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Who needs a wallet?

Mobile payments set to expand in Central & Eastern Europe

According to a new report issued by KPMG, with both a well developed banking sector and an incredibly high penetration of mobile phones, Central & Eastern Europe (CEE) is poised to more widely embrace mobile payments technology. “Mobile phone penetration in our region is clearly saturated so Mobile Network Operators (MNOs) are looking for new ways to grow their revenues,” – says Várnai Éva, Partner at KPMG in Hungary.

You’ve just parked your car, but your pocket is empty. No worries. Now in cities like Warsaw, Bucharest or Riga, you can pay your parking fee by punching in a few numbers on your mobile handset. That’s just one of the big success stories of mobile payments technology since its introduction in CEE.

Entitled *Mobile Payments in Central & Eastern Europe*, KPMG’s latest survey shows how mobile payments technology is being used in the region – what’s working and what isn’t – as well as how the application is being regulated. What it found was that while the application has registered some successes in individual countries, the broader adoption of mobile payments is being hindered by things like a lack of standardisation, and a lack of cooperation among mobile network operators, banks and retailers.

This contrasts, for example, with the varied economies in Asia, where mobile payments are widely applied but in vastly different ways, according to the level of development of the country in question, explains Várnai Éva, Partner at KPMG in Hungary. “In the developing economies of Asia, mobile payment systems are a substitute for poor banking systems, while in the advanced Asian economies m-payments can be used to offer value added services.”

Várnai Éva says that despite the high development of both banking and telecommunications in CEE, the markets here share characteristics with some of the developing markets further east.

“Mobile phone penetration in our region is clearly saturated so Mobile Network Operators (MNOs) are looking for new ways to grow their revenues,” she says. “As part of digital convergence, MNOs are likely to provide additional media content to their subscribers.”

Still, to reap an m-payments payoff the market in CEE may need a big player, according to Várnai Éva that can offer numerous m-payment services and can thus draw in a critical mass of consumers who can access these services. Some technological advances may also be necessary to harmonise the market.

She adds, “Wider adoption of m-payments will prove to be win-win for the credit card companies, mobile phone manufacturers as well as operators. But until that happens, retailers need to recognise how they can benefit from these payments, while providers and users concurrently see how they can save time and money by using this technology to pay for things.”

While the small value of payments being made via m-payments in CEE could be considered a weakness to the growth of the application, Várnai Éva remains optimistic regarding the application’s outlook.

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