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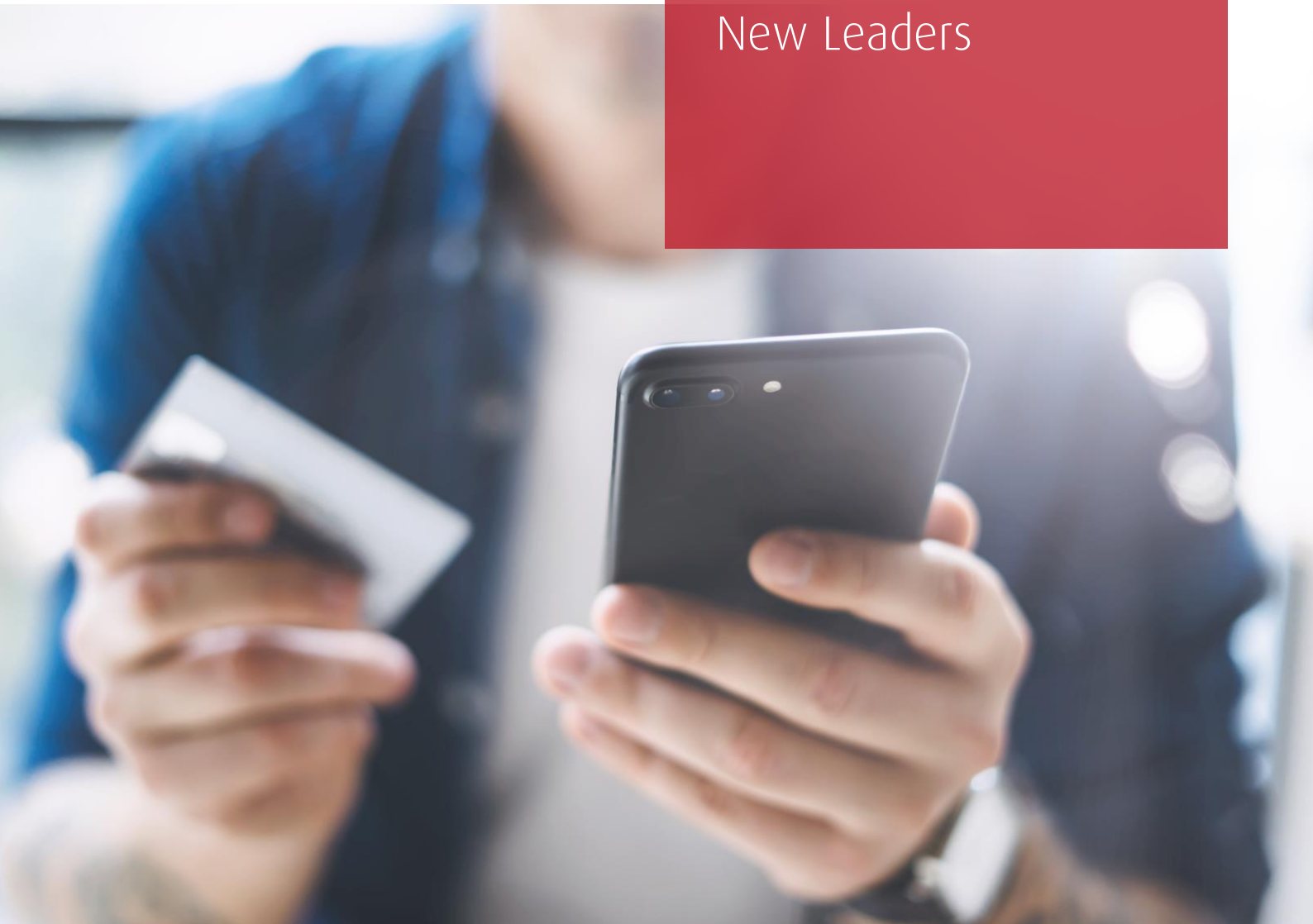# Technology &
Media Practice

Mobile Payments
New Market,
New Leaders

Amrop
Leaders For What's Next

Contents

Executive Summary

Already changing the lives of millions, the concept of Mobile Payments (MP) is high on the list of the strategic agenda of companies in multiple sectors, impacting people's daily lives as consumers and professionals and leading to profound change in a wide spectrum of organizations. Our article, examining the main developments of MP and its talent implications, draws upon Amrop interviews with twelve top Managers in the field.

New Market

Our interviewees are still at the discovery stage in the MP business. The market is booming and developing at a hair raising rate.

For mobile devices to become standard for financial transactions, open-mindedness will be key. Both for consumers, and industry players, who must collaborate as never before.

After initial mass adoption in developing countries and despite vigorous global growth since 2007, market lopsidedness persists. This demands different business models and strategies to meet the need for financial inclusion in 'developing' countries, consumer convenience and security in 'developed' countries. The three main platforms emerged almost simultaneously in different regions: SMS, (Short Messaging Service), NFC, (Near Field Communication), WAP, (Wireless Application Protocol).

In 'developing' markets, MP is enabling millions to become 'banked' and plan for the future – perhaps its true legacy. Nationally confined until recently, cross-border mobile money remittance services are now being created.

In 'developed' markets, classic infrastructure offers convenience and security to customers, new revenue streams and enhanced profitability to companies. We will examine how different stakeholders, with distinct strategies, also have inter-connections: Telcos, Financial Platform companies, end-user Consumer Product and Services companies, Governments and Banks, as well as the 'unstoppables' – Google and Apple. Still, many players view the service as a tool to understand consumer behaviour. The margins on MP transactions are globally low.

Experts agree that 'broad-open systems' (such as Android) will lead, as the most user-friendly, standardized platform. Customers, ultimately in the driving seat, want convenience, geographical availability, reliability and security. Yet systems remain over-complex, diversified and traditional. A 5-year scenario sees greater sophistication, integrating Banks, lending and borrowing. With simplicity backed by a healthy ecosystem, people's payment habits will radically change. This, too, depends on the ability of the different players to collaborate and deliver.

Whilst perceptions differ regarding the time for MP to become mainstream, all agree it is irreversible. Answers vary - between 3 and 15 years. Yet all interviewees believe that MP is a running train, even more because of customer demand. However, depending on geography and sector MP will be adopted sooner or later.

Security will be one of the determinants of success. Whilst service suppliers have invested considerably in data security, it is now up to the consumer to invest in a mindset change.

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New Leaders

Balancing technical skillsets with the ability to handle start-up dynamics is a tough call. Talent often hides under the radar and is globally dispersed. Getting the right people on board is a matter of trial and error.

A global talent war is underway: Competences linked to MP are equally prized by 'traditional industry'. Demand exceeds supply, with compensation packages swelling. Time pressure on hiring executives and the risk of losing out to a competitor, may compromise decisionmaking. Furthermore, top talent frequently meets proposals from all continents…

Strong employer branding and smart hiring are crucial. Search companies need geographical reach, knowledge and agility, and alertness to hidden innovators. They must act as employer brand ambassadors, with skills in transferring human capital between sectors.

An agile and risk-oriented mindset is needed for all: early failure often means disinvestment in MP. However, talents active at this stage of the MP life cycle are realistic, swiftly resuming their careers with alternative players.

Talent management is related to the maturity of the organizational life cycle. We discuss three company groups: mature (e.g. Telcos, Banks), relatively young (e.g. Google), and new arrivals. (e.g. Qiwi, LevelUp.)

The MP field is buzzing with joint ventures, based on varying motivations. From geographical coverage to technology sharing or common platform building, just as valuable are the exchange of human capital and know-how,

the acceleration of the go-to-market process or increase in market potential.

No single industry or individual spans the spectrum of required knowledge. Telcos, Financial Services, FMCG and Network Companies are the most targeted. Entrepreneurship and risk-taking are prized, as is a positive attitude towards unfamiliar sectors and models. Positivity, energy and passion combine to deliver the perseverance and resilience to make the new concept work swiftly and sustainably. These qualities must be underpinned by technical and risk management resources, from product development, knowledge of payment systems, portfolio management, fraud detection, and crucially, alliance and partnership management.

The transfer of internal talent from existing areas to MP gives a positive message to an organization. It signals change-readiness and willingness to challenge internal talent via the creation of new businesses. Still, since time is of the essence, external recruitment may be the best route to securing long term solutions for short term pressures.

For talent, the MP world offers tempting challenges; applications have penetrated nearly all steps of the consumer spending value chain. Specialized engineers are developing innovative payment platforms and cutting-edge communications. The big data game allows marketing and sales professionals to zoom in on consumer target groups with laser precision, and influence behaviour accordingly. Leaders are forging a new market and cultivating an enviable skillset: setting direction, exercising inter- and intra-organizational collaboration, resilience, perseverance, and agility.

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Mobile Payments

New Market, New Leaders

"May you live in interesting times…" this traditional curse could today be considered a call to action. Individuals and organizations able to surf the relentless waves of change are members of a privileged generation. For them, these are interesting times indeed, which find their ultimate expression in the most disruptive of business, economic and social forces: *Mobile Payments* (MP)

Already changing the lives of millions, the MP business is high on the strategic agenda of companies in multiple sectors – from Telcos, to Banks and Merchants - and the consumers they serve.

In this article, we draw upon Amrop interviews with twelve top Managers. First, we unpack the intricate and interconnected world of MP for those seeking to enter the labyrinth. Next, we provide indicators for hiring organizations and candidates regarding the kind of leadership talent best positioned to drive those organizations forward.

Our interviews clearly revealed that the key stakeholders in MP are still at the discovery stage when it comes to translating technology into a robust - and profitable - service offering. Nevertheless, it's a booming business. Already in 2013, Gartner had predicted that the value of worldwide MP transactions would reach US$2354 billion that year - a 44 percent increase from 2012.

This article takes us into the 'Money World' and the way cash is being reinvented. "Technology allows us to redefine how people manage, spend and borrow money."[1] Indeed, its impact can be found not only in our day-to-day lives but in the evolution of our careers and in the way entire organizations are reorganizing themselves around the topic.

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[1] Source: Introduction video, Money 2020 Conference (2013)

New Market

As we march towards a time where mobile devices become the standard for financial transactions, open-mindedness will be key. For consumers, who will decide upon the most convenient platform or the most interesting 'e-wallet.' And for industry players, who are doing all they can to serve those – often hesitant – consumers. *Or is it the other way around?*

Moreover, is it only about the money? Hardly. MP concerns human rights, implying the financial enfranchisement of millions. A truly interesting social perspective, in a sector whose backbone is essentially built from the material of economics.

Finally, how is the creation of the MP market affecting talent management? What competences are needed to succeed in this next big market for talent? How can we determine the best fit between companies in the MP arena and talent from different sectors, attuned to somewhat different business practices? The fact remains that this area suffers from a potentially problematic shortfall in talent. We will find out why, and what companies can do to solve the problem.

Global Service, Different Perspectives

Untypically for a technological development, mass adoption of MP began in developing countries as Mobile Money, being one answer to the financial needs of the local population. Since 2007, innovation and uptake have been vigorous on a global scale. However, unevenness persists, with different business models and strategies needed to answer different market needs and opportunities - financial inclusion for the developing countries, consumer convenience in the developed countries, for example, and the ascent of big data in general.

Fast Facts

Three quarters of the world's population have access to a mobile phone. 85% of smartphone owners browse for products, 66% make purchases directly on their mobile devices, 68% of smartphone owners use their mobile devices to compare and shop.

The average person spends 2 to 5 years of their lifetime waiting in lines. By 2017, mobile banking will hit 1 billion users worldwide and mobile commerce transactions will exceed US$3.2 trillion.

Based on this information, we can easily imagine that there is more potential for innovation in money in the next 7 years than in the last 100 years.

Gartner predicted that MP transactions in Africa would value US$160 billion in 2013. In Asia Pacific, the second fastest-growing market, it was forecasted that transactions would total up to US$165 billion.

Source: Introduction video, Money 2020 Conference (2013)

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The three main technology platforms underpinning MP emerged almost simultaneously - in different regions. A glance at these illustrates the need for leaders to address not only geographical lopsidedness, but to engage in intense, and often structural, collaboration with complementary or even competitive organizations.

1. **Pure SMS (Short Message Service) payment for goods or services** via a local agent is the most commonly-used technology in developing markets: particularly Africa. Its roots lie in Kenya where local Safaricom launched M-Pesa (Mobile Money) in 2007. Currently Safaricom claims over 16 million subscribers. It was followed by other African operators, Orange in Western Africa (among others) resulting in SMS payments becoming a common practice in the region.

2. **NFC Technology, (Near Field Communication).** In the developed world, MP rollout has been closely linked to NFC Technology. NFC phones establish contact via radio communication, either when touching, or in close proximity. In Asia, NFC is widely used to pay for public transportation. Europe combines SMS and NFC technology, its progress hampered by low coverage of point-of-sales terminals offering an NFC module. In response, several payment platform owners and hardware manufacturers are collaborating to integrate NFC technology in smartphones and payment terminals - Samsung and Visa, for example, or Apple, who are embarking upon initiatives to integrate NFC technology in the iPhone.

3. **WAP (Wireless Application Protocol)** is mainly used by consumers to download mobile content and click to authorize payment. WAP payments can be made without mandatory subscription to a mobile operator.

Developing Markets - Financial Inclusion

In (rapidly) developing markets, MP solutions address people's fundamental right to manage their money in a professional and secure way (something formerly hindered by patchy or absent physical banking distribution networks). Here, MP is closely linked with the concept of Mobile Money – the ability to transfer money between mobile phones. Yet worldwide, 2.6 billion people remain unbanked, (1.8 billion in Africa). In Latin America, according to one interviewee, 60% of the population is unbanked. Yet it would be misleading to assume that the underbanked are limited to the so-called developing world - 30% of US citizens are in this position. In general, payment for goods or services by mobile phone is a liberating prospect and many people in developing markets have adopted the technology faster than the traditionally banked.

As people gain access to financial services and more predictable, stable and secure transactioning (essentially becoming 'banked') their ability to better plan for the future will perhaps be the true legacy of MP. Again, achieving this demands collaborative behaviour from stakeholder organizations. The agents who manage the financial accounts of clients and mobile telecom operators play pivotal roles. MP services offer them a stable income stream, creating a dependency (or, more nicely-put, loyalty) and continuous revenue streams between client and operator. So MP represents a clear motivator for Telcos to further invest in their networks and Telco networks are increasingly evolving into ATM Networks. If borders between organizations are dissolving, national borders are following suit. Until recently, new developments in money transfer were nationally confined. However, times are changing. A new cross border mobile money remittance service was recently launched between Tanzania and Rwanda. And M-Pesa has launched a platform that allows money transfer between the UK and Kenya.

Developed World – Consumer Convenience as the Driver

In most 'developed' countries, established, traditional infrastructure offers convenient and secure payment via classic channels – for example, credit and debit cards, PC Banking, physical bank retail outlets. Our interviewees confirmed that companies are engaging in MP solutions as a source of additional revenue streams and/or to raise the profitability of their current offering. Apart from Telcos, Banks, Retail Chains and Mobile Commerce players, including Google, Apple and Amazon, have joined the movement, as well as Financial Platform companies such as Visa and MasterCard. Whilst consumer demand for convenience is clearly being met, those consumers equally need to feel that the payment process is correct and secure.

> It has been difficult to strike an optimal balance between finding the required technical skillset and finding people able to work within the specific dynamics of a start-up.

The practical benefits of payment transaction or money remittance are unquestionably appealing to service suppliers (Mobile Operators, M-Commerce Companies, Retailers and Payment Platform companies). Yet a second advantage is perhaps even more alluring – that of tracking, influencing and guiding consumer behaviour. As the margins on MP transactions are globally rather low, many see their principal value as a tool to understand consumer behaviour. Here, too, challenges lie, since 'data' does not necessarily imply 'information.'

Big Data

M-Commerce has become a "Big Data Game". The companies that not only *possess* rich consumer data but can *use it effectively*, such as Apple, Google and other online stores, will be in leading positions to zero in on the intricacies of consumer behaviour. However, Telcos, Banks and other companies have not, to date, been very successful in taking advantage of the sheer volume of bits and bytes they gather daily.

A further example of unexploited potential is the EMV (Europay, MasterCard, Visa) chip card (see Case Notes - 1). Initially hailed for its multi-application capability, (including healthcare records or loyalty point systems) the EMV chip card was rarely utilized beyond its basic purpose of cryptographic data storage and support in payment authorization. It has to do with *interoperability*. The chip card is provided and owned by the Bank, whose most important requirements are security and reliability. Banks can't change the features and functions of a bank card and expect users to automatically trust its reliability. So it has been a slow process to develop that multi-function capability. The mobile phone will actually be the facilitator of the additional functionality that we all thought EMV would bring. Yet it will take the EMV chip card framework to make this happen.

Case Notes - 1

EMV is the global standard for the inter-operation of integrated circuit cards (IC or 'chip cards'), IC card-capable point of sale (POS) terminals and automated teller machines (ATMs), for authenticating credit and debit card transactions. EMV was used for traditional payment cards – in Europe the standard is called SEPA (Single Euro Payments Area). As of March 2012, SEPA consists of the 28 EU member states, the 4 members of the EFTA (Iceland, Liechtenstein, Norway, Switzerland) and Monaco.

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The Players (Who's Acting? Who's Performing?)

If a discussion about MP is often synonymous with economics, quite different stakeholders are involved: Consumers, Retailers, Banks, Telcos, Tourism, E-commerce players. More broadly, the concept extends to All That Is Mobile, including digital goods, entertainment, betting and gambling. In the end, who has the most potential to use this technology?

Telcos. Clearly one of the key initiators of this market, will Telcos be able to retain their stake? It's not clear, a leading Telco executive told us. The margins on financial transactions are low and most Telcos have a short-term model to boost revenues. To evolve, they will also need a banking license, bending them to the strict regulations and audits of the banking sector, something not naturally in line with their DNA. Indeed, most Telcos strive for a *more* flexible working framework. With a deposit banking license in their own name, they will have to manage risks and reinsurance, and handle collection on behalf of third parties from whom their customers buy products and services. Here, too, collaboration is providing answers. Many Telcos have sought set up joint ventures with banks. Telcos bring to the table the advantage of major network infrastructure combined with flexible and fast-response commercial strategies.

Financial Platform Companies such as MasterCard and Visa have close relationships with banking. In the past they were able to define payment standards and gain their acceptance worldwide. MP, on the other hand, will only succeed when people can use the application wherever they are, on whatever device. Therefore, at least one common payment standard must be accepted on a global level, ensuring correct and safe financial transactioning (see Case Notes - 2). For this, the key word is, again, *interoperability*. Payment technology has to be open and inclusive – and here, once more, it's a question of collaboration. Big players such as Visa and MasterCard, American Express and JCB are co-working to develop common payment standards. The worst possible outcome, they believe, is that the market would be confronted with incompatible payment methods. According to Mary Carol Harris, Visa's Head of Mobile Strategic Alliances: "Payment technology has to be open and inclusive. So, although Visa competes fiercely with MasterCard, JCB and American Express, we work together closely on developing technical standards."[2]

Financial platform companies have the experience of building out merchant networks offering MP to end customers - key to achieving the required scale. Their interest is clearly more transaction-oriented and caused by the need to formulate an alternative for their 'traditional' payment solutions.

Case Notes - 2

In the US a joint venture between Verizon, T-Mobile and AT&T was installed in 2010 under the name of ISIS to centralize the end consumer's assets. Initially set up with Barclay's, in 2011 the partnership was extended to Visa, MasterCard, Discover and American Express. A further joint venture between Telefonica and MasterCard aimed at introducing mobile payment solutions in 12 countries in South America (under the name Wanda).

[2] The Raconteur, Charles Orton-Jones, June 2013

End user-oriented consumer products and services companies - this segment includes traditional retailers and omni-channel or purely online players, such as Apple or Google. As awareness grows regarding the importance of maximizing reach to end consumers, several initiatives have been taken on a global level to join forces (see Case Notes - 3).

Retailers in particular have a new role - having obtained a banking license, many can today be considered as important as retail consumer banks and are benefiting from the use of financial data in customer segmentation and communication to engage in mobile commerce. In order for this business to become mature and profitable for its stakeholders, initiatives will probably be taken by all to maximize market share or geographical coverage.

Other sectors in close contact with residential customers – all have potential. Yet it will be crucial for them to create buy-in with merchants to motivate them to offer MP solutions to their end customers. The challenge lies in developing both sides simultaneously: a customer willing to pay, a retailer willing to accept that payment. Yet retailers are generally reluctant to make the necessary investments in new payment avenues. To convince them, critical mass is needed. The big question: how do you reach this critical mass, with enough customers and enough places to pay? Once attained, the critical point expands rapidly and is used everywhere. If you don't reach it, it might die a rapid death. Examples of success include the Airtel digital wallet, already building exciting partnerships to give consumers a wide range of options: booking rail tickets, Talk Time recharge, utility bill payment, movie ticket booking, online shopping, money transfer and remittances and ATM withdrawals (partnership bank). Here again, we see the collaborative model at work.

Governments too, are using MP to help populations become financially included. The Government of the Democratic Republic of Congo is already paying the wages of some employees via mobile phone.

Banks are in a different situation. Some interviewees told us that, economic and lobbying power notwithstanding, banks are not leading innovation (in some cases, quite the contrary), perceiving that they have less affinity with small transactions and low-cost businesses. Visa and MasterCard are already devoting considerable effort to this in anticipation of the potential loss of a high volume of transactions. One interviewee even projected an erosion of 50% over the next 5 to 6 years. Banks, then, are closely monitoring developments, while Telcos are working on the creation of the most user-friendly and secure MP methods. The latter report a different challenge: they are losing control over the phones. In developing markets the sailing should be relatively smooth for Telcos - for the time being. In developed markets, however, Telcos face a clear risk of commoditization – regression into a sales channel with little added value.

Case Notes – 3

The Merchant Customer Exchange (MCX) was created by a group of leading merchants in the US with a single purpose: offering consumers a customer-focused, versatile and seamlessly integrated mobile-commerce platform.

A company launched in the UK, WEVE was initially created by the leading mobile operators to share technology and data and aimed at advertisers. Advertisers bundled forces to position themselves in a powerful way among other operators and in the different mobile wallet solutions.

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The unstoppables. Google is already on track and Apple has created the most successful wallet ever, iTunes. With more than 550 million subscribers, they only need to take a chance with their current customers to become the prime player in this market.

For all players, one thing is clear. Today's consumer seeks an easy and secure platform – increasingly across geographical borders. For Mobile Operators, the evolution of smartphone technology will be essential, as will the need to reach as many potential users as possible. Therefore, from a technological perspective, it is expected that an open platform will adopt the lead. Let's take a closer look.

Technology

Whilst most experts agree that technology will not be sole success driver of MP, all concur on the primacy of 'broad-open systems' (such as Android). Implicit in this term: the most user-friendly, standardized platform will gain the most rapid consumer acceptance. And it is the consumer who will ultimately drive this business, based on convenience, geographical availability, reliability and security.

A further common denominator emerged from our interviews: *we are at the beginning of the boom!* Systems remain over-complex and diversified, yet surprisingly traditional. A 5-year scenario sees greater sophistication, integrating banks, lending and borrowing. With simplicity of use, backed by a healthy ecosystem, people's payment habits will radically change. Again, it all depends on the ability of the different players to collaborate. One potential blockage may be the hunger of stakeholders for their piece of the pie. Others are change-resistant and even engaging in ways of sabotaging new players, rather than driving innovation.

In 5 years' time, say the majority of those interviewed, digital wallets will prevail, with MP applications the common tool. Emerging technologies like NFC (Near Field Communications) and Bluetooth in handsets will simplify transactions. So, too, will QR (Quick Response) code-based payments. Even today, smartphones are compatible with NFC and QR code technologies. The physical bank card might be the source of the payment, still co-existing with the NFC-enabled mobile handset like an NFC bank card, or PayPass in the case of MasterCard. Carrier billing is probably the most efficient way forward, but regulation is looming, since this is a model close to an open bank account for current expenses.

> A 5-year scenario sees greater sophistication, integrating banks, lending and borrowing. With simplicity of use, backed by a healthy ecosystem, people's payment habits will radically change. Again, it all depends on the ability of the different players to collaborate. One potential blockage may be the hunger of stakeholders for their piece of the pie. Others are change-resistant and even engaging in ways of sabotaging new players, rather than driving innovation.

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The challenge will be to understand customer needs and identify and collaborate with the right partners. Therefore, Mobile Payments will no longer be an engineering product, but a consumer product.

Discussing customer demand for the digital wallet, another player foresees an agnostic IT layer in the marketplace to interact with them. Whether NFC, 3G, 4G, Bluetooth or other technology, matters little. The winner will be the one that makes it easier for the client to use. Several observers have indicated that NFC is already losing market share.

Most interestingly, it seems that technology will ultimately progress from *competence* to *commodity*. The challenge will be to understand customer needs and identify and collaborate with the right partners. Therefore, MP will no longer be an engineering product, but a consumer product.

Another important question: when will MP go mainstream? Answers vary, from between 3 to 15 years. Summarizing, our interviewees deeply believe that this is an unstoppable process, even more so because customers demand it. However, depending on geography and economic sector it will be adopted sooner or later.

Security

A big issue, security may be one of the determinants of success. Customers will never be open to dealing with a provider that is not perceived as watertight. Whilst service suppliers have invested considerably in data security, it is now up to the consumer to invest in a mindset change. "In my opinion, it's less risky than the e-commerce transaction," said one interviewee. "Globally speaking; people generally tend to be more cautious about e-commerce. In m-commerce, given that there is a major operator behind it, it'll tend to be more trustworthy. Security may not be a real issue." Another confirmed: "I am not a tech specialist, but we currently know that MP technology is safer than the Internet due to the fact that each mobile has a unique id number worldwide, which is used to identify each completed transaction. It also uses geo-location technology, another form of data that can be used for the transaction matching process."

New Leaders

As we have seen, the MP marketplace is crowded - stakeholders have different market visions, backgrounds and organizational structures. However, all our interviewees agreed on a common point: apart from a well-developed strategic plan, fit-for-purpose human capital is a non-negotiable. For all of them it has been a difficult exercise to strike the right balance between finding people with the right technical skillset and people able to work within the dynamics of a start-up business.

The way players deal with talent questions is, among other factors, related to the maturity of their life cycle. Globally we can make distinctions between three types: the mature companies (including the Payment Platform companies, Telcos and Banks), the relatively young companies such as Google, and finally the new arrivals created in recent years and who have, surprisingly, often adopted leading positions. This category encompasses companies such as Qiwi, LevelUp and Square.

The new arrivals initially attracted innovators, people with the capability, perseverance and vision to forge new markets. In most we see an equilibrium between people with engineering and product development roots and marketing backgrounds, combined with an entrepreneurial and 'can do' spirit. Some are currently confronted with the need to find the talent best able to guide the business to the next step in its lifecycle and to steer its evolution from niche player to mass market provider.

The relatively young companies such as Google, Apple and PayPal are probably in the most comfortable position. Years ago they experienced the ways to deal with new market challenges and already have solid reputations and financial backbones that make it easier to attract key people to support the development of the MP markets.

The mature companies (to which the majority of our interviewees belonged), including Telcos, Banks and Payment Platform companies, frequently underlined the fact that they are facing a more challenging situation when it comes to their human capital. They must invest in people who feel at ease in dealing with start-up situations - not a habitat that mature players are typically able to offer.

Irrespective of the company our interviewees worked for, the majority admitted that finding the best-suited human capital has been a struggle and, in most cases, a process of trial and error. Some companies were obliged to recruit their entire staff corpus externally whilst others decided to populate their new entities mainly with internal people.

> All our interviewees agreed on a common point: apart from a well-developed strategic plan, fit-for-purpose human capital is a non-negotiable.

> "Ericsson's structure, size, resources and reputation were great assets that helped a lot, but also, in a sense, these were our main challenge as well, as changes in the Group and new overall priorities affected what we were doing."

The Ericsson Case

In a well-known case, Ericsson decided to create an MP installation from scratch - a challenge for a 130-year old company. Despite a gargantuan workforce and internal know-how, Ericsson was concerned about the time and effort it would take to motivate internal employees and effect the mindset change needed to create a successful start-up environment within a large organization. The Board of Directors sanctioned a major recruitment drive, blending internal assessment and external hiring.

Ultimately, Ericsson took the decision to reduce its ambition and investment in the business. An interviewee shared his experience with us: "As an organization [the Mobile Payments organization], we achieved outstanding results despite the very ambitious plans that were set forth. Ericsson's structure, size, resources and reputation were great assets that helped a lot, but also, in a sense, these were our main challenge as well, as changes in the Group and new overall priorities affected what we were doing.

At times, we found ourselves putting more effort on internal politics than on developing the business – which, of course, was frustrating for all those who had been recruited for a certain vision and mission, and who were entrepreneurially driven. For a few, it was OK, they did not mind and they stayed, but the others left because it was not what they were recruited for."

Finding internal talent with the courage and ability to think and act in a different way, to abandon a secure and predictable working environment, is a challenge indeed. Some interviewees purposefully opted to combine external and internal hiring to combine existing know-how with external insights.

Since most structures were newly-created, an influx of people and know-how was reported. From a managerial perspective, Leadership would need to create a stimulating working environment, with no dissonance between the firms' behaviour and goals and an environment giving autonomy and freedom to its associates to think differently and create, whilst respecting KPIs. One interviewee from a market-leading company mentioned that, when looking back at the start-up situation, the key competence emerged as the ability to align people from different working environments - and most importantly - to leverage existing knowledge to serve one common goal. Again, notions of collaboration and connectivity emerge.

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As we have seen, the MP field is buzzing with joint ventures. Motivations vary. Joint ventures can be related to creating geographical coverage (as a reminder, Weve in the UK, a company initially created by the leading mobile operators), or to share technology (for example, the recent partnership between Weve and Master Card to enhance the use of NFC technology). Other examples include the afore-mentioned ISIS, (the joint venture between AT&T, T-Mobile and Verizon, Wanda, (a JV between Telefonica and MasterCard) to cover the rollout of MP Services in South America. Meanwhile, MCX comprises some of the largest retailers in the US.

Several mentioned that, apart from technology-sharing, joint ventures also allow the exchange of human capital and know-how and, as such, the fundamentals for accelerating the go-to-market process or increasing market potential. These new initiatives often work on the basis of virtual structures within an intensively international context. This calls for people who have the ability to work in project-oriented environments with peers of different nationalities, coming from companies with organisational structures and cultures that differ from their own paradigms. In addition, they have to be able to meet challenging deadlines and react in an agile way to market evolutions.

From a sectorial perspective, all our interviewees agreed that most of their key associates came from Telcos, Financial services, FMCG and Network Companies and were able and willing to perform successfully in a start up situation.

Yet two problems face talent management custodians. Firstly, talent often lies under the radar and secondly, it can be globally dispersed. For our interviewees, it was essential for recruitment partners to have an international footprint to source talents on a global level, that global thinking and acting be integrated in their DNA, together with insight into the strategies and key events of the major-sized companies – insight that must, (we might add), be ethically and discretely deployed. More important still, however, was the need to be attuned to hidden innovators.

In addition, recruitment partners must also act as convincing employer-brand ambassadors and be skilled in transferring human capital between sectors. Finally, an agile and risk-oriented mindset is required on both sides, since not every initiative meets with success and the profitability of the MP business frequently fails to meet initial expectations in the short-term, resulting in the shutdown or modification of several initiatives (the Ericsson case, and the joint venture between Starbucks and Square are just two examples). However, as we saw, talents active in this business at this early stage of its life cycle are realistic about set-backs and in most cases can swiftly resume their careers with alternative players.

All our interviewees agreed that most of their key associates came from Telcos, Financial Services, FMCG and Network Companies.

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Talent Profiles

As we have seen, MP is a diverse and busy arena. It naturally follows that operating companies need to recruit and develop people with equally diverse sets of skills and competences. Regarding mind-set, the following constants emerged:

- Entrepreneurship and innovative ability
- Humility
- Strong client orientation
- Alertness to signals
- Risk-taking profile.

Entrepreneurs, risk-takers… such are the people who blossom in an agile working environment. They are used to navigating change, can work confidently in emerging markets or new economic areas and can operate at the speed of those markets, changing direction quickly as required.

Interviewees further agreed that a mix of sectorial profiles is needed. When recruiting externally, they seek candidates with experience in the following:

- Telecommunications
- Technology
- Retail
- FMCG
- Financial Services and Consumer Banking.

Talent, then, continues to be resoundingly relevant – especially when it involves leaders with exposure to new service channels, namely e- and digital banking. The reason underlying the quest for diversity is a simple one – no single industry contains the spectrum of knowledge required.

A further critical factor emphasized by our interviewees is the attitude of candidates towards an unfamiliar sector and business model. Hiring organizations prize those who display positivity, energy and passion. They understand that it is precisely this bouquet of traits that can result in perseverance and resilience – qualities key to make a new concept work swiftly and sustainably.

"I have been a Consumer Banking person throughout my life with early-stage exposure to the credit card business in India and, later on, hands-on experience in evolved markets like Japan. Also experience in virtual banking and e-banking. Hence I have been able to understand how this business needs to be built in a developing, versus a developed, market."

> "All sorts of technical skills will naturally grow through the development of technology. From a specific mobile industry point of view, it probably comes back to collaboration, openness, communication and being able to professionally manage - working as a team to accomplish the goals."

The creation of new positions also raises the need for specific technical skills and knowledge. The following were raised by interviewees:

– Good product development skills
– Knowledge of payment systems
– Marketing experience in payments
– Experience in portfolio management
– Expertise in:
  – Transaction banking
  – Technology
  – Fraud detection and prevention, compliance and regulation
  – Merchant operations management
– Managing alliances and partnerships within the ecosystem.

Yet it can be difficult to define what backgrounds yield the best-suited talent. Furthermore, just as no single *sector* can contain all the knowledge needed, it is equally impossible to find single *individuals* who offer the range of the skills and competences articulated. Here are some of the testimonies of our interviewees:

"There are all sorts of technical skills that will naturally grow through the development of technology. From a specific mobile industry point of view, it probably comes back to collaboration, openness, communication and being able to professionally manage - working as a team to accomplish the goals."

"We have a lot of people with experience in the Telcos and Banking areas, which is an added-value. We also have key people in key markets providing us relevant input about the initiatives taking place locally, the reasons behind their success or failure. This gives us powerful insights and helps us to define action plans for that particular context."

"I have been a Consumer Banking person throughout my life with early-stage exposure to the credit card business in India and, later on, hands-on experience in evolved markets like Japan. Also experience in virtual banking and e-banking. Hence I have been able to understand how this business needs to be built in a developing market versus a developed market. The team for this business under me was largely built on a model of being expertise- and senior-heavy. Three years down the line, the team is now widening. Guys brought in core experience on areas critical for the business: for example, in transaction banking from Retail Banks, similarly domain experts in compliance, customer service, risk management, fraud operations, anti-money laundering, KYC (Know Your Customer). The team has been good at leveraging its existing knowledge on the sources of potential risks and ways to mitigate them."

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The War For Talent

One Hiring Manager confessed: "We have people with two or three years' experience being recruited with salaries up to $150.000 and more. Some companies are looking at Mobile Payments as if it is the ultimate Holy Grail and all of them want to drink a sip of it. To keep up with the rhythm of the market these companies need people able to understand the expectations, terms of user convenience and security and subsequently, people who are able to develop the solutions and platforms in line with those criteria."

The majority of competences we have itemized are also valued in 'traditional industries', and those employers, naturally, have no desire to lose them. Therefore, demand exceeds supply and, as we have just seen, is leading to a hike in compensation packages. More worrying, time pressure on executives, plus the risk of losing talent to a competitor, can compromise the quality of their hiring decisions. Making things even more difficult still, the war is a global one – top talent is frequently met with proposals from all continents. Therefore, hiring managers must engage in strong employer branding and smart hiring and many are turning to search companies with the right geographical scale, knowledge and agility to help.

The other option is, of course, to develop people from within and transfer them from existing business areas to MP. This can give a positive sign to an organization - *the business is changing but your organization still believes in internal talent and supports your discovery of new markets*. However, that process takes time - sometimes too much time. The MP area, like all mobile businesses, is developing at a hair-raising rate. For now, then, external recruitment may be the best solution for companies looking for long term solutions to short term pressures.

One of our interviewees sums it up: "The first challenge is related to finding the right competency. From a retention point of view, giving autonomy and the freedom to create is key for MP profiles. However, the most important point in retaining and attracting the right people is probably the right culture, with no dissonance between the organization's behaviours and goals." According to another: "The most critical challenge now is to retain leadership talent. The industry is seeing the creation of new, competitive businesses and hence the pressure of market forces on internal talent will be high. Challenges will be to keep them engaged and also to build the next layer"

For interested talent, the MP world offers a plethora of tempting challenges. As one of our conclusions, we can state that, from a concept initially launched as a new money management and payment tool, MP applications have spread their wings across nearly all steps of the consumer spending value chain. The sector gives opportunities to highly specialized engineers to develop new payment platforms and align with the best communication standards. The ensuing Big Data Game allows marketers and sales professionals to zoom in on their customer target groups with great precision and consequently influence and steer the customer's behaviour in an active way.

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Conclusion

MP raises a seemingly endless flow of questions: are MP players hitting the jackpot? What is that jackpot? Is behaviour change enough, or do these players want more? Most striking is the sheer amount remaining to be done – and to play for - in this fascinating field. If the events of the past seven years have already changed lives of millions, we are only at the beginning of a shift affecting three main stakeholder groups:

1   **People in 'developed' markets.** For these, MP is mainly a question of convenience and perceptions of security. More than the mobilization of payments, this concerns the dematerialization of money. Consumers will experience new levels of individualized communication from organizations seeking their engagement

2   **People in 'developing' markets** are experiencing a profound social transformation, as unbanked and under banked consumers are brought to financial inclusion, and can proactively plan and manage their futures

3   **The major corporations.** Confronted with intense competition, big players, more than *data*, need greater *insight* into customer behaviour to segment and individualize communications. The analysis of consumer spending behaviour, when handled right, can be powerful. In driving change, consumers or clients are arguably more important than technology.

Delivering Change

Organizations: Across the board, heavy expectations are being placed on the architects of new technologies to improve payment convenience and security. Yet MP can only succeed if consumer acceptance is maximized and inter-and intra-organizational collaboration intensifies. To achieve global roll-out and establish an open and inclusive payment platform, several players – many of whom are also competitors - are joining forces for the greater cause. Yet if regulators decide to restrict MP usage, many may simply decide to disinvest.

Talent: for high performers, the MP world offers a wealth of challenges. Specialized engineers can develop innovative payment platforms aligned with cutting-edge communication standards and solutions. The ensuing big data game is exciting for marketing and sales professionals as they zoom in on their customer target groups with laser precision, and influence consumer behaviour in the most proactive, relevant and productive way. Leaders in the field are creating a new market. In so doing, they can cultivate an enviable skillset: setting direction, engaging in inter-organizational collaboration, breaking organizational silos, developing a winning blend of resilience and perseverance, agility and flexibility.

What was initially conceived as a new money management and payment tool has evolved into a global ecosystem. MP has spread its wings across nearly all steps of the consumer spending value chain (consumer profiling, and response, decision making influence, payment collection and fulfilment). To be *agile, connected* and *forward-looking*, these are the watchwords of today's most ambitious globalizers. Exemplifying these qualities, individuals and organizations who succeed in the MP field are today's pioneers, and tomorrow's Leaders for What's Next…

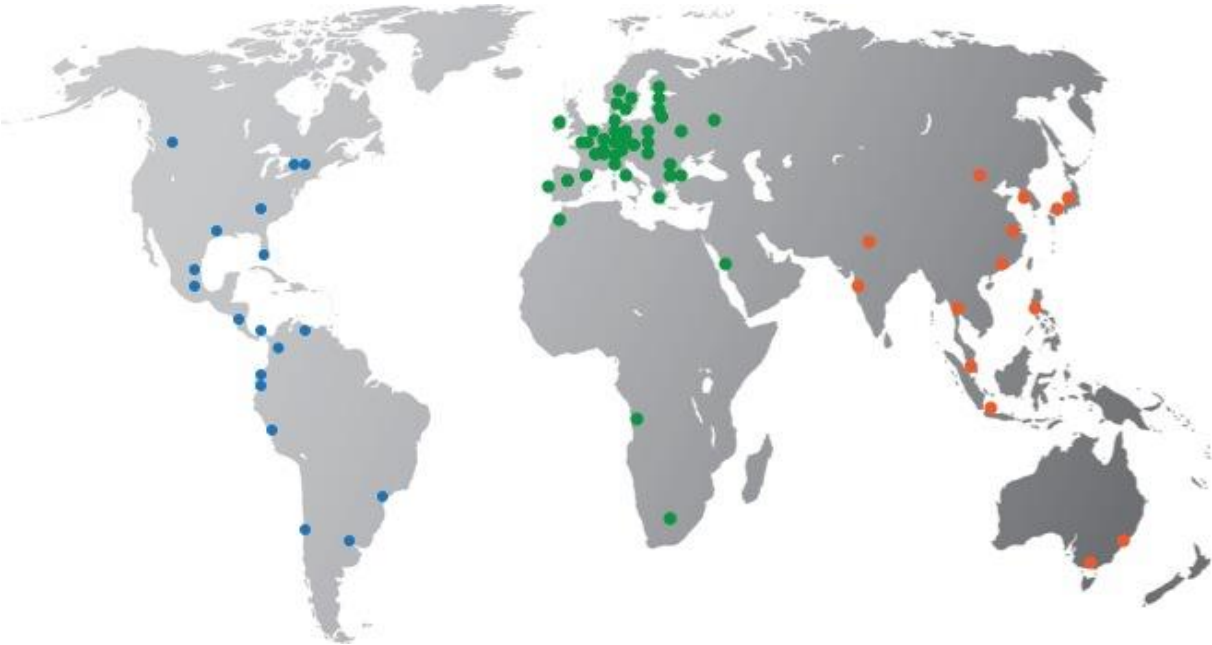*If money makes the world go round, MP is making it flat!*

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Credits

We would like to express our gratitude to our interviewees not only for their time, but for their openness.

About Amrop

With over 70 offices across the world, Amrop is a trusted advisor in Executive Search, Board and Leadership Services. It is the largest partnership of its kind.

Amrop's Context Driven approach to executive search helps our clients find Leaders For What's Next - top talent, adept at working across borders in markets around the world.

Our global Technology and Media Practice is configured to anticipate and respond to talent needs in the following sectors: Media and Convergence, Telecoms, Clean Tech and Renewable Energy.

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