



## Handset-based top-up opens door to m-payments - Vesta

By Nick Wood, Total Telecom  
Monday 22 June 2009

**New research shows credit top-up frequency increases by 80% with mobile phone-based applications; reduces operator costs.**

Enabling prepay customers to buy phone credit using an application installed on the device could hold the key for operators aiming to crack the m-payments market, according to mobile payment solutions company Vesta.

"There are a lot of tech firms out there doing [m-payment] services, but not a lot of operators — they've all been sitting on the fence," said Joshua Rush, marketing director at Vesta.

"Prepaid top-up has a proven business model, and it's something that would work as an m-payment service," he said.

Rush told Total Telecom that once carriers have established a direct prepay top-up channel, they can use the same platform to launch other m-payment services.

"Once the payment system is in place you can layer on more applications, like international remittance, mobile banking or bill payment," he said.

New research published on Monday, carried out by consultancy firm Northstream on behalf of Vesta, showed that top-up frequency in Western Europe increases by 80% when the facility is made available on the handset, compared to existing retail channels.

"In the retail model, the customer on average goes five days between running out of credit and buying more. On the handset that drops to less than one day," said Rush.

"It's an intuitive experience and it's secure because all the payment details are stored server side with the operator instead of on the device," he said.

Rush said the customer experience of topping up credit using traditional methods is out-moded.

"Consumers today are becoming more and more connected. They expect to have information available at their finger tips, so the retail top-up model where they have to go down to a store or phone up their operator is antiquated," he said.

He also explained that operators currently pay a commission — sometimes as high as 20% — to the retail outlet or bank every time one of their customers buys credit.

Rush said that operators could potentially cut out commission payments altogether by opening up their own direct top-up channels.

"Some operators will see the value in mining that transaction data and building a closer relationship with their prepay customers," he said.

Rush added that customers will be less inclined to churn to another operator if they have to transfer their payment information.

"It also offers an opportunity to push more of their services to their prepay customers, like data — until now there hasn't been a robust data offering for prepay customers," he said.

Rush said this would especially be useful for data card and USB dongle customers.

"If you're in the middle of using the Internet and you run out of credit are you really going to want to shut your laptop down, go out to the nearest retail store and top-up your credit? No, you want to go onto your operator's Website and top-up from there," he said.

Rush said the growing number of consumers moving to prepay during the recession means there is a need for operators to address the current methods of buying phone credit.

"There is a trend towards prepay at the moment as some consumers want more control over their spending," and that more customers are moving away from signing long-term contracts, he said.

"There is definitely money being left on the table if operators don't optimise their top-up channels," he said.