

# OXIGEN-ALTERNATE DELIVERY CHANNELS



MOBILE WALLET | MONEY TRANSFER | DIGITAL PAYMENTS

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***SME FINANCE FORUM***

***Partnerships and Innovation for SME Finance***

# India – Land of Opportunities



1.3 Billion population, 2<sup>nd</sup> most populous nation in the world

11<sup>th</sup> largest economy in the world.

Average growth rate of 8.5% in the preceding 8 years.

Only 90k bank branches and 100 k ATMs  
predominantly located in urban areas

55 % of India is unbanked  
but India has 900 million mobile subscribers.

13 million + unorganized merchants

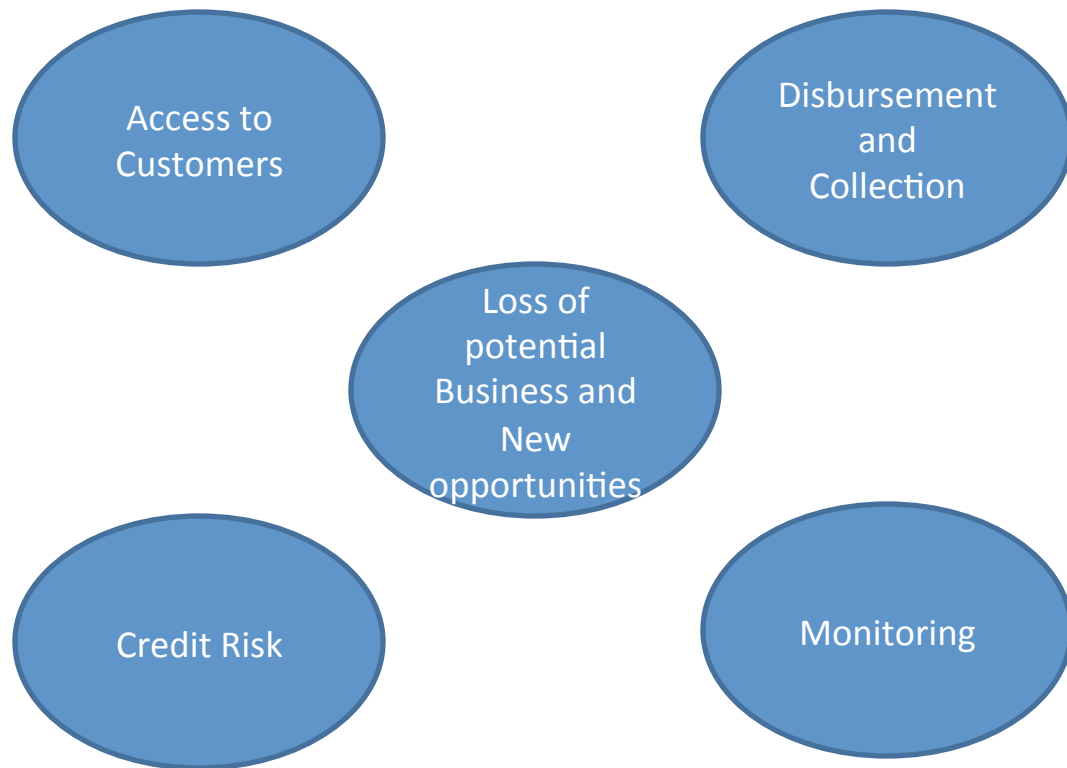
## Challenges for Delivery of Credit & finance products

The biggest challenge for the SME Sector in India is the accessibility to Finance. The SME sector in India is just not manufacturing but in this context it is the huge Retail sector (15 million establishments contribution \$ 1 trillion to the economy) that has virtually no access to Finance.

### Why is that ?

- In a country of 1.3 billion there are only 90,000 Bank Branches. Many SME's especially the Retail sector cannot be serviced
- Banks and Financial institutions find it challenging to distribute and service the loans due to inaccessibility
- Cost for loan disbursement is very high-4-7% making it unviable
- As a result Institutions perceive that such lending is high risk
- It is widely accepted that due to a lack of finance SME/Retail sector growth has been curbed
- Banks have lost the traditional role of taking risk and now opt for safe and secure lenders. Even then the biggest defaulters of loans are not SME's but large corporations

# Challenges for SME Credit



## INDIA FACT SHEET

Population : 1.3 billion

Number of Bank Branches : 90,000

Population per Branch : 13500

Credit to Retail Traders as percent of Total Bank Credit : 3.12%

## Solutions to Combat the Challenges

The solution for India and the developing countries is to use Aggregators such as Oxygen to use innovative technologies to open up alternate channels for delivery of credit and financial services.

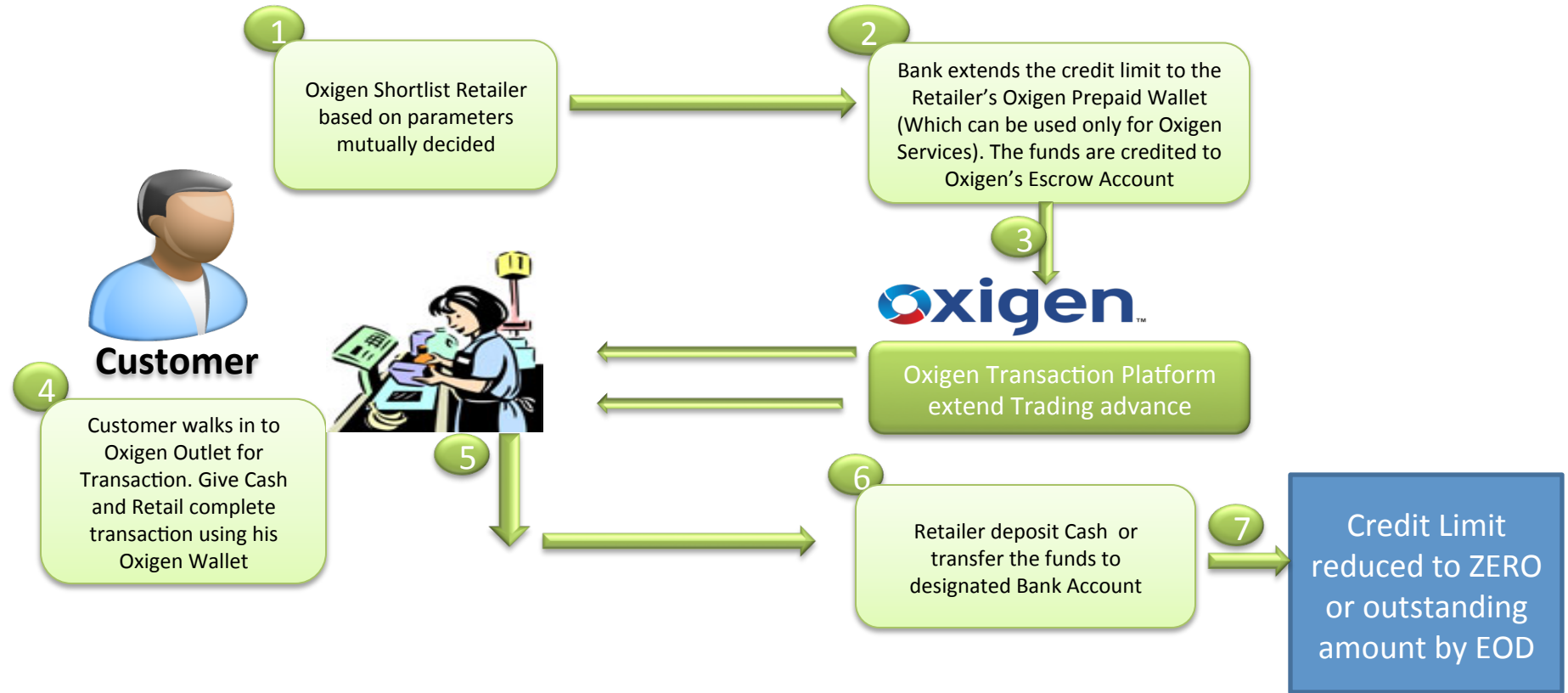
What does Oxygen offer?

- ✓ A technology platform that can handle huge volume of transactions real-time
- ✓ Electronic KYC to deliver real-time customer authentication against 35 days it takes in the normal course
- ✓ Using technology to offer Mobile wallet solutions that help in delivery and collection of credit and recovery
- ✓ With a reach of 130,000 outlets ability to deliver and collect is very powerful
- ✓ Cost of such transactions just 1%-1.5%
- ✓ Serves as an extension arm of Banks
- ✓ While total Bank branches may be only 90,000, each of the 130,000 Oxygen outlets can serve as Bank outposts
- ✓ Ability to deliver financial services to the last mile

## *Unique Features*

- Acquire New Customers at Low Cost
- Revenue Sharing Model - Earn and Pay
- Compliance with RBI's eKYC and AML norms
- Get a growing, sustainable business using Oxygen expertise
- Become “**One Stop Shop**” for all banking needs for traders
- Increase your profitability

# SME Intra-day credit process



# Oxygen – SME Credit Solution

Disbursement  
And  
Collection

- ✓ Centralized Collection means no pain of sending credit to different accounts.
- ✓ Oxygen's technological capability brings the easy disbursement and collection process for the bank.
- ✓ Centralized monitoring using technology developed by Oxygen to help bank.

Customer  
Monitoring

- ✓ Retailer defaulting for more than 2 days to be flagged using automated technology to control defaults.
- ✓ Technology to prevent the regular defaulting merchants are either blocked or nor extended credit.



# Oxigen – SME Credit Solution

## Credit Risk

- ✓ **Risk** : The retailer can divert the credit for other uses than for which the credit is provided
- ✓ **Mitigation** : The potential for higher revenue & margin will prevent him from diversion as he knows that credit will be stopped. This dissuades him to default. The funds can be used only for Oxigen Services.
- ✓ **Risk** : Retailer can default beyond 2 days
- ✓ **Mitigation** : If he defaults credit will be stopped and we can also consider stopping the service to him. This will stop him from defaulting.
- ✓ **Risk** : Retailer closes shop suddenly
- ✓ **Mitigation** : As a facilitator Oxigen will ensure that balances in the Retailer account will be frozen and used to repay the outstanding. Further a PDC for the amount advanced will also be taken

## Access to Customers

- ✓ Oxigen Services brings access to 200,000 Potential Retail outlets for the Banks.
- ✓ Oxigen Feet on street complete the documents and hence reduce the cost of acquiring customers for bank.
- ✓ Oxigen maintain day to day relationship with Retailers to reduce the default risk

## Vision & Mission

### Vision

*To inspire trust and to transform lives, through leadership in digital payments, nurturing social and financial inclusion.*

### Mission

*To establish a robust, nationwide payments ecosystem, in a seamlessly networked environment, using mobile technology to deliver payments & remittances in real time.*

*To facilitate easy access to “last mile” banking, remittance and other financial products, within the convenient reach of people, with a focus on rural India*

*To offer Banking services to masses, promoting saving products, insurance, pension and more.*

*To provide an inter-operable, low-cost wireless technology driven infrastructure, Integrated with Aadhaar, agnostic to banks and telecoms, delivering affordable services to the masses.*



## Oxygen – At a Glance

- Serving **150 million** customers
- **600 million** transactions annually
- **6.2 million** Bank Accounts opened, 1.4 million micro insurance policies ipened
- **Rs. 100 Billion (US\$ 1.5 Billion)** Gross Transaction Value (FY2014 - 2015)
- Currently available at network of **130,000** Retail touch points plus 70,000 through third party
- Target Revenue – **Rs.150 Billion** this year **2015-16**.

# Oxygen – At a Glance

## Multi-Channel Strategy: Key Customer Service Principles and Provisions

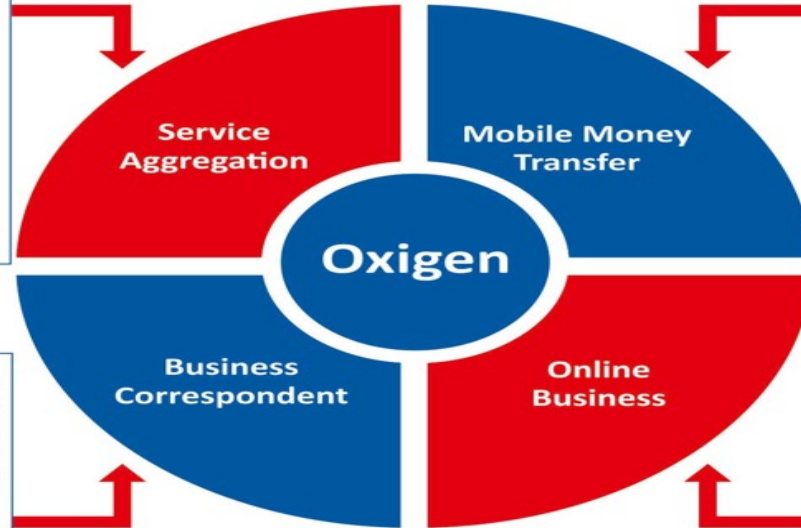
### An overview of Oxygen's businesses

**The first of its kind in India, Oxygen services as aggregator for-**

- ▶ Telecom
- ▶ Banking
- ▶ Mobile Money Transfer
- ▶ DTH
- ▶ Entertainment
- ▶ Travel and transport
- ▶ Electricity bill payments
- ▶ Insurance
- ▶ E-commerce

**Oxygen is a BC to SBI, ICICI, and Ratnakar Bank through Kiosk banking and its mobile wallet it offers the following services-**

- ▶ Account opening
- ▶ Cash deposits, withdrawals
- ▶ Micro savings
- ▶ Micro remittances



**Assisted mobile wallet-based money transfer service facilitating via retail, POS and web based touch points for**

- ▶ P2P transfers
- ▶ P2Bank transfers
- ▶ Bill Payments

**Two distinct lines of business -**

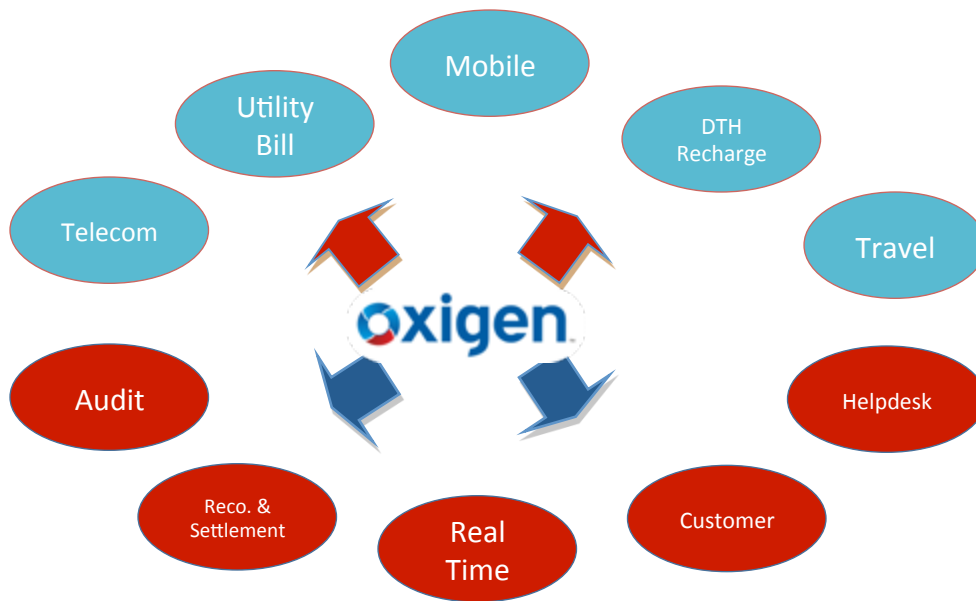
#### 1. Mobile Wallet

- ▶ First social media driven mobile wallet available as an app for download
- ▶ Can be used for money transfer via Facebook / Whatsapp, remittances linked to bank accounts, recharges, bill payments, online shopping

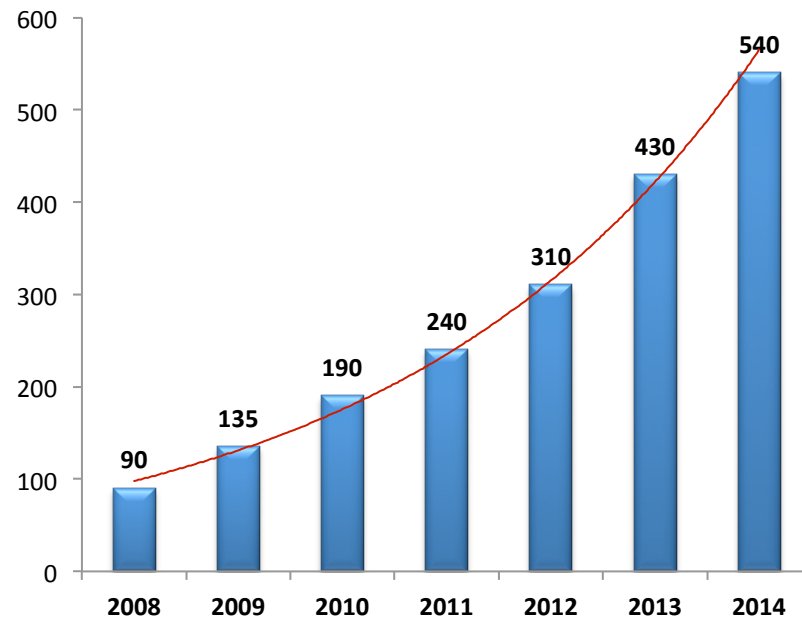
**2. Powering Mobile Payment platforms for banks like Airtel Money, SBI, HDFC, ICICI, ING Vysya, Vodafone mPesa**

# The Largest Platform for Micropayments

## Oxygen's Core Recharge Universe



## Translates to rapid growth in transactions on platform



has achieved significant scale in e-payment transactions and network

## A Mention that is worth Noticing...



Retailers as Providers of Financial  
Services to Lower Income Segments



Study commissioned to Akya, Mexico

August 19<sup>th</sup>, 2015

# Network Integration – Aggregation of Isolated Shops

ILLUSTRATIVE

Aggregators provide standardized technology, processes, and branding for retailers to operate as a part of a coherent network

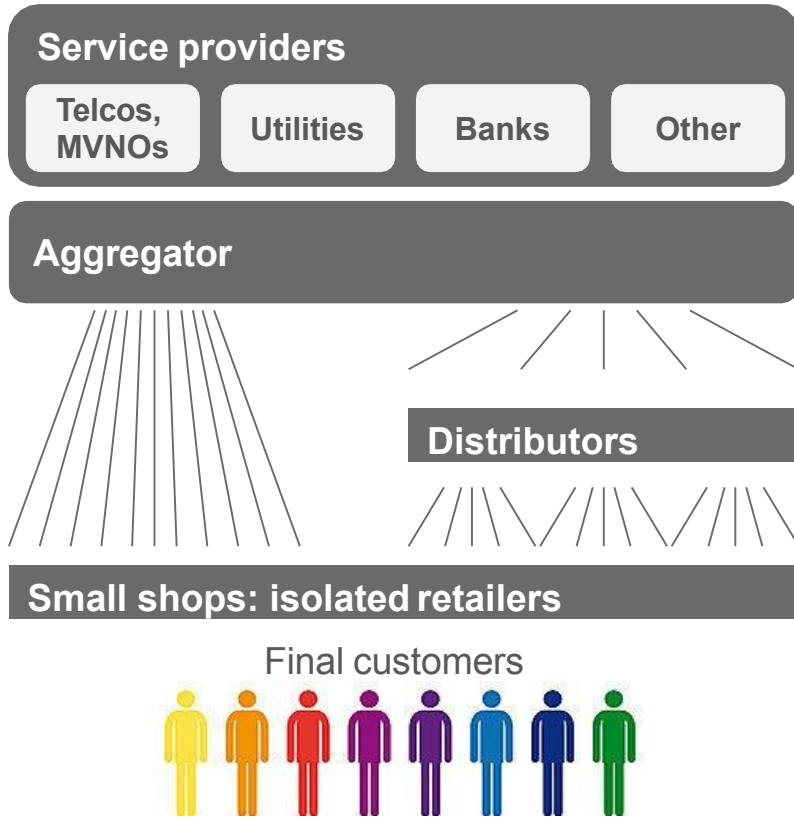
Oxygen in India, developed an IT platform that enables the remote operation of literally tens of thousands of disperse retailers, enabling them to perform diverse services and transactions. At the store level, Oxygen supports three types of POS devices: PC, mobile, and a custom made POS terminal that uses the mobile network



Aggregators recruit retailers either directly or through distributors responsible for shop selection, set-up, and support

Oxygen in India has a network of about 130,000 service points

# Business Model: Integration of Service Providers and Retailers



**Aggregating multiple relevant service providers makes the platform attractive for retailers**

- Oxygen services in India include purchase of airtime, payment of prepaid services, payment for purchases of air tickets, agent banking, as well as Oxygen branded domestic money transfers, among other

**Aggregating thousands of retailers makes the platform attractive to service providers and to customers**

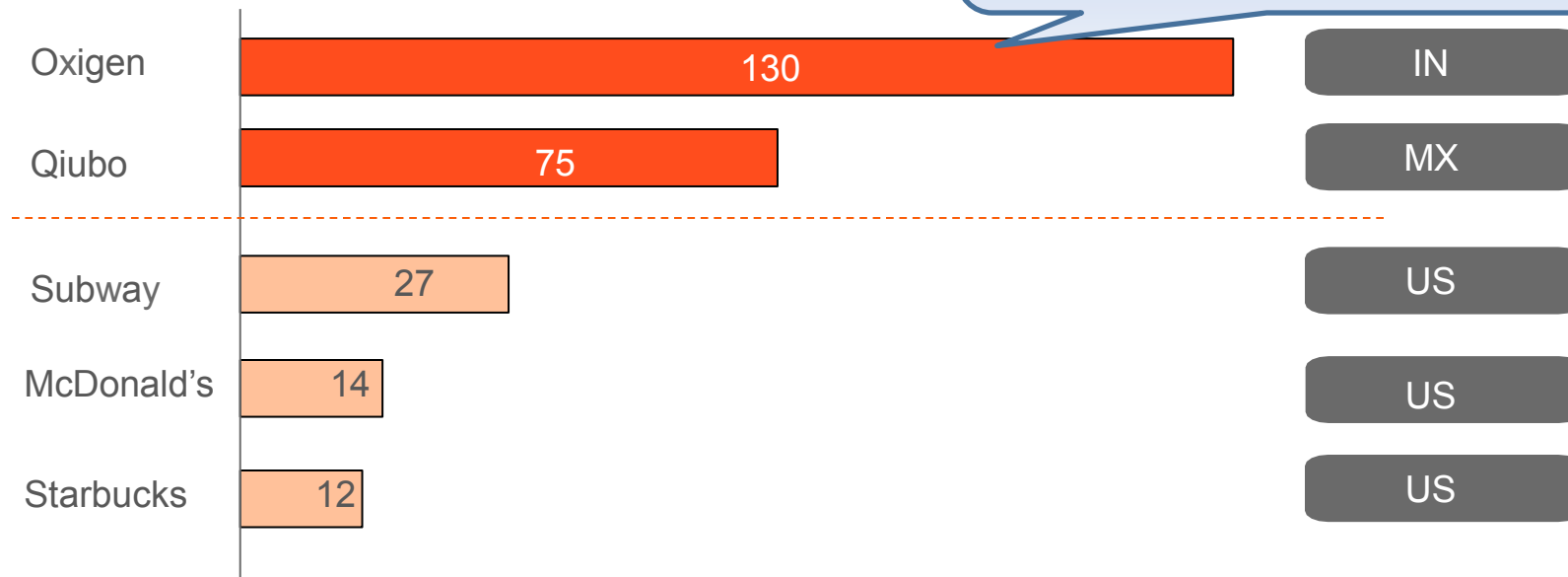
- Oxygen's network comprises small "corner shops" selling food and FMCG products, cell-phone shops, trade shops (e. g., tailors), as well as small and medium size integrated networks (e. g., a gold loans company)



## Comparison of some of the largest Retail Networks Worldwide

***“Oxygen in India and Quibo in Mexico illustrate how these platforms may be able to integrate service networks of a massive scale”***

Aggregators have great capability to integrate very large networks, even outnumbering the largest chains in the world, as Oxygen in India has done



*Figures in thousands*



**Thank You !!**

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#smefinance2015