Managing Money Laundering and other risks in Mobile payment systems by Anand Kumar

Article published on July 6th 2012 | Software

Let us look at the impact of mobile payment services in the real time payment modes:

1. Information services are provided to the users with respect to viewing personal account and general financial information. However, this aspect does not pose a risk of TL or ML.

2. Mobile money or mobile wallet: The paper money, plastic money are now replaced by contactless money transactions. But these innovative applications are prone to risk and fall out of the regulation norms.

3. Mobile payment services: The banks are limited by technological advancements and hence the non bank and non securities account holders like the mobile internet service providers themselves are in the picture of providing financial transactions to the customers.

Risk Analysis of Mobile Financial Services

The Financial services with respect to the mobile payments follow three kinds of service based policies. They are;

1. A service-specific risk-based approach.

2. A risk-based approach.

3. A rules-based approach.

Of the above three approaches, the rules based approach is more confusing as it might hamper the access of the mobile financial services by the lesser income people for the reason of personal identification which may not be possible or practical.

The existence of the mobile phones in the field of financial services has claimed the non bank sectors to provide financial services. Thus this gave rise to a requirement to a whole new framework for risk analysis.

The Mobile payment stem consists of 5 main parts:

1. Financial Service Provider (FSP).

2. Payment Service Provider (PSP).

3. Mobile Network Operator (MNO).

4. A payee.

5. A payer.

With the level of security demand to develop a mobile payment system being very high, it is obvious that the governments and the service providers to get paranoid while using mobile applications for financial transactions. However, with the evolving technology forms and with the Anti-Money

laundering regulations the mobile payment services are reliable and trustable.

Spotting the characteristics of successful Mobile payments:

1. Simplicity and Usability:

It is obvious that any payment system must be user friendly. Customization of the application is also a necessity for financial services via mobile phone and this is possible if the application is not complex.

2. Universality:

Mobile payments must enable transactions between C2C models or B2C model or B2B models. Payments must be possible in terms of both low value micro-payments and high value macro-payments.

3. Interoperability:

The development should be based on open technologies so that there is no problem when using with other platforms.

4. Security, Privacy and Trust:

One must be able to trust a mobile payment application provider. Customer privacy should not be lost or should not be openly available for public scrutiny.

5. Cost

The m-payments should not be expensive than existing payment mechanisms. The infrastructure investment must be kept as minimal as possible.

6. Speed

The speed at which m-payments are executed must be acceptable to customers and merchants.

7. Cross border payments:

International financial transactions must be enabled for the mobile payment services to be accepted worldwide.

Article Source:
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Article Keywords:

Android Application Development, iPad Application Development, mHealth, Enterprise Mobility.

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