



دبي الذكية
SMART DUBAI

لحياة أسعد HAPPY LIVING



كلية محمد بن راشد
للإدارة الحكومية
MOHAMMED BIN RASHID
SCHOOL OF GOVERNMENT



Dubai Smart Cities Forum Series

SESSION 7: THE FUTURE OF
MOBILE PAYMENTS
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Prepared by **Faisal Alkhatib** on behalf of the **Mohammed bin Rashid School of Government** - Governance and Innovation Program

Dubai Smart Cities Forum Series

KEY THEMES

Smart Cities, the Internet of Things, Digital Infrastructure, Data Sharing, Implementation of Smart City Policy, Real Life Smart City Applications, Mobile Payments.

INTRODUCTION

Dubai is in the process of investing heavily in a range of technologies as part of the city's ongoing efforts to be at the forefront of an approach – shared by many cities globally – to develop its infrastructure and become a 'smart' city.

This was the 7th installment of the 'Dubai Smart Cities Forum', a series of ongoing events hosted by the Mohammed bin Rashid School of Government in partnership with The Executive Council of the Government of Dubai, that serve as a platform for a host of institutions to discuss the most pertinent issues regarding the current 'smart' city movement. These institutions range from private sector vendors to government entities based both regionally and globally.

This session, titled 'The Future of Mobile Payments' set out to explain the concept of paying through mobile devices such as a smart phone. The speakers at this session aimed to address all aspects of this form of payment. They tackled many issues that may arise, emphasizing that it may, at this current point in time – seem counterintuitive to some to adopt mobile payment platforms, it actually represents a safer and more efficient way to interact within the boundaries of a 'smart city'.

PRESENTATIONS

1. OPENING REMARKS

DR AISHA BIN BISHR

ASSISTANT DIRECTOR GENERAL, THE EXECUTIVE COUNCIL OF THE GOVERNMENT OF DUBAI

The session's proceedings were formally opened by Dr Aisha bin Bishr, Assistant Director General of

The Executive Council.

She discussed the overall scope and aims of the Dubai Smart Cities Forum by briefly highlighting the six events in the series that preceded this one.

The first six sessions of the Dubai Smart Cities Forum focused on why the development of 'Smart Cities' is a relevant and pertinent issue for policy makers in the region; the significant potential that the emergence of 'Big Data' management presents for Government; the 'Internet of Things'; 'Enabling Smart Services' by strengthening ties between the public and private sectors; utilizing 'Open Data' as efficiently as possible; and lastly, how to go about successfully 'Bringing Smart Cities to Life' by looking at how the topics discussed in the aforementioned sessions can combine to produce noticeable outcomes that benefit Dubai's citizens.

She then remarked that this session would aim to discuss key factors regarding the drivers and enablers that would allow us to successfully implement the use of mobile payments in smart cities, as well as to overcome the barriers that this approach may face.

2. DUBAI VIEW

HE MR. SAMI AL QEMZI

DIRECTOR GENERAL, DEPARTMENT OF ECONOMIC DEVELOPMENT

Dubai is currently well on its way to becoming one of the smartest cities in the world. The Department of Economic Development is a vital component for achieving Dubai's long and short term smart city goals, as laid out by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai. Our short term goal is to transform Dubai into a globally recognized smart city by 2017. Doing so will involve the adoption and successful implementation of new forms of technology that will improve the quality of life of both Dubai's permanent residents and its visitors.

It is one of the Department of Economic Affairs' key mandates to contribute to this transformation. The DED looks to not only put in place policies

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to encourage innovation, but also develop policies that will help create a smart economy – one that combines creative skills with modern infrastructure. Furthermore, the DED is also looking toward enhancing the efficiency of governmental services through the use of new technology that caters to the quality of life that Dubai aims to provide.

The DED is confident that this approach will lead to greater economic efficiency and reduce the costs of business practices, reinforcing Dubai's strong position in the economic and competitiveness index.

3. GUEST VIEW

MILAN GAUDER

HEAD OF MOBILE PRODUCTS AND SOLUTIONS,
MASTERCARD MEA

There are three main aspects of mobile technology that are fundamental in enabling mobile payments. There are as follows:

1. Mobile devices have provided us with a 'window to a new life': we are able to do things with our mobile devices that we never previously imagined, such as using it to conduct internet searches or as a means of navigation.
2. Mobile devices are almost always with us: This means that we can access and use these devices in almost any environment.
3. Mobile devices are very personal: This is good for security purposes as through newly introduced authentication methods such as fingerprint enabled lock screens, most mobile devices are accessible only to their primary user. Cards are not as personal. We don't have any personal or emotional connection to it as a device. Cash, likewise is also impersonal and has no connection to the digital world.

Certain trends are changing the way we look at the world. These trends imply that making payments through mobile devices is a good move:

The world of hard commerce is changing:

As commerce is changing, shopping behaviors are

changing and we need to make sure that we adapt to that.

What sources we are likely to trust:

When traveling to an unfamiliar country, we often rely on some familiar source that we trust to guide us. In the past, this used to be a guide book. Now, in the present, we consult the public that is present on the internet (i.e. Booking.com, trip advisor, etc...) for their past experiences and personal ratings.

Likewise, we need to evolve the way that we make payments. This is particularly important as the number of mobile phones that are being purchased on a yearly basis has grown exponentially over the last few years.

Further to this, we are now entering an era that is embracing 'The Internet of Things' where we are not just talking about being connected through phones and computers, but where inanimate objects in the home, such as a lightbulb or washing machine are made smart by being connected to a digital network. It is only a matter of time before our mobile devices are used as tools to provide us with an even larger array of services.

Payment procedures are changing:

Things such as NFC technology are being introduced to the world. 'Beam' mobile is an app that provides us with another alternative to mobile payments. Apps like 'Beam' coupled with the next generation of mobile devices will help us pay using our mobile devices without needing any physical connection to any other device.

Where does Dubai stand in all of this?

MasterCard has surveyed a number of countries in the world, and out of a shortlist of 30 countries, Dubai is ranked 7th, ahead of countries such as Australia and the United Kingdom.

We don't have services such as Apple Pay (which is a form of NFC payment) available in this country yet, but as previously mentioned, this is only one type of mobile payment.

MasterCard used to be a card company. It is looking to deal with a wider array of different

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types of payments. Mobile payments represents one of these tools.

What are the barriers that makes this process of adaptation slow?

Markets around the world are still fragmented: We need to work on developing one homogenous, unified regulatory platform for mobile payments.

There are many more components involved in the action of the payment: Using a card involves an interaction between the owner of a card and the card's corresponding bank. Using a mobile to pay involves the owner of the mobile, the bank, the phone's telecommunications provider and many other entities. This is harder to regulate.

PANEL DISCUSSION AND Q&A SESSION

**MODERATED BY PROFESSOR RAED AWAMLEH
DEAN OF THE MOHAMMED BIN RASHID SCHOOL
OF GOVERNMENT**

Question 1: What role do telecommunications providers play in mobile payments? At the moment, they does not seem to have as much influence as they could.

Mr. Al Qemzi: This connection between payment entities and telecommunications providers is still not fully developed, but it's only a matter of time before it happens. People need to adapt to thinking of their mobiles as a credit device like a card.

Mr. Gauder: As previously mentioned, the answer seems to lie predominantly with the issue of fragmentation. There is no one finite player that would make mobile payments probable. Once this issue is resolved, then it should be easier to integrate telecommunications providers into this system.

Question 2: Innovative payment solutions such as the supermarket example (not needing to go to the till and simply walking out and being automatically charged), seem to raise regulatory issues. How do we address these and make it secure and safe for all parties involved (shoppers and shops)?

Mr. Gauder: This involves two key components: regulation and technology. These need to be improved. We also need to overcome our fear of adapting to new methods of payments. Younger generations have a very different view of privacy

compared to previous generations. In the past, we only had one form of identification and regulation – a pin card. Now we have many more methods of authentication. People however, want to keep things simple. We need to embrace new types of technology as when it comes to authentication, people and companies are constantly thinking of new ways to cheat the security system. So, in terms of authentication, it's about finding the right balance between user convenience and security.

Question 3: Do you any benchmarks or data about the variety of different mobile payment services that you have collaborated with around the world, such as Apple Pay, other forms of NFC, etc...?

Mr. Gauder: The main challenge here is authentication. However, this challenge is negligible relative to other challenges that we face. What we need to focus on is data security. This is where we try to set international benchmarks. In terms of authentication, there are almost zero levels of fraud. It is really data security that we need to focus on.

Question 4: Are there any cities in the world that are completely cashless? If so, what roadmap does the UAE have to follow to emulate these cities?

Mr. Gauder: There are no cities that are completely cashless yet, but there are cities that are moving toward it. Denmark, for example has now officially stipulated that shops are not allowed to legally state that they only accept cash. This was not a huge problem for shopkeepers as many shoppers already use cards as their main form of payment.



Dr. Aisha bin Bishr
Assistant Director General
of the Executive Office



HE Mr. Sami Al Qemzi
Director General
Department of
Economic Development



Milan Gauder
Head of Global Products
and Solutions, MEA
Mastercard



Professor Raed Awamleh
Dean of Mohammad Bin Rashid
School of Government, MBRSG

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SPEAKER BIOS

Dr. Aisha bin Bishr is Assistant Director General of the Executive Office, where one of her responsibilities includes leading the Smart Dubai task force team. Prior to her current position, Dr. Aisha worked in the Ministry of Labor as Assistant Undersecretary for support services, responsible for developing and implementing strategic management, partnership development and change management policies. She has 20 years of experience in information, communication and technology (ICT) development in public and government sectors. Dr. Aisha holds a PHD in Management, Science, Technology and Innovation and an MPhil in Policy and Research on Engineering, Science and Technology from Manchester Business School. She also holds a degree in Public Finance Management from the Mohammed bin Rashid School of Government.

His Excellency Mr. Sami Al Qemzi was appointed Director General of the Department of Economic Development in September 2008, and Deputy Chairman and Managing Director of Dubai Media Incorporated (DMI) in November 2012. Prior to this appointment, Mr. Al Qemzi held the position of Director General of the Department of Finance where he worked directly with the Ruler's Court and Executive Council of Dubai to develop strategies that supported the economic and financial objectives of the Emirate.

Milan Gauder is Head of Global Products and Solutions for the Middle East and Africa region at MasterCard. In this role, he is responsible for overseeing the development and implementation of innovative new products in card payments,

mobile payments, card benefits, fraud protection and processing. He also oversees MasterCard's marketing, communication and consulting efforts across the region.

Professor Raed Awamleh is the Dean of Mohammad Bin Rashid School of Government. Prior to joining MBRSG, he was Middlesex University's Dubai Campus Director and Pro Vice Chancellor. Professor Awamleh was also the Dean of Academic Affairs at the University of Wollongong in Dubai and a Professor in Management. Raed specializes in leadership and strategy and holds a PhD in Management from the University of Mississippi (USA), an MBA in Finance from Mercer University (USA), and a BBA from Yarmouk University (Jordan).

AUTHOR BIO

Faisal Alkhatib is an Associate Researcher at the Mohammed bin Rashid School of Government. Faisal has an MA in Philosophy from the University of St Andrews. His current research focuses on technology and the various ways it influences society and governmental policy. He is currently running research projects concerning the ethical implications of using technology to improve governmental services; focusing, in particular, on the effects that such an approach on members of society in this region. He is also interested in how technology can be used to improve the standards of living and education in society. Prior to his role at MBRSG, Faisal worked for Microsoft, where he was responsible for running the company's piracy prevention program across the GCC.



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