7. While selecting Payment gateway, what are the selection criteria?
8. How do you know whether the payment is received or not? How do you know whether the transaction is successful or not? Is the received payment shown in real-time or in Portal?
9. Has mobile payment service helped in-
  - Retaining Customers (how)
  - Increase the sales (How much)
  - Improvement in business (how)
10. In a month, how much is the total sales through mobile wallet?
11. Do mobile wallet company visit for monitoring? How frequent do they visit and who is the most frequent?
12. Has there been any problems or complications while using the mobile payment?
13. Has there been any customer complaints regarding mobile payment?
14. What are the measures that will you take?



15. What additional services are you looking for?
16. Are you interested in Promotional campaigns? If a product is about to enter or has entered declining stage, what would you do to increase and maintain its sales?
17. What kind of Synergy are they looking for?
18. Where can the wallet improve their services?



**Appendix D: Personal Interview Questionnaire for Offline Merchants**

Name:

Location:

1. Do you provide mobile payment services? If yes, continue with the questionnaire. If no then why not?
2. Do you also provide Card Based Payment Services? How do you rate Card Based Payment against Mobile Wallet Payment?
3. Which mobile payment services do you provide? Which is the most used one and why?
4. How long have you been providing the service?
5. Why did you become a merchant?
6. Did you receive any form of training or tutorial?
7. What are the benefits of becoming a merchant?
8. How many customers visit your store daily?
9. How much Commission do you pay?
10. How many customers pay using mobile wallet? (Ratio of payment via Cash Vs. Debit Card Vs. Mobile Payment)
11. Do Customers ask for other mobile payment options?
12. Has mobile payment service helped in
  - Increasing the sales (How much)
  - Retaining Customers (how)
  - Improvement in business (how)
  - other\_\_\_\_\_
13. Do mobile wallet companies visit for monitoring and refresher training? How frequently do they visit and who is the most frequent?

14. Has there been any problems or complications while using the mobile payment?
15. Has there been any customer complaints regarding mobile payment?
16. How was your overall experience? (User friendly or transaction speed)?
17. Where can wallet improve their services?
18. Would you recommend adoption of mobile payment to other businesses? Why or Why not?

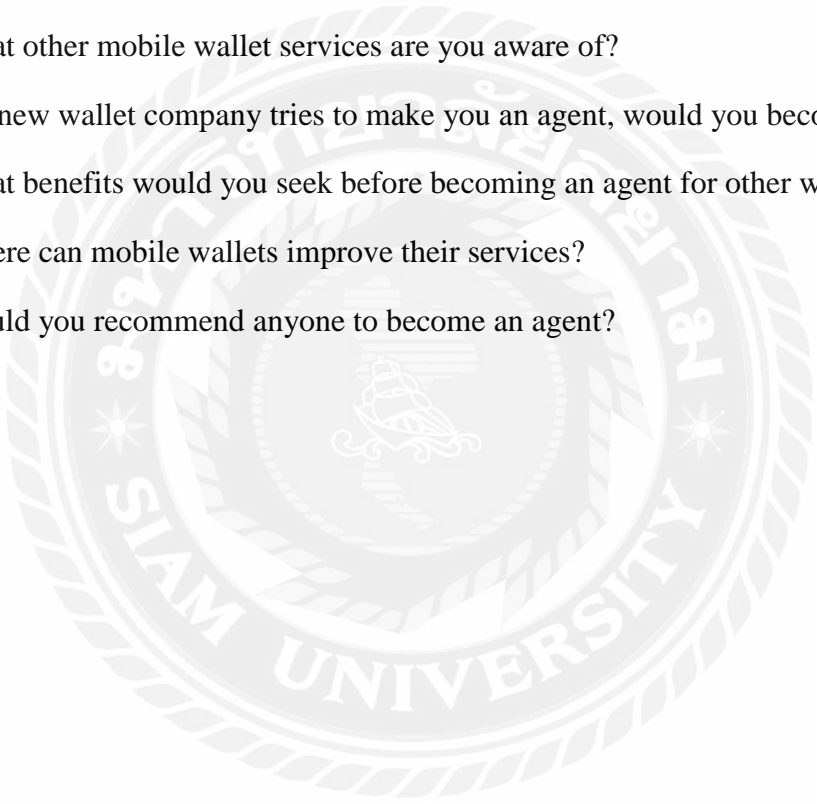


**Appendix E: Personal Interview Questionnaire for Agents**

Shop Name:

Location:

1. Which Mobile Wallet service(s) do you provide?
2. How long have you been providing the service?
3. Why did you become an agent?
4. Did you receive any form of training or tutorial?
5. What benefits do you receive for being an agent?
6. How much commission do you get per transaction? (Also for customer enrollment, Cash in or Cash out, Top-up etc.)
7. As an agent, what is the minimum required balance in the wallet?
8. If the balance runs out, how do you recharge your wallet? If your past transaction history is good, does the wallet company provide credit if your balance runs out?
9. Do you also personally use the service?
10. How many customers visit your store daily?
11. How many mobile wallet customers visit your store daily?
12. Are there any regular customers for mobile payment services? If yes, How many?
13. For which mobile payment service do the customers visit your store more often? (Top-up, Recharge, bill payments)
14. What is the Maximum or Minimum transaction amount- for Bill payments, Cash-in, and Cash-out transaction?
15. Have there been any improvements in the business after providing mobile wallet payment services?
16. Are there any problems or difficulties while providing the wallet service?

17. Regarding 'Mobile wallet payment', what kind of customer complaints do you face on regular basis?
  18. Do mobile wallet companies visit for monitoring and refresher training? How frequently do they visit and who (which mobile wallet) is the most frequent?
  19. Where can mobile wallets improve their services?*If Agent uses more than one mobile wallet, rating for all required.*
  20. How was your overall experience? (User friendly or transaction speed)*If Agent uses more than one mobile wallet, rating for all required.*
  21. What other mobile wallet services are you aware of?
  22. If a new wallet company tries to make you an agent, would you become one?
  23. What benefits would you seek before becoming an agent for other wallets?
  24. Where can mobile wallets improve their services?
  25. Would you recommend anyone to become an agent?
- 
- The image is a large, faint watermark of the Siam University seal. It is circular with a double border. The outer border contains the text 'SIAM UNIVERSITY' at the bottom and Thai script at the top. The inner border contains Thai script. In the center, there is a crest featuring a crown, a shield, and other heraldic elements.

### Appendix F: Summary of responses of customers

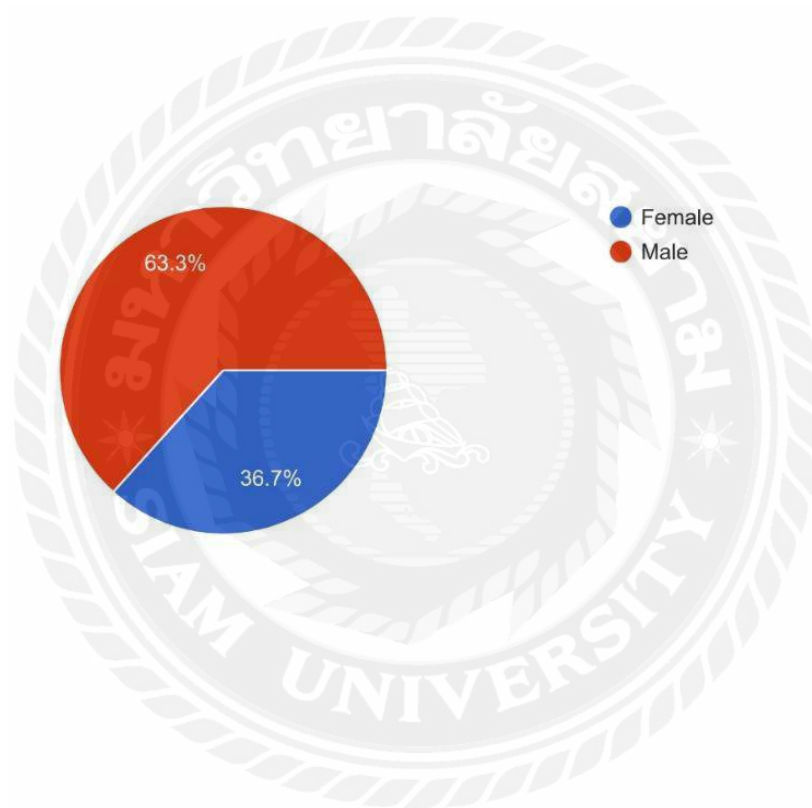
RESPONSES 109

## 109 responses

SUMMARY

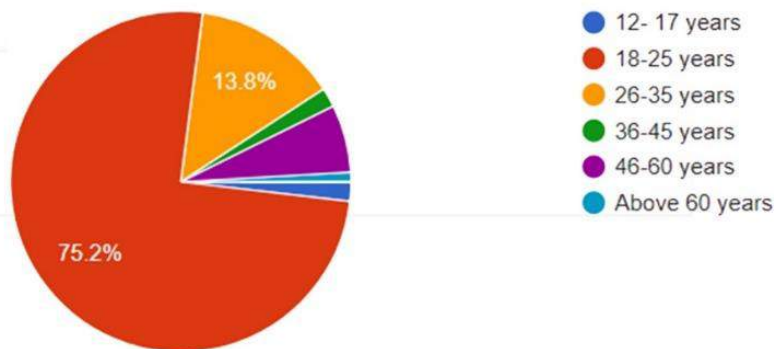
### Gender

109 responses



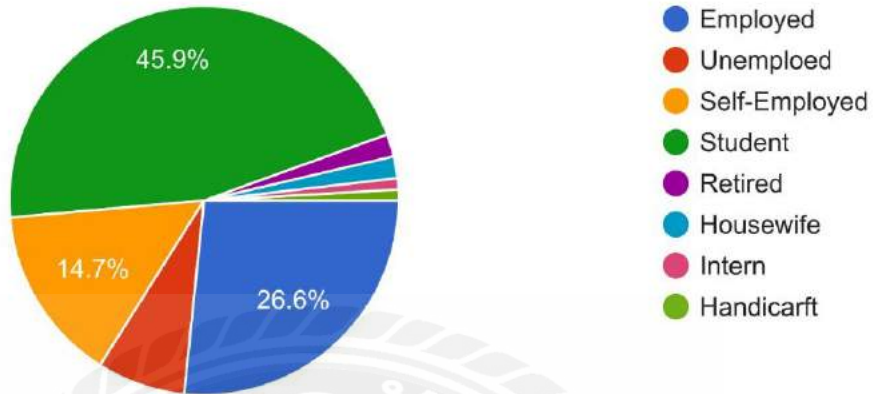
### Age group

109 responses



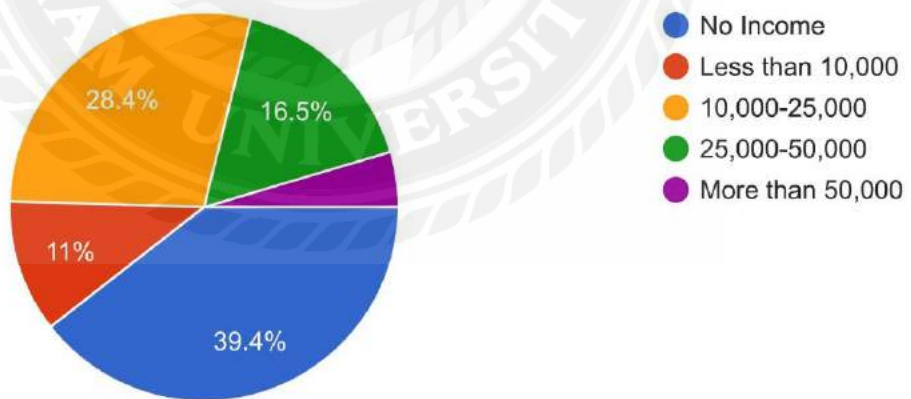
### Status:

109 responses

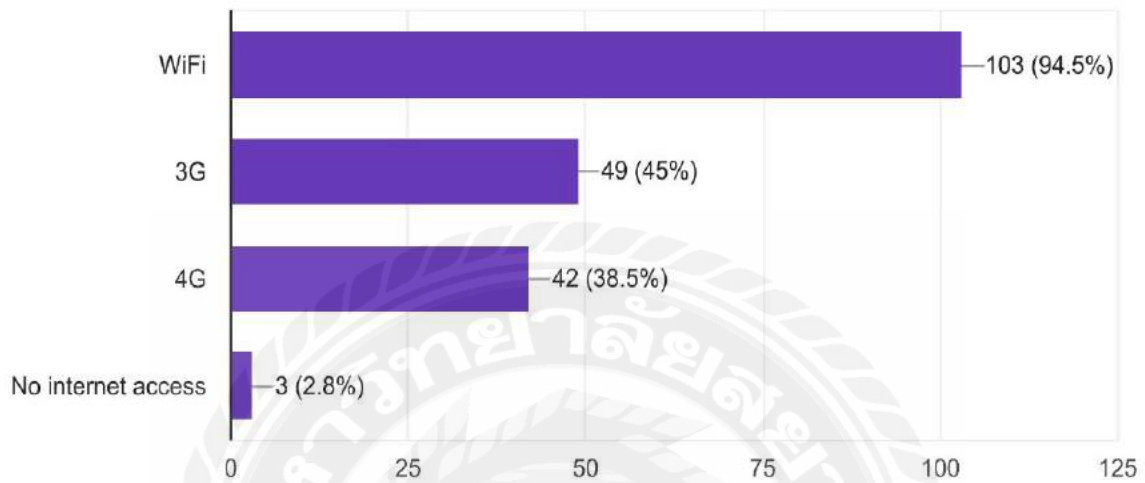


### How much is your monthly income?

109 responses

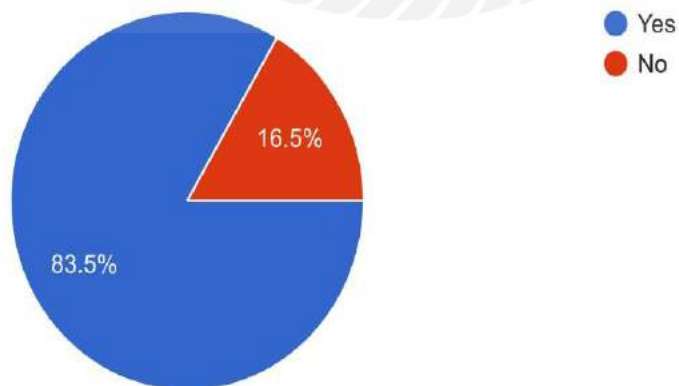


Do you use internet on your mobile phone? (Check ALL that apply)



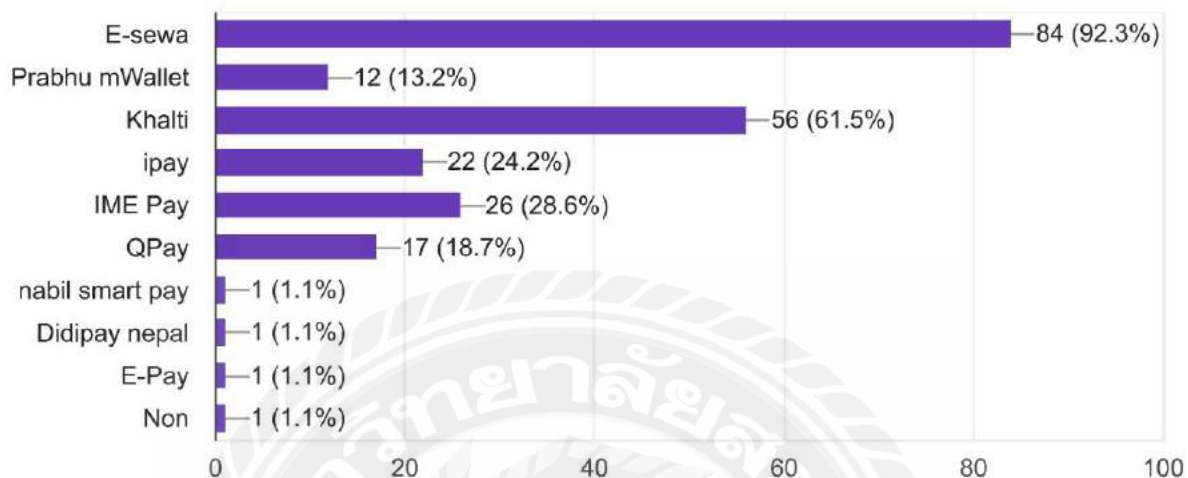
Are you aware of any Mobile Wallet services in Nepal? ( Eg. Esewa, QPay, Khalti..... )

109 responses



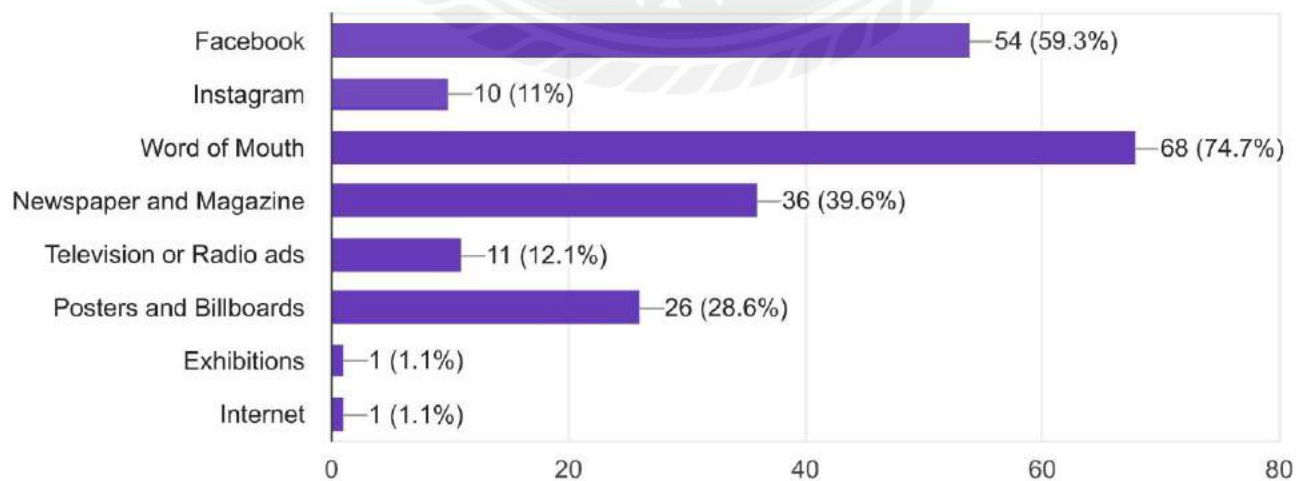


### Which mobile wallet are you aware of? (Check all that applies)



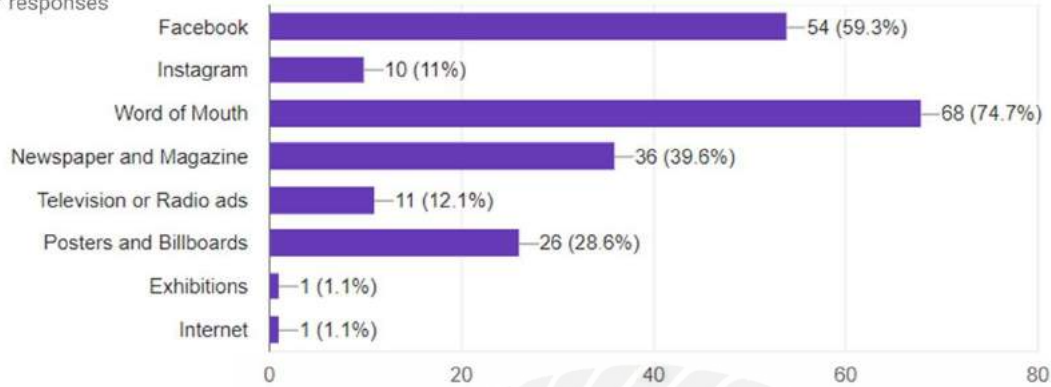
### Where did you get information about the mobile wallet? (Check ALL that applies)

91 responses

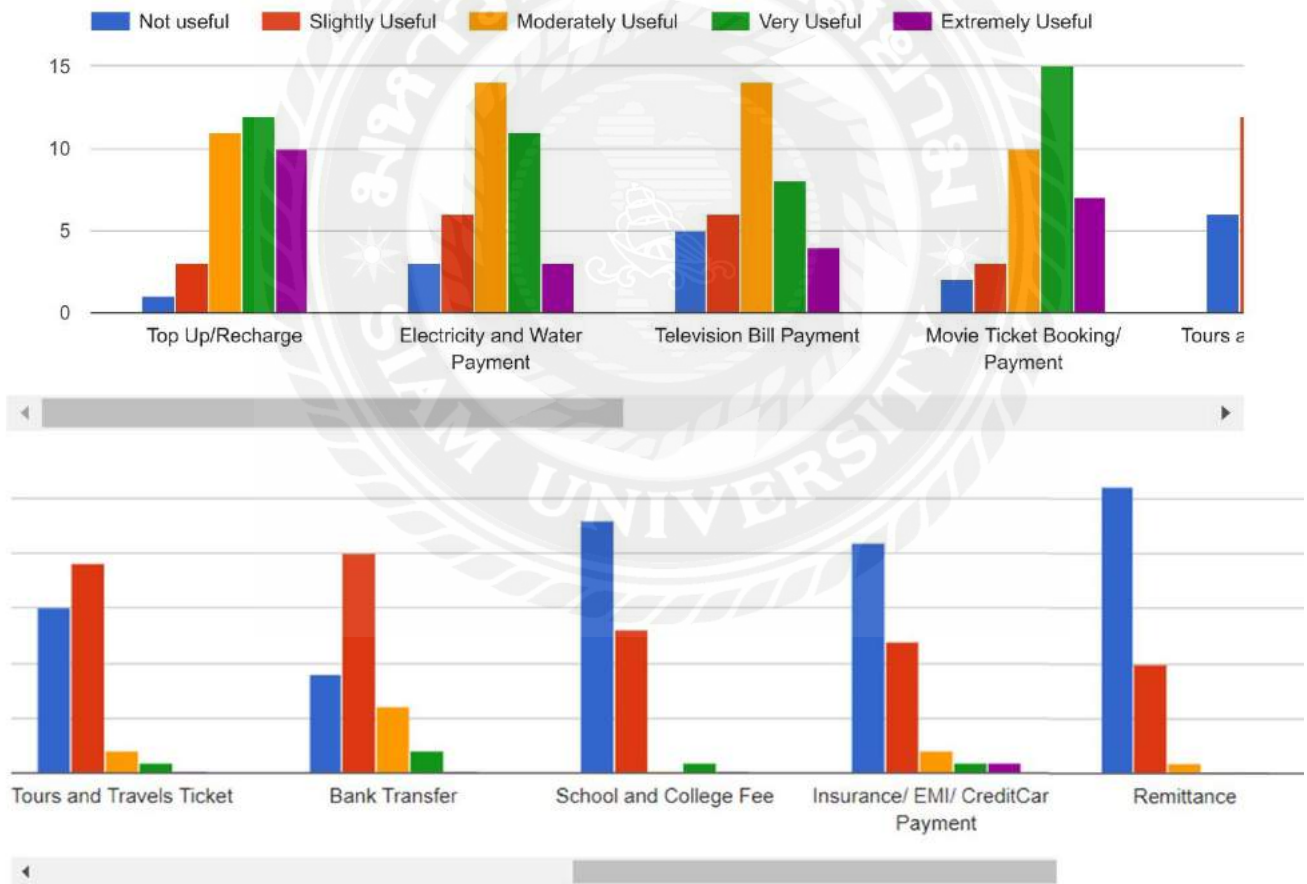


### How satisfied are you with the mobile wallet that you are currently using?

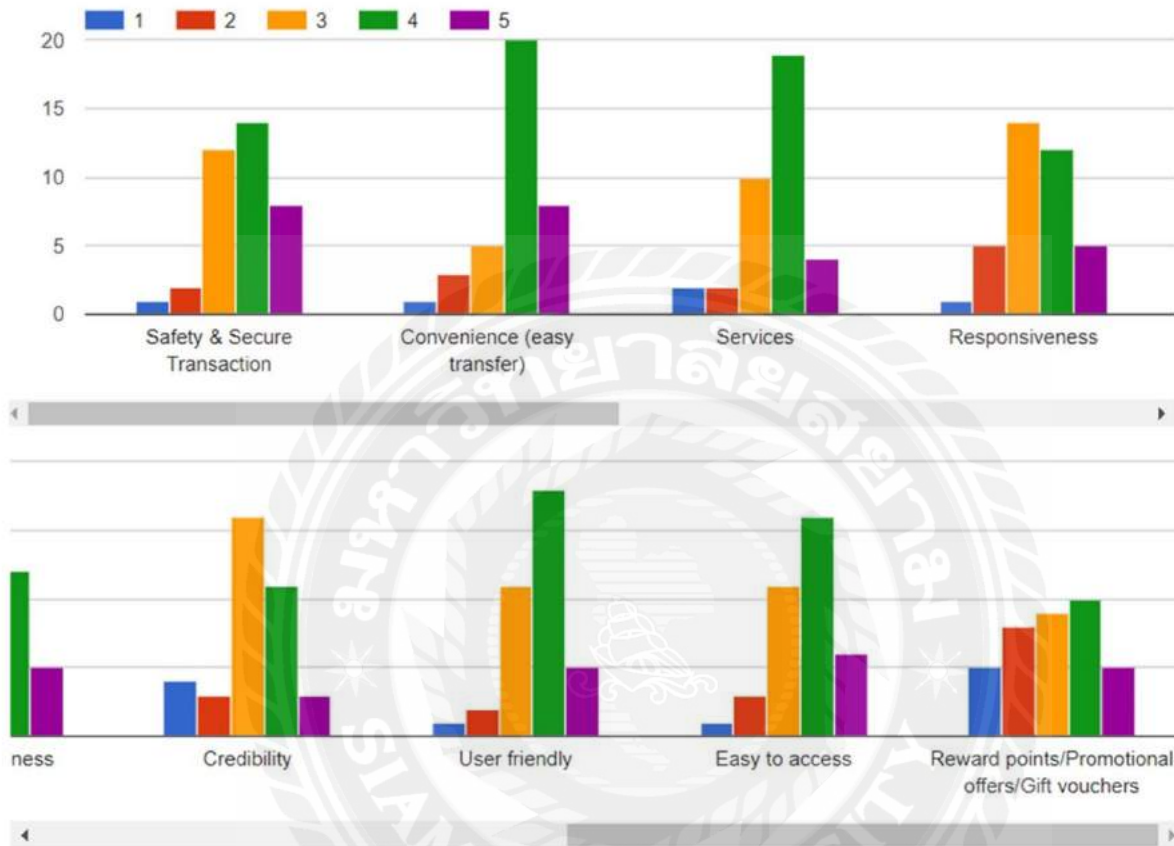
37 responses



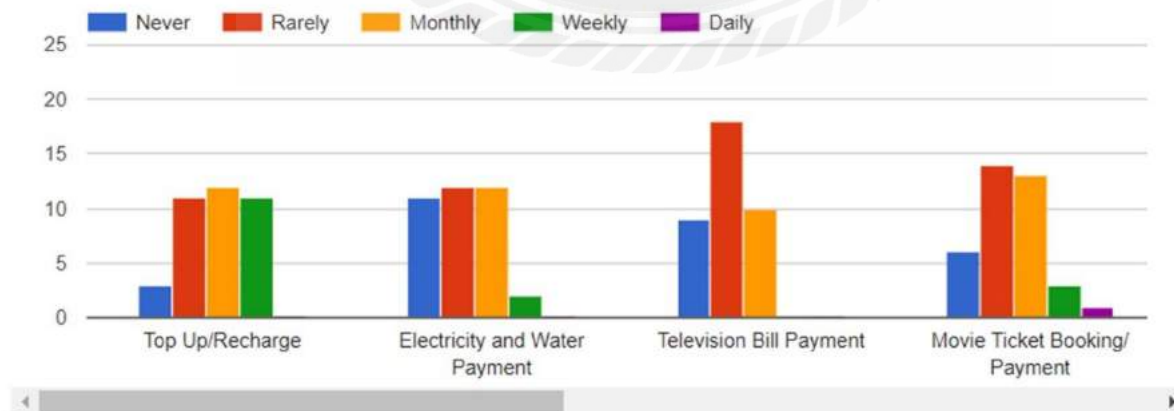
### Rate the following based on the mobile wallet you use:

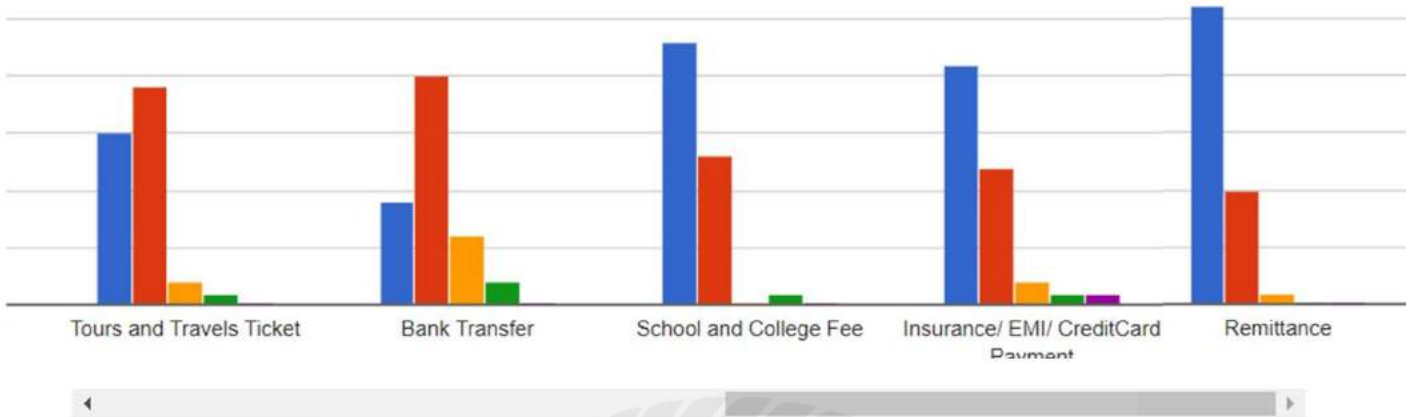


Rate the following based on the mobile wallet you use: ( 1 being the lowest and 5 being the highest)



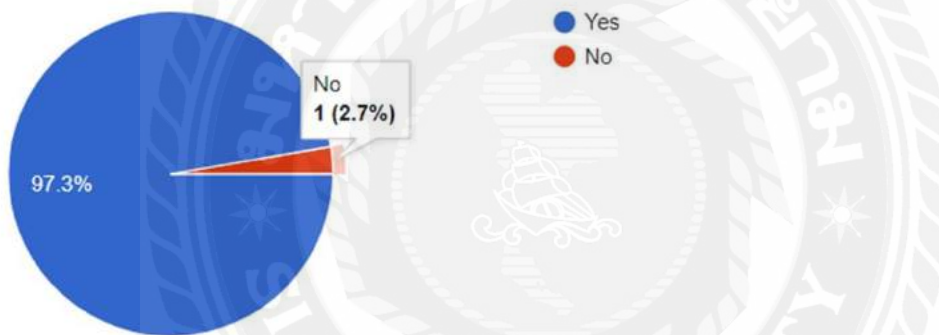
How frequently do you use mobile wallet for the following feature(s)?





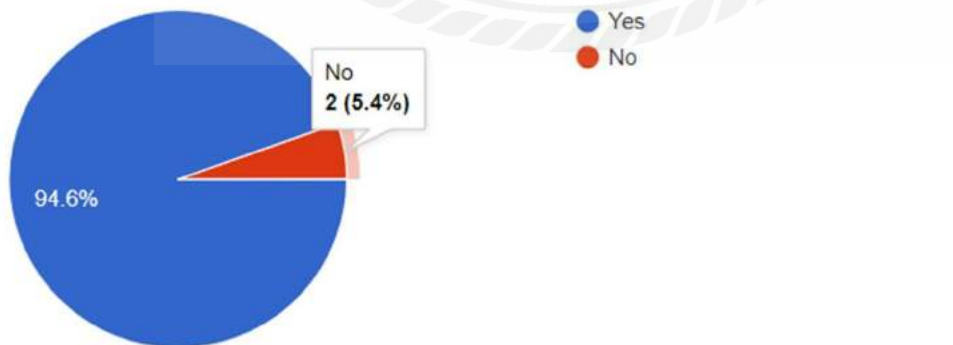
Do you want to continue using the current mobile wallet?

37 responses



Would you recommend anyone to use Mobile Wallet?

37 responses



## Why/why not?

37 responses

Because it saves time

Easy to use, makes banking transactions much easier along with payments of other bills.

Digitization is necessary in the era we are.

Very convenient, saves time and effort

Less time consuming

Moving towards modernization

Easy and convenient

Easy to use and convenient.

Because it makes it convenient

Convenient, easy to access

Online transactions are safer, easier and highly mobile. Thus, saves time.

Because u don't need to go to pay bills in Ktm's traffics just sit back and pay by phone  
still not so familiar with it

it is easier

H

Very Very Very Useful

Just

Easier and better

Easy

Because its very useful

It is really helpful and effective.

It saves time

very useful

-

Yeah obviously. It's safe, fast and makes your life easier. 😊

Becoz its easy

Convenience

Time saving

Comes in handy sometimes. World is moving more towards digitalization. Also, it is more safer than other means of payment.



Technical freindly

It's easier to pay Water/Electricity bills

it saves you lot of time, convenient, saves paper

Coz its not easy to use

Because it saves time

It's easy

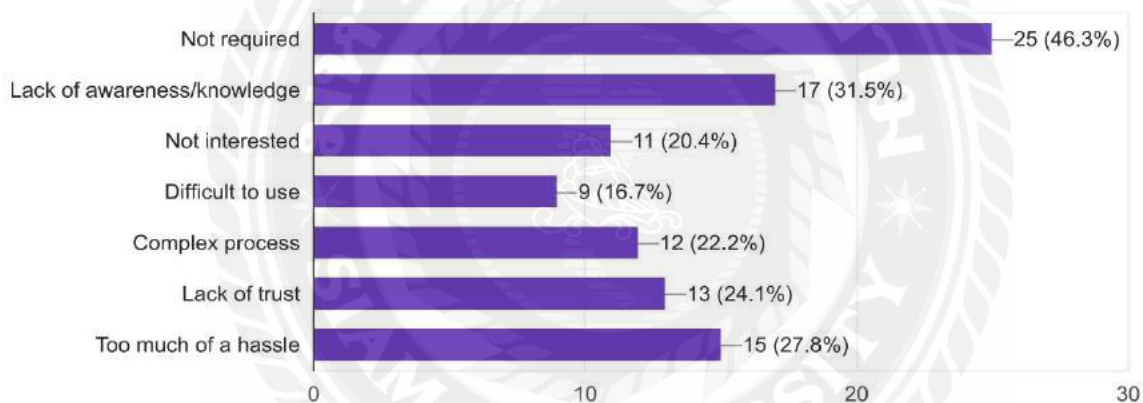
because their time, physical effort and energy will be saved by using it.

Better quality

### Section 4 (If you 'do not' use mobile wallet application)

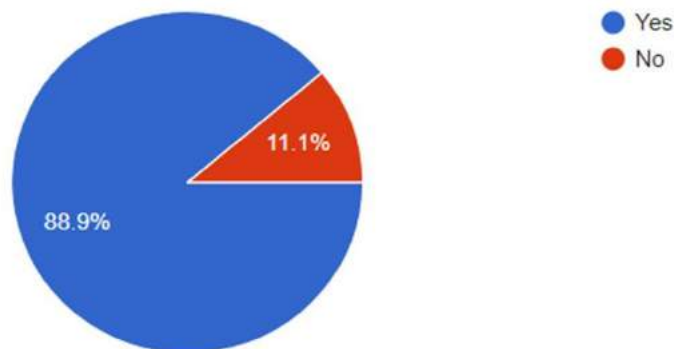
#### Why don't you use mobile wallet? (Check ALL that applies)

54 responses



#### Would you use mobile wallet in the future?

54 responses



## Why/why not?

54 responses

For a better experience.

If it starts working everywhere

Convenience

for easy transaction at emergency time

For emergency

Already mentioned why i dont use, then obviously the same reason

Depends upon service provided

To save time

If sufficient places accept this method of payment i would use it.

sounds fancy

khoooo

When mobile wallet is used by many stores, I will use it.

easy for doing any transaction and if user friendly

It will definitely be reliable and easy to pay bills from anuwhere , saving your time first amd foremost.

Convient

Because it will be easier to pay through wallets

Because it will be more convenient for me to manage my expenses once I start earning equally as much.

It's future anything can happen!

Cause i dont have ample cash to keep in bank.

its in is pilot phase so

Adapting with changing technologies is important. Plus it saves a lot of time and energy and makes many of the dealings and payments easier.

Maybe in the future

As transactions are being more digital with the grow in the internet usage

When I will know all technicalities I will start using mobile wallet system

I need to know detail benefit out of it

Online Transaction would be far more easier than going to the respective shops/ places and paying; an easy answer to a busy lifestyle!

for easiness

convenient and reliable means of payment

Easy in future

If extra charges are minimized and e-banking becomes simpler and less complicated.

This may be helpful.

I like

Just

Cause it's the future. Already thinking about it.

Lets see

Because through mobile wallet you can carry out your credit card or debit card information in a digital form on your mobile device.

Time saving

as the generation is advancing day by day, there is a need of everything which can be used in the mobile phones. and also as everyone is using mobile wallets and also as my curiosity is increasing about the mobile wallets, i would really want to use the mobile wallet later on.

Not sur. May be with advance tech I'll use. Idk

It is simple and Convenient

It saves your time

Its easier

i would use because it saves your time and makes ur payment process easier.

if it can be used

It is a helpful app of what I see till now

Easy to use for paying utility bills

Cashless future and need to adapt to changes :)

Lack of knowledge

If it's good, I'll use it.

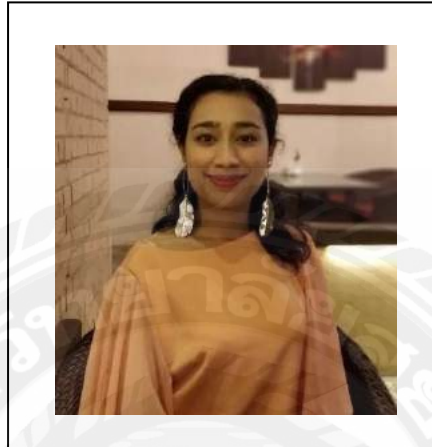
Making payments will be easy.

Maybe, it will be more user friendly in future.

Don't have any idea how to use

Yes





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