#OMMAGINAXPERIENCE
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# The Future of Money

## GLOBAL PERSPECTIVE

Millennials and Experts, 18 countries from all over the world

### Smaller Transactions Pack A Big Social Punch

New ways to pay continue to emerge – from peer to peer payment like Venmo if Kickstarting, to biometric systems like pay-by-fingerprint, to mobile payments like Apple Pay or digital wallets like Soleo, to wearables – implanted wafers or rings.

### Smaller Innovations Game Changing Perceptions of Value

From "gamified currency" like Entropia to cryptocurrencies like bitcoin, to local currencies like Cagnoon in Brazil or Bristol Pound in the UK, to time based currencies like Ithaca Hours in upstate New York or Jo Cardning here in Denmark. These are all ways that are not only changing perceptions of money but play with people's idea of value.

## MILLENNIALS ARE LEADING THE WAY

Studies show they are more open to and emerging payment solutions and less trusting of traditional ones.

**52%** Millennials have used mobile payment and show interest in using mobile payments

**41%** Millennials prefer mobile payments monthly

**26%** Prefer to use digital currencies daily or weekly by 2020

**70%** Millennials say they believe the way we pay for things will be different in 5 years

Adding to the Millennial impact on banking behavior, are the millions in developing markets who are underbanked or unbanked – banking or credit (the "unbanked") who thanks to mobile payments now have purchasing power that surpasses the rich.

New countries across Sub-Saharan Africa have more mobile money accounts than bank accounts, according to the GSMA.

**61 Mil.**

M-Pesa (alternative payment system offered by Safaricom) alone has more than 61 million mobile wallet accounts.

## MILLENNIALS: THE (ALMOST) LOST GENERATION FOR FINANCIAL SERVICES

More than half of Millennials "underbanked" trust banks and credit card companies more to handle payments and transactions than alternative payment providers.

Sample: 30 global respondents

"Uber does a terrific job of managing payments. You don't even have to process a payment. Uber knows what I want to have. You just get in the car, go to your destination, get off and leave it is done."

Millennials seem to prefer convenience with low ways to transact & feel dealing this whole process is not revenue and traditional financial services have not been able to move quickly enough to address their needs.

Millennials are looking to merge their personal financial lives in the same way they manage and merge their digital and social lives.

## LOCAL PERSPECTIVE

### ROMANIAN MILLENNIALS ARE SLOWLY ADOPTING EMERGING PAYMENT TRENDS

**67%** used at least one banking card

**42%** shop very much & a lot online, most attracted by e-commerce websites

**12%** buy online

**26%** use internet banking at least monthly

**only 46%** use online shopping is making their life easier

There is a certain lack of trust in online payments generated by the distrust in the provider, rather than in the actual payment system. Romanian consumers are afraid that if they pay online using their card, the provider will take their money and not deliver the goods. Many prefer to transport money from entire but prefer to pay face-to-face, after receiving the goods.

**53%** of those that order online prefer to pay cash on delivery for their purchases

**30%** received the product at home

**17%** received the product at work

### SOME ROMANIAN BRANDS THAT ARE EMBRACING THE FUTURE OF MONEY

**FEA**
Accepts Bitcoins payments for other 13 online shops and restaurant, beauty salons and tourism companies.

**Vodafone**
Introduced 3K prepaid cards, Cooperation with Mobile Payment Solutions.

**Orange**
Introduced Orange Wallet

**Metrorex**
Allowed for a while paying the subway fare with a card and now includes contactless payment via card

**CNDR**
Allows drivers to pay road taxes using their mobile phone, via SMS. Started in 2012 and since May 2014 and it's a success.

**Netopia**
Developed an app called mobilPay Wallet, which allows its users to make payments online and in shops, each and every time their cards.

**Cora**
The first retailer that since June this year accepts mobile payments via Netopia MobilPay wallet.

## Transactions for Millennials

How we spend, save, invest and earn in exchange for something considered valuable (goods, services, money etc.)

## SPEND

### Financial OS

Is witnessed in the fast gaining popularity of one stop service apps like Alipay and WeChat in China. Both apps have already long surpassed their basic function of payment, expanding their services to increase their integration within Millennial lives in China.

### P2P Payments

Person to person has always been how cash is exchanged as the fact that we can now do this digitally is amazing. Convenience, ease and security are the big upsides to this shift.

### Virtual Goods

The next big market to emerge will be one where we transact with each other in virtual goods. Japan and China are far ahead of the US in terms of virtual goods models where we pay use virtual goods to pay people for things.

Facebook has recently enabled their developer community to sell virtual goods directly from ads in users News Feeds, and the right-hand column of users' pages.

### Bitcoins

Experts agree, Bitcoin or rather the blockchain technology behind it, will have the disruptive power to not only revolutionize global payment systems but also trigger massive simplification of the banking process and civil structures associated with moving money.

And the Wall Street Journal agrees... "For all of Bitcoin's growing pains (volatility, insecurity and criminality), it represents the future of money and global finance... It is a radically new, decentralized system for managing the way societies exchange value. It is, in fact, one of the most powerful innovations in finance in 500 years."

## LOCAL FOCUS

**36** companies

already accept Bitcoins in Romania, while currently there are 874 self-service payment terminals across Romania, where Romanians can trade Bitcoins.

**1405**

Romania is the first European country in which Vodafone brings M-pesa on the table on global level. The service was launched in March 2014 and it is available in more than 10 countries – 200 cities – 1405 locations. This service is also addressing persons that don't own any back accounts.

Uber was launched in February 2013 in Bucharest. It processes the payment automatic through the app and fares are usually cheaper than a taxi.

## SAVE

### THE RISE OF REAL-TIME MONEY MANAGEMENT

Millennials are continuing to outpace the developed of cash and being responsible in matters of money. And if awareness is half the battle, then they are setting themselves up to win in the future with a growing preference for features and driver them into control of their funds.

This real-time control has multiple advantages – from making purchases in real time to not having to go to the ATM, or not worrying about overdrafting, to being able to monitor spending, or to switch to more social and with friends.

While real-time control doesn't always guarantee financial wisdom, it does inform and back up the instincts Millennials say they already have about their money which in turn sets them up to be more discerning with where their money goes.

**Swift Save mobile savings APP**

Throughout the day a button pops up and prompts you to save small amounts. The linking between the app learns what time of the day or week you are most receptive to the savings function. Brands can help or incentivize you with a discount.

**Piggybot APP**

Moves the allowance behavior into the virtual space, giving children some information about what they have to spend and where their money can go. At the same time, it also prevents some real-time control in teaching money lessons.

## INVEST

### A NEW WORLD ORDER FOR INVESTING

Investment as a financial strategy and transaction is no longer reserved for the wealthy. Millennials were 5.2% of the US investor base in 2012, at that point evolved only on crowdfunding platform with 7 projects, that didn't attracted the attention of the public as much.

Crowdfunding is taking this open market to another level, appealing to Millennials particular interest in being able to support an enterprise they believe in in a more compelling payoff in the products they feel that is beyond "donating".

A number of apps and services (such as Acorn App) that allow for easy contribution and management of investments are growing day by day.

This hands-on "owning is believing" appears to be important for Millennials across the world. Where previous generations formed and trusted the relationships with their banks to lead the way, Millennials are building their investment relationships based on the experiences they are seeking out.

This transaction trend is democratizing finance because it allows Millennials to express their entrepreneurial skills without being at the forefront of enterprise and improving their social standing.

## LOCAL FOCUS



Crowdfunding as an alternative funding mechanism in Romania reached market in 2012, at that point evolved only on crowdfunding platform with 7 projects, that didn't attracted the attention of the public as much.

In 2013 two more platforms entered the market, but it was in 2014 that the platforms started to grow. 2014 was a game-changer. Be as Poale – representing 60% of the proposed sum.

**5095 EUR**

Romanians prefer to keep it small and to support projects in their life and communities. The average is 5095 EUR out of 6100 EUR necessary. Most Romanians donated 1 EUR.

## EARN

### "EARNING" IS AT THE HEART OF ALTERNATIVE CURRENCY

Millennials are seeing value in a new light from traditional currencies. Time, Bitcoin, crowdfunds and focus on experiences for living. Millennials are intrigued by new ways to earn from and do more with their daily deeds and activities. Outside of a paying job, their actions speak louder than words and many cases is the form of alternative currency.

Millennials appreciate the fact that their choices have the opportunity to counter for something and to make a difference in the world. Many are finding ways to earn a good economic situation, finding ways to earn something valuable from daily actions is motivating and sometimes just funny.



### FINANCIAL INCLUSION: THE NEXT BIG SOCIAL CAUSE

A big trend emerging is Financial Inclusion and how technology will be used to "help people who need money get money".

Today FinTech companies largely have focused on helping people who already have money to get more money or do a better job of using their money. But start-ups are turning their attention to social impact and the triple bottom line (people, planet, profits) and are finding ways to provide financial services and alternative currencies to serve the needs of underbanked and unbanked consumers.



Startups like Zestcash, Mongo, Progress Finance, Kickstarter, Lendingclub, Prosper, Kiva, Microplace, money transfer and pre-paid debit cards like Netspend, Greenlight and Account Now are all targeting this audience group to overcome the barrier that the less money you have the more it costs you to manage it and move it.

In addition to start-ups, non-finance companies like Walmart, T-Mobile, Vodafone, and CIPN have also recognized this opportunity and have moved quickly to serve this audience which represents 2 Billion people worldwide (WorldBank, 2014), many of which are Millennials.

## LOCAL FOCUS



**Bivolo**

Attracter 24% followers on Facebook, and is the greatest bandwidth community in Romania. It has more than 100.000 members and around 18.000 registered shops.

**Breslo.ro**

**Mobuy**

A Romanian startup that in partnership with Vodafone launched a mobile app that offers discounts to its users, when users are in the proximity of the partners' stores and not only. Mobuy is the first app to reward customers for their loyalty.

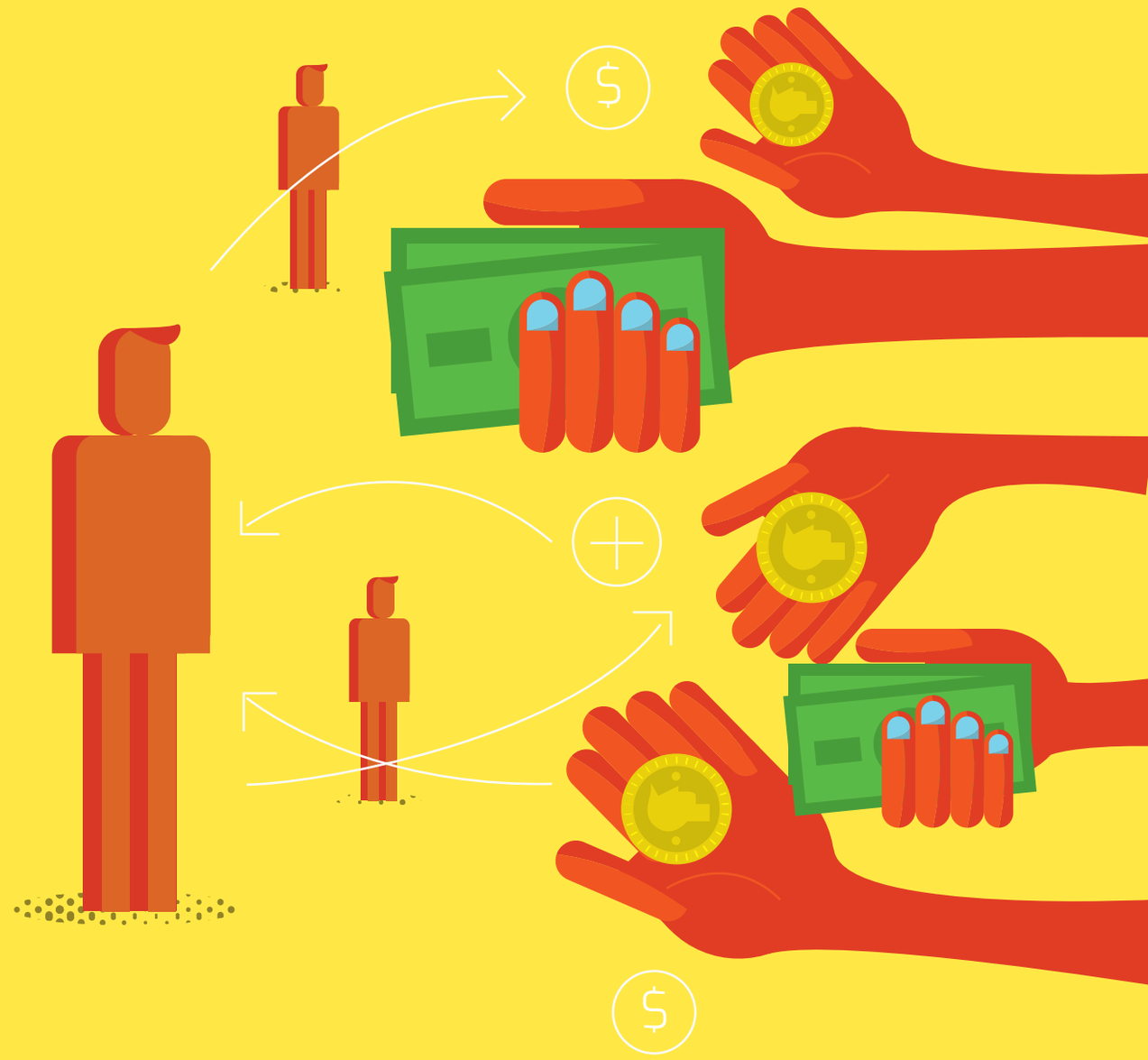
They repay their users also for comments, reviews or check-ins in stores. Moreover, the app allows users to pay directly with their mobile, with payments to appear on their Vodafone services invoice.

# SO, WHAT NEXT?

## THE FUTURE BELONGS TO ADAPTIVE PAYMENTS

As value transactions become more complex and more invisible they will require new systems to keep a sense of control on what they have spent (in terms of physical energy, social energy, time and also money) and what they have learned, saved and gained.

The challenge of the modern age is to manage the overload of information and to relieve the pressure to memorize each transaction. As the desire and means to socially source tasks grows, so does the need for reliable, simple, and no fee (aka “adaptive) payment services to help in the exchange of payment for services rendered.



## Global trends to follow:

Crowdsourcing as a mega trend is taking on many forms with peer-to-peer sourced service. Solutions which provide automatic saving for your debit card spending and wallets that automatically integrate loyalty and payments.

Timebanking is one of the most interesting segments to gain presence from the re-evaluation of value and extend beyond social improvement. Companies like Echo or Spice are facilitating the exchange of an individual’s contribution of time and personal skills for another service or item of real value. Finally, today, time really is money!
Transactions will be either invisible, will exist in a no-click world, where we place items in our basket and walk out of the door without having to speak or enter any information at all, either they will be highly personal and experiential, loaded with information.

At the same time as our appetite for an experience-led culture which values access, discovery, connecting and sharing over physical ownership continues to grow, the expectation for materials items will be wrapped in some kind of social currency. Brands will need to make a choice – either to simply deliver the goods as fast and hassle-free as possible or create spaces where people want to belong, visit, learn and meet.