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MILLENNIUM BCP'S ROLE IN THE MOBILE PAYMENTS ENVIRONMENT

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ABSTRACT

Mobile is increasingly becoming a centrepiece of the bank's channel strategy. The rise of mobile payments initiatives in Portugal is an indicator for the sustained interest of this channel's potential. In this paper, "Millennium bcp's role in the mobile payments environment", an overview of the mobile payments market attractiveness is provided, as well as the different trends in business models and technologies that are shaping the evolution of this market. These insights were used to develop an actionable entry strategy for Millennium bcp to seize the mobile payments opportunity.

Keywords: Millennium bcp, mobile payments, technology adoption, entry strategy.

1. CONTEXT OVERVIEW

1.1. Company profile

Since 1985, *Banco Comercial Português, S.A.* (Mbcp or Bank) was able to establish itself, as the largest Portuguese private owned bank as well as a recognized institution in international markets.

The Bank, with its mission, seeks to look at the world through its customers' eyes in order to use quality service and innovation as the core drivers of differentiation from competition (BP[1], slide 18). This focus aims to create value for individual and corporate customers by providing a wide range of high quality financial products and services that comply with rigorous high standards of conduct and corporate responsibility (Annual Report, 2014). To do so, Mbcp's business model relies on the integration of the branch network with remote channels such as mobile and Internet.

In Portugal, Mbcp's activity is centered on Retail Banking, which develops distinct value propositions to each customer segment but always having innovation as a core value. In that sense, Mbcp created a business unit, ActivoBank, to keep the pace of the changes in the customer preferences for digital banking. This unit targets customers who are intensive users of technology valuing mobility and easy access to their bank. The operations of the other subsidiaries generally offer their products through the Bank's distribution networks (e.g. mortgage loans) (BP, slide 10).

Although, Mbcp's business model was designed to set the decision center in Portugal, it also operates under the Millennium brand in Angola, Mozambique, Poland and Switzerland as well as other countries through ten representative offices and five commercial protocols.

Mbcp follows a dynamic corporate strategy divided into three main phases, which was later updated to be aligned with corporate's restructuring plan. The first phase (2012-2013) had the priority to strengthen the balance sheet in order to build stronger foundations for the future. The following phase's objective (2014- 2015) is to recover the profitability of the Bank's Portuguese operations and reinforce its position in the international markets mainly in Africa. The last phase's (2016-2017) key priority is to benefit from the previous phases to achieve sustained growth of net income.

1.2. Market overview

Historically, the traditional banking view of payments consisted on a standard and simple payment system where the money was transferred from bank to bank on behalf of the payer and payee. Banks nearly exclusively provided the core financial services and products such as the long-established payment methods (e.g. cards, ATMs and checks). However, this reality was corrupted by the rapid emergence of digital payment methods and channels that led to a far more complex context for payments (BP, slide 51). New payment intermediaries, who usually do not operate in the

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[1] BP stands for Business Project Report.

financial sector, are entering the market to facilitate the payment process.

One of the drivers contributing significantly to the undergoing profound transformation of the payments landscape is the development of mobile payments solutions. One could define this trend as "transactions conducted using a mobile phone and payment instruments that include banking instruments (e.g. cash, bank account or debit/credit card) and/or stored value accounts such as transport card, gift card, Paypal or mobile wallet" (Gartner, 2015). Even though, estimating the pace that the traditional payment methods will be displaced by mobile is difficult, the potential market size is huge. In Portugal, the addressable market for mobile payments are cash and card transactions with a smaller value. If one considers that 10% of ATM and card transactions migrate to mobile payments, the market would have a value of 7,475 million Euros (Passport, 2015; BP, slide 53).

From the six current players that entered in the Portuguese mobile payments arena, only one did so before 2014, which suggests that the industry is starting to take off (BP, slide 77). The first was Paypal in 2009, allowing customers to use the smartphone browser to make online purchases and person-to-person transfers (P2P). Others followed, as the MB Way platform introduced by SIBS, who encouraged the cooperation between twelve[2] banks to offer a similar concept as Paypal. Since this project is taking longer than expected, *Caixa Geral de Depósitos* (CGD) is currently developing two platforms: Caixa Plim, which is a P2P platform only available for CGD's customers, and Caixa Change, a in-store payment platform that can be used by employees at the headquarters.

However, banks are not the only ones who consider mobile payments as an attractive opportunity. Portugal Telecom launched MEO wallet which allows customers to store debit/credit cards, as well as loyalty cards in order to do payments in-store and online. Moreover, retailers are also starting to enter the market by developing ecosystems that digitalize the loyalty card and allow payments. For example, Auchan launched a pilot platform named Flash'N Pay in 2015 that uses QR codes to enable mobile payments and deliver coupon alerts to the customer while shopping.

1.3. Millennium bcp's current situation

Last year was an important milestone for Mbcp since the annual consolidated net income of -227 million Euros is a significant improvement when compared to the net loss of 741 million Euros in 2013 (Annual Report, 2014). This difference is justified by the increasing contribution of international operations and the positive evolution of the activities in Portugal. In Portugal, Mbcp has the second largest retail network with 695 branches and 2.3 million customers being ranked second regarding market share for both loans (18.9%) and deposits (18.6%) (Annual Report, 2014).

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[2]ActivoBank, Banco Popular, Banif, BBVA, Best Bank, BPI, Caixa Geral de Depósitos, Crédito Agrícola, Millennium bcp, Montepio, Novo Banco, and Santander Totta.

Furthermore, it is important to highlight that Mbcp still has to repay 750 million Euros of CoCos[3] to the State, down from the total 3 billion Euros received in 2012 (Annual Report, 2014). This result is aligned with the Strategic Plan's milestones, which also defines five strategic pillars for 2015 in order to benefit from the recovery of the Portuguese economy and adapt to the shift in the customer needs. One of these pillars consists on the full exploitation of digital technologies, such as mobile and Internet, to redefine the Bank's retail distribution network.

In fact, Mbcp is one of the most innovative players in the mobile banking[4] landscape due to the strong commitment towards innovation. The Bank's current mobile offering is composed by two mobile applications for individuals (MApp and MBolsa), one application for enterprises (MEmpresas) as well as two other mobile channels (Web and SMS) (BP, slide 19).

In 2014, Mbcp's mobile activity grew by 33% and 55% in terms of number of active users and operations carried out, respectively (Annual Report, 2014). In Portugal, it has approximately 96,559 active mobile banking users, which is significantly below when compared to Poland, where it registered 145,000 active users (Annual Report, 2014). However, it is important to highlight that several customers tend to be multi-channel customers. In Portugal, only 17% of the active mobile users used just the mobile channel to interact with the Bank (Mobile Report, 2014).

1.4. The business project challenge

The recent market changes in the payments landscape seem to suggest that the mobile payments industry rise in Portugal is not a mirage anymore. Since, none of the current mobile services available at Mbcp allows the bank to effectively compete in the center of the mobile payments industry, it was necessary to further explore how the Bank could take advantage of this emerging opportunity. Thus, the business project challenge consisted in looking for all the payment alternatives available in the mobile payments landscape to answer the question: "What is Mbcp's future role in the Portuguese Mobile Payments arena?".

2. REFLECTION ON THE WORK DONE

2.1. Problem definition

For the last decade, mobile payments have always seemed just over the horizon giving a step back once it seems to be closer. However, Mbcp believes this is about to change given the unprecedented rise in the momentum among players, and the increasing penetration of smartphones.

At an industry level, banks are going digital with few doubting that the distinction between channels and devices is blurring. Interactions between Internet, mobile and branches are increasing typically with the smartphone as the remote control and point of convergence. In 2014, almost half

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[3] Contingent Convertible bonds were the form of capital that the Portuguese Government used to help buttress Mbcp's finances in 2012.
[4] "Leverage mobile as new and enhanced channel for banking services" (McKinsey, 2011).

of the Portuguese population (46.4%) had a smartphone, which represents a 17% increase when compared to the previous year (Jornal de Notícias, 2014). Penetration rates vary significantly according with the age group, with the one between 15 to 24 years old registering the higher rate. This explosive adoption of smartphones made them increasingly important in the daily life of customers. Nowadays, people use these devices to manage their life on the go being on average quicker to report a lost phone (68 minutes) rather than a lost wallet (26 hours) (Accenture, 2013).

Unfortunately for banks, companies from a wide range of industries also want to fully exploit the growth of smartphones adoption to adapt to the customers' changing preferences. Consequently, others are expanding their services putting payments as the centre of the digital migration. These players' mobile payments solutions threat to displace banks in consumers' daily transactions.

Thus, Mbcp has the need to defend its position in the payments arena by developing the best strategy to enter in the Portuguese mobile payments landscape. This strategy would have to be characterized in terms of offer – type of solution and functionalities – technology required and communication strategy. Moreover, the proposed entry strategy would have to be disruptive due to the strong commitment to innovation, but also aligned with the current Mbcp's mobile strategy.

2.2. Work plan

Following Winston Churchill's premise that "those who plan do better than those who do not plan even though they rarely stick to their plan", a methodology composed by four phases was defined. The first phase's priority was to assess the existing circumstances of the project by conducting an "As-Is" analysis. In other words, three dimensions had to be analysed to appraise the starting point of the project: the Bank, the consumer and the market.

First, the internal analysis' key objective was to understand Mbcp's current offering, positioning and performance in mobile banking. In that sense, eight interviews were conducted to different departments of the bank. Second, both Mbcp's and non-Mbcps' customers' needs, concerns and preferences towards mobile payments were characterized through an extensive consumer analysis. As so, exploratory research methods were used. For instance, interviews to non-Mbcp's customers and a focus group constituted by Mbcp's individual customers from different age groups. Lastly, the market analysis provided an overview of the wide range of business models, technologies and players operating in the national and international markets. This benchmark analysis allowed the understanding of current and future trends in the industry.

The second phase's objective was to identify the market gaps based on the current positioning and strategy pursued by the existing players operating in the Portuguese mobile payments industry. As a result, the most attractive strategic alternatives were defined to fully exploit these gaps.

The third phase involved choosing the most adequate strategic alternative based on a costs-benefit

analysis. Based on that choice, a comprehensive mobile strategy was developed to define Mbcp's entry in the mobile payments arena. As referred previously, this strategy should be translated in terms of the offering, technology required and communication. Thus, a prototype of the solution and an integrated marketing communications strategy were developed.

Finally, the last phase consisted on the development of a high-level roadmap that illustrates the following action steps needed to implement the proposed strategy. Moreover, key performance indicators were suggested in order to monitor the progress and success.

Every step went smoothly and within the time frames projected. The exceptions were the delay of crucial pieces of information. First, the lack of cards and payments' insights about the costs of developing and implementing the solution proposed did not allow making cost projections. Second, the lack of information about Mbcp's corporate customers created a gap in the analysis being difficult to understand how the Bank could leverage these relationships to establish partnerships.

2.3. Diagnosis

2.3.1. Internal analysis

As referred previously, the Mbcp's dynamic strategic plan established as a priority to exploit the potential of Internet and mobile banking. This focus is reflected on the bank's organizational model that has a department fully dedicated to take advantage from these two channels (BP, slide 12).

However, when this department wants to implement a new innovation related with these channels (e.g. new app), it needs to discuss it with other departments – Legal, IT[5], Internal risk, IT security, Compliance, Operations and Marketing – to ensure that all the Bank's requirements are fulfilled. According with the project in hand, other departments' support might be needed. For instance, in the case of a mobile payments solution, the Cards and Payments division should be involved.

Although, the departments are willing to cooperate, the level of support and engagement towards a new project differs. This is clear in the following departments' insights regarding mobile payments:

- Internet & Mobile: It truly believes that mobile payments have to become part of the Bank's mobile portfolio soon mainly because the MB Way is taking longer than expected to take off.

- IT: It also agrees that Mbcp should develop a mobile payments solution soon. However, this urgency results from the fast pace that competitors have been investing in mobile banking.

- Cards & Payments: It is open to a mobile payments solution if it represents a new source of revenues for the Bank. It emphasizes the need of SIBS' support to launch a universal solution[6].

- Compliance & IT security: Both are reticent about mobile payments. First, the directives being elaborated by the European Union (EU) are not be favourable to mobile payments players.

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[5] IT stands for Information Technology.
[6] A mobile payments solution open to everyone, which means it is not closed to non-Mbcp's customers.

Although, there is no regulation concerning mobile payments, the Bank's policies tend to be stricter than what is required by law.

- Marketing: It demonstrated the lowest level of support. It does not believe that mobile are a priority for the Bank at the moment since it is focused on achieving profitability again. Multi-channel customers are seen as a challenge since are more costly and difficult to target.

Furthermore, Mbcp also encourages the cooperation among business units. For example, ActivoBank customers are used as a pilot before Mbcp launching a new offering. In addition, the cooperation with Millennium Bank in Poland might be crucial for a quicker entry in the Portuguese mobile payments market. In 2013, it implemented a successful mobile payment solution, BLIK, in cooperation with five other polish banks (BP, slide 165).

In Portugal, the Bank has been growing its mobile offering in the last few years. On one hand, Mbcp has been pursuing a market penetration strategy through the improvement of the existing offering. To illustrate, Mbcp's app for individual customers were improved in 2014 in order to add new functionalities and layout. On the other hand, the Bank has been trying to develop new products having innovation as a core driver. For instance, the launch of the MBolsa app that allows customers to access their securities and stock exchange transactions anywhere, anytime.

The success of this mobile strategy is evaluated according with three main dimensions: activity, engagement and sales (BP, slide 20-22). In fact, the overall mobile activity in Portugal lags the rest of Western Europe (WE), and national peers. To illustrate, Mbcp's mobile penetration is the lowest one in Portugal (3.7%) and less than half of the WE average. This gap towards the Portuguese peers seems to be widening, even though the number of active users increased 33% from 2013 to 2014.

By contrast, Mbcp outperforms Portuguese and WE peers in terms of mobile engagement. The Bank's monthly mobile log-on frequency is approximately 81% and 8% higher than the Portuguese and WE averages, respectively. In particular, Mbcp's customers' mobile engagement towards payments is very high. To illustrate, a Mbcp's user does on average 1.4 financial transactions per month from which around 93% are third party payments. So, Mbcp should leverage the fact that customers already rely on mobile to do payments when developing a mobile payments strategy.

Although, the Bank has the same mobile sales capabilities as the most advanced national peer with exception of credit cards, its mobile sales performance is almost half of the Portuguese average.

2.3.2. Consumer analysis
2.3.2.1. Portuguese Market – Individuals
Portuguese customer' perceptions concerning the importance of the different banking channels has been changing significantly as the number of interactions through digital channels increases. The most common way to access the bank's digital services is the online home banking. Yet, 44%

already uses mobile banking either through the app (19%) or the browser (25%) (Digital Lab, 2014). Accordingly, the total number of mobile banking users in Portugal is estimated to be 641,000 people, which represents an increase of around 50% when compared to 2013. The typical user is male (57.6%) and belongs to the upper middle social class (39%) (Marktest, 2014).

The adoption levels of the mobile banking services differ significantly with the age group, which is not surprising since younger generations are the main supporters of technology and have higher levels of digital literacy and engagement. Over 70% of the mobile banking users are between 25 and 44 years old, with the largest penetration in the age group 25 to 34 years (Marktest, 2014).

One of the mobile channel's advantages is to reach people who live in areas where the access to other channels is more difficult. Nevertheless, approximately one third of the users live in the Greater Lisbon area, 16.9% in "*Litoral Centro*" and 16.5% in Greater Oporto (Marktest, 2014).

Furthermore, those who already make purchases using a smartphone may become the early adopters of mobile payments solutions. Although, mobile commerce purchases remained low, it is expected to increase as smartphones' penetration rises and consumers become more familiar with applications and online transfers. By 2019, mobile commerce is estimated to reach €1.4 billion in constant terms, an increase of 272% since 2014 (Passport, 2015).

However, consumers' concerns about mobile payments might pose barriers to adoption. The customer's main concerns are related to security and safety issues. For instance, customers tend to mistakenly perceive mobile as a less safe device than computers and are worried with their data protection. Secondly, there is a high acceptance of the substitute payment methods mainly ATMs and debit/credit cards. This is aggravated by the fact that these methods are accepted in a wide range of merchants which does necessarily happen with other solutions such as mobile wallets. Thirdly, customers are reticent in relying on smartphones as a full wallet substitute due to limited mobile phone battery and data plan. Finally, older generations are afraid to adopt new payment innovations since they usually have lower levels of digital literacy.

Other changes in the consumer behavior due to the economic recession have to be considered since customers are expected to retain at some extent the frugality that the recession forced upon them. Thus, customers will continue searching for the best deals both online and in-store.

2.3.2.2. Mbcp's customers analysis – Individuals

In December 2014, Mbcp registered 86,823 active mobile users in the MApp, and 1,199 in MBolsa (Mobile Report, 2014). These figures clearly illustrate that Mbcp's customers prefer to use the Bank's mobile applications instead of the mobile browser (1,529 users), which is not verified in the overall Portuguese market. In fa.ct, research suggests that 22% of Mbcp's customers already use the at least one of the mobile services offered by the Bank (Marktest, 2014).

When comparing Mbcp's mobile user profile to the overall Portuguese market, one could argue that both have similarities. For example, customers inhabiting larger urban areas are the one that most use mobile banking services. The most remarkable difference is the gender breakdown, since Mbcp has 67.8% of male users, which is more 10% when compared to the Portuguese market.

Older generations (45+ years old) elect ATM and branches as preferred channels, while younger ones prefer to use the digital channels. Although, Mbcp's customers between 26 and 45 years old are the ones that most commonly use mobile banking, these younger generations' high digital literacy also makes them more demanding. To illustrate, users between 18 and 25 years old register the lowest levels of satisfaction and continuity intention (BP, slide 35).

Furthermore, it is relevant to analyze how different segments adopt and perceive the current mobile offering. Mass Market, Plus, Prestige and Private Banking are the four segments used by the bank, organized in ascending order of the deposits amounts (BP, slide 36). All the segments seem to have adopted the mobile channel, but Mass market and Plus customers constitute 72% of the total mobile users (*Perfil Utilizadores Mobile*, 2014).

Finally, Mbcp's customers have different attitudes towards mobile payments that might be classified in the following, distinct but not mutually exclusive, categories:

- Early adopter: "I enjoy trying new things with my mobile phone namely payments";
- Open: "If retailers accept it, then I would give it a try";
- Selective user: "If mobile payments delivers value to me then I would embrace it";
- Indifferent: "I could not care less, my current bank cards work fine";
- Skeptical: "This is still new and I think there are risks in making the transaction".

In conclusion, Mbcp's customers' attitudes towards mobile payments are aligned with the overall Portuguese market. While the top concerns seem to be related with the security of financial and personal information, the main benefits perceived are convenience and mobility. The focus group illustrated that these benefits might not be enough to attract customers being crucial to create an ecosystem of merchants and customers to add more value to this new payment method.

2.3.2.3. Portuguese Market – Merchants

After three years of decline, retailing in Portugal stabilized during 2014, with grocery retailers representing 56% of the sales in store based retailing outlets (Passport, 2015). One of the key concerns of merchants is the commission charged when customers pay with credit/debit card. In 2012, the average rates applied in Portugal were 2 and 1.7 times higher the European average in the case of debit and credit cards (Expresso, 2014). This took retailers like Pingo Doce to only allow card payments for transactions above 20 Euros.

2.3.3. Market analysis

2.3.3.1. Industry attractiveness

After carefully analyzing the industry structure, one could argue that the mobile payment industry is becoming increasingly attractive to a wide spectrum of companies namely financial institutions.

Firstly, the threat of potential new entrants is high and increasing since barriers to entry are low. There are no customer switching costs or regulation and the retaliation of incumbents towards new entrants seems to be equally low. To illustrate, six solutions were implemented since 2014 and it is expected new entries from national (e.g. other banks) and international companies (e.g. Apple Pay).

Secondly, the power of suppliers (e.g. IT and cloud storing) is low and likely to remain the same. Suppliers' power might differ according with the sector where the organization operates. For instance, technological companies are less probably outsource IT services than retailers.

Accordingly, the bargaining power of buyers is medium but increasing. On the one hand, individual customers have lower power due to the lack of negotiating leverage to force down prices and make demands. On the other hand, larger merchants might have a higher bargaining power since companies want to have them in their ecosystems to foster adoption (e.g. Sonae).

Furthermore, the threat of substitutes (e.g. cash, ATM and cards) is high and likely to increase. These traditional payment methods are already embedded in the customers' daily life and they seem reticent to change. Additionally, financial institutions have been developing innovative and disruptive solutions such as contactless cards which acceptance is increasing in Portugal.

While some cooperation exists between organizations (e.g. SIBS solution), most companies develop their own platforms independently, which creates a fragmented market. Although, there are few competitors in the industry, they seem to be committed to reach leadership. Thus, rivalry intensity is low but increasing as more players enter the market with the aim of conquering market share.

Finally, the power of complements was also analysed since smartphones and data are important drivers for the mobile payments market development. This force is high and expected to increase as smartphone penetration is rising and data packages are becoming more accessible.

2.3.3.2. Business models

There are several business models within the mobile payments landscape since it involves decisions about the solution, the function, the technology and the transactions (BP, slide 75).

Several types of mobile payments apps are available on the market fulfilling different needs. Currently, the most common solution is mobile wallets that allow the customer to store their debit/credit cards as well as loyalty and gift cards on the mobile app. This kind of solution provides users the opportunity to perform in-store payments and P2P transfers since the virtual wallet is linked to a preferred card or is pre-charged. However, other types of solutions might only focus in

one of these functions. For example, instant money transfer apps, like Facebook, enable users to send, receive, and request money using the other user's phone number. This is possible since the user links the phone number to a card allowing the amounts to be directly added or deducted.

Furthermore, retailers, who want to increase the interaction with the customers, are introducing closed loop mobile payments apps. As a result, these solutions usually combine mobile payments with other services such as rewards and store locator.

This widening scope of mobile payments solutions comes as supporting technologies spread, with established and emerging ones being used to meet a variety of needs. Long-standing mobile messaging technologies such as SMS are being used in emerging markets in order to reach the unbanked population (e.g. MPesa). At the same time, technologies such as NFC, QR codes and Bluetooth low energy (BLE) are being used primarily in developed markets (BP, slide 56-57).

Firstly, NFC enables different devices such as smartphones and POS machines to establish a radio communication between them by bringing them into close proximity. This technology is becoming increasingly popular, as successful players adopt it (e.g. Apple Pay) due to the difficulty to emulate the authorizing secure element[7]. In Portugal, all the POS machines will be NFC enabled until 2016.

Secondly, QR codes are two-dimensional machine-readable codes that contain information. This system can be implement in different ways. For instance, the customer scans a QR code unique for the purchase in the receipt or the merchant scans the user's personal QR code visible in the app. Either way, merchants have to invest in infrastructure and software (e.g. QR code reader).

Lastly, the BLE enables the smartphones to catch signals from wireless transmitters, which also recognize that the customer is at the shop. At checkout the customer needs to be identified either through its position in the store or his profile in the cashier's screen. As a result, the POS have to be changed and the checkout service adapted.

2.3.3.3. Overview of players' ambitions
The sector where the players operate usually determines their ambitions towards mobile payments.

First, retailers see mobile payments as a way to improve the interaction with the customers while keeping the pace of customers' move towards mobile. They encourage the adoption of their apps, since they want to reduce the transaction fees charged by banks in card transactions and get valuable customers' insights (BP, slide 60). Potential new entries are Emel and Continente.

By contrast, technological companies prefer to create universal solutions to take advantage of their global reach. These companies are usually the ones responsible for disrupting the value chain due to the deep understanding of how technology can improve customers' lives. The problem is that regulation differs across borders, so usually these companies have difficulties in expanding their

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[7]A physical chip or a virtual element in a cloud that stores the credit/debit card information.

offering. Global companies like Facebook are expected to enter in the market (BP, slide 62).

Similarly to technological organizations, device manufacturers such as Apple and Samsung often disrupt the market since they make the technology preinstalled in the hardware. Therefore, mobile payments are becoming part of these player's ecosystems. These players leverage their loyal customer base and high levels of brand awareness to foster adoption (BP, slide 64).

Furthermore, telecommunication companies consider mobile payments as a way to diversify to new segments by leveraging their established network reach. However, consumers trust less in these organizations as a financial service provider (BP, slide 66). Potential new entrants in the Portuguese market are NOS and Vodafone (i.e. SmartPass wallet in the UK).

Even though all these players do not have to comply with the same regulations as banks, without a bank or payment service provider license they are not allowed to sell financial services (e.g. open an account). Accordingly, financial institutions are trying to reinforce their position in the payments value chain by leveraging on customers' perception of trust (BP, slide 68). Several are the banks that will probably follow CGD in entering the market (e.g. Novo Banco).

2.3.3.4. Regulation

There is no mobile payments regulation, but future regulation is expected since the EU is closely following the market evolution. The European Payment Council is elaborating two directives about mobile payments initiatives while the European Forum elaborated one about security. Furthermore, players should be attentive to related regulation such as the EU cap on interchange fees.

2.3.4. Gap analysis
2.3.4.1. Market positioning

As referred previously, six players are operating in the market, but seven solutions are available since CGD introduced two apps. As a first step, it is crucial to assess each player's positioning in the Portuguese mobile payments arena by looking at the services provided and market coverage.

Firstly, Paypal and MB Way allow customers to do P2P transfers as well as mobile commerce. Both solutions are targeting the mass market, so any customer can adopt them. In the future, MB Way already confirmed that wants to expand to in-store payments, while Paypal might implement its in-store payment functionality that already operates in other countries (BP, slide 78).

Similarly, MEO and SEQR wallets are also open to the mass market. For instance, the customer does not need to be a client of MEO to have a MEO wallet. These apps provide P2P services and in-store payments encouraging adoption through ecosystems that include rewards and loyalty cards.

Lastly, Flash'N Pay and Caixa Change are solutions that just provide in-store payments focusing on niche markets. Caixa Change is only available for CGD'S clients and Flash'NPay for Jumbo clients. Accordingly, Caixa Plim is also restricted to CGD's customers, but focus on instant P2P

services. One could argue that both CGD solutions work as a starting point to help customers "cross the chasm" from paying with physical cards and cash to a smartphone. Once adoption is established, richer revenue streams can then flow from a more complex solution.

As a result, the positioning map clearly illustrates two attractive opportunities for Mbcp. Either, it develops a niche market or a mass-market solution that provides both P2P and in-store services. Regardless of the positioning chosen, the solution should cover other components of the retail experience chain as other players are doing (BP, slide 80).

2.3.4.2. Ecosystem analysis

In general, a "digital ecosystem is a network of organizations and individuals relevant to a particular need or function such as commerce, which redefines the traditional boundaries between them from a physical to a digital ecosystem" (Accenture, 2013). In fact, the need of an integrated ecosystem results from the virtuous cycle created by the interaction between merchants and customers. On one hand, customers appreciate the convenience and availability of merchants. On the other hand, merchants want to increase sales and improve the relationship with the customers. Thus, a successful mobile payment solution has to be merchant and customer centric, since merchants' wide adoption attracts customers and vice versa.

Thus, players in the Portuguese market as MEO Wallet and SEQR are developing ecosystems to capture customers while helping them to "cross the chasm" from physical to digital. Both already started to develop a network of merchants across different industries from restaurants to specialized retail. The MEO wallet network is composed by approximately 600 merchants with coverage of 2,000 stores such as H3. Yet, SEQR has only 16 merchants representing 500 stores such as Lanidor. However, none of these have partnerships with food retailers, which have the largest loyalty schemes in Portugal. For instance, the Continente Card from Sonae counts with 3.4 Million active users (Sonae, 2014). Thus, there is the opportunity to cooperate with these retailers by supporting them to digitalize their loyalty programs while receiving access to their customer base.

2.3.4.3. Technology selection

The majority of the players in the Portuguese market use QR codes, MEO Wallet being the only player including NFC as a way of payment. Thus, there is the opportunity to be the first bank to take advantage of the NFC enabled POS machines. Comparing with other solutions, NFC does not require merchants to make any further investments and enables the bank to attract retailers by charging lower fees than regular card payments. For customers, this technology is more convenient, secure and fast. However, only the new generations of smartphones are NFC enabled and iPhones' NFC is restricted to Apple Pay (BP, slide 85).

2.3.4.4. Key success factors

Based on all the insights given by the previous analysis, six key success factors were identified:

frictionless user experience, well defined ecosystem, a wide network of merchants, high customer's adoption rates, high perception of security and revenue streams that go beyond card-based revenues.

2.4. Hypothesis

According with the gaps identified previously, three hypothesis were delineated:

Niche mobile wallet: This alternative consists on integrating the P2P transfers using the mobile number and the in-store NFC payments services in Mbcp's app. Current customers would be able to link their Mbcp's debit/credit cards to have access to these services. Moreover, users would be able to scan the bar codes of their loyalty cards to store them in the wallet as well.

Universal mobile wallet: This solution consists on developing an independent app (M-Pay), which would be available to all potential clients including non-Mbcp's customers. All users would be able to make P2P transfers with the mobile number and in-store NFC payments. They would just have to either link their credit/debit card or pre-pay the account. Besides users being able to store their loyalty cards in the app, they would also have access to a marketing platform with special offers and discounts to the users that pay using the mobile wallet.

Apple Pay cooperation: Mbcp suggested taking into consideration a potential collaboration with Apple Pay as a strategic alternative. In fact, Apple has already made deals with some of the largest banks in the U.S. (e.g. Bank of America and Citigroup). Accordingly, Mbcp would pay a commission to the company for every transaction made through the system.

2.5. Analysis

Mbcp's decision to adopt any of the above hypotheses should be made through a strategic assessment, which reflects the following evaluation parameters: potential market size, competences needed for implementation, strategic fit with Mbcp's strategy, user benefits, and revenue streams.

2.5.1. Niche mobile wallet

This hypothesis targets Mbcp's customers, which represent a potential market of approximately 1.8 million users. For the 86,823 customers that already use the MApp, the barriers to adoption will be lower since they do not need to download it, sign up, or add any additional cards/accounts.

In fact, Mbcp would leverage the fact that current app users are already comfortable in making payments through the app in order to help them "crossing the chasm" towards mobile payments. Users would be able to make instant P2P transfers using the mobile phone number, in-store NFC payments and store loyalty cards. However, the scope of these benefits is limited by the niche market coverage. To illustrate, a user could neither do a P2P transfer to a non-Mbcp's customer nor to Mbcp's customer that do not have the account associated to a mobile number.

Although, the strategy inherent to this hypothesis is aligned with Mbcp's current mobile strategy of

market penetration, the Bank would adopt a fast follower strategic posture in the market. In other words, they would deliver the same concept as other solutions in the market (Caixa Change and Plim in one single app) while observing how the market involves. Therefore, they will not bring a significant amount of innovation since they would only introduce services that are already successful in the market.

Moreover, the limited scope makes difficult for the Bank to negotiate partnerships with merchants and other banks to develop an attractive ecosystem. This is relevant because the revenue streams will only come from the NFC fees that merchants will pay per each transaction. As referred before, it is important to avoid relying solely in this source of revenue because the commissions paid will probably be lower than what the Bank currently gains from card transactions. As a result, only customers that would otherwise pay in cash would represent added revenues.

The investment would be lower when compared to other alternatives, and Mbcp already has the majority of the competences needed to easily implement this solution. However, the limited market coverage increases the risk of customers preferring other services that cover the whole market.

2.5.2. Universal mobile wallet

This hypothesis is open to everyone, which represents a market reach of approximately 5.2 million customers. The wide market scope of this solution represents its main advantage since Mbcp is able to be the first bank to implement an integrated ecosystem in Portugal.

All functionalities offered will deliver a higher value for the users. For instance, there is a higher chance that the receiver of the P2P transfer has the app making the process more convenient to the sender. Moreover, other services as a marketing platform with special offers and discounts creates a differentiator factor towards the well-established substitutes attracting customers, but also merchants that gain a new platform to advertise and connect with the customers. In fact, this marketing platform would constitute an additional revenue stream for Mbcp besides the regular fees charged to the merchants in the NFC in-store payments. Nevertheless, it is important to point out that this solution would also involve higher development and operating costs.

Furthermore, the high market reach increases the possibility of Mbcp joining forces with other banks and retailers to improve the app's market penetration. In particular, partnerships with merchants are crucial because their availability attracts individual customers.

The creation of this integrated ecosystem takes advantage of the full potential of the mobile as a payment device. This is not only aligned with the Bank's strategic priorities, but also with its current mobile strategy of developing new products. This strategy would position the bank as the shaper of the industry in Portugal as it would be bearing the risk of market adoption while gaining reputation for innovation. Consequently, the Bank has the opportunity to become the leader through

providing innovative services that add value for the participants of the ecosystem. However, to accomplish leadership, the Bank will have to develop new capabilities such as mobile marketing.

In conclusion, this strategy is aligned with Mbcp's interests and represents an opportunity for defending its position in the payments value chain.

2.5.3. Collaboration with Apple Pay

A potential collaboration with Apple Pay would position Mbcp as a "catalyst" player in the marketplace. Put differently, the Bank would invite Apple Pay to innovate while Mbcp would allow Apple to provide its services under Mbcp's client platform. One could argue that this strategy is not aligned with the Bank's current strategy of having innovation as a core driver of growth.

This hypothesis will only be available for customers who have an iPhone in Portugal which are less than 1.6 million potential users. These customers would be able to make P2P transfers and in-store payments through the Apple Pay system benefiting from Mbcp's and Apple's high safety standards.

However, it would be difficult to successfully implement Apple Pay's business model in any European country including Portugal. In the U.S., the company charges 0,15% and 0,5 cents for every credit and debit transaction, respectively (Apple Pay, 2015). Accordingly, if we take into account the new EU's regulation about card caps, Apple would not be able to offer lower fees than current card transactions in order to encourage merchants' adoption. Even if they do so, it would represent very lower margins for Mbcp. Furthermore, Apple Pay implies wireless upgrades in the NFC readers, which investment would have to be supported by either merchants or Mbcp.

It is also important to emphasize that Mbcp would not have to develop a lot of new competences since Apple could fill the gaps. One could even argue that Apple would want to take care of the majority of the development and marketing activities to fully control the payments experience.

All in all, Mbcp would benefit from partnering with Apple due to its expertise in creating new markets (e.g. iTunes, iPad) and high levels of brand equity. Nevertheless, it would involve the adaption of several aspects of the current business model.

2.6. Recommendations

2.6.1. Entry strategy

After the strategic assessment of each one of the hypotheses, the optimal entry strategy selected was the universal mobile wallet. Thus, Mbcp's strategy would consist on creating an ecosystem where the mobile device works as a "remote control" for participants (merchants and customers) to interact through payments and loyalty initiatives.

Accordingly, this strategy focuses on appealing to the customers' emotions and their increasing affection of using easy-to-use smartphones to control their daily lives. This is crucial since consumers not only have an emotional bond with their money, but also with their smartphones.

Thus, this strategy has mobile payments as a core expanding to other components of the retail experience.

Furthermore, this strategy will be the first step for the Bank to involve towards a digital ecosystem bank. That is, Mbcp would use digital levers to progressively adapt its business model opening access to new customers and eventually new profit pools. To do so, the bank creates a mobile ecosystem that creates value for all the participants: the bank, the merchants and the customers.

2.6.3. Solution development

The app would be available for iOS and Android operating systems, which represent 82% of the potential market (Passport, 2015). After downloading the app and signing up, users will have two different ways to charge the wallet. Firstly, they can pre-pay the wallet account through a regular bank account transfer or with debit/credit cards. Secondly, they can directly link an unlimited amount of debit/credit cards to the app. In fact, the user can have a pre-paid account and a card connected to the wallet. In that case, one can set a default payment option. These range of options are relevant since customer analysis pointed that some customers value the convenience of linking the cards while others are afraid of doing so.

As a security measure, spending limits should be imposed to purchases and P2P transfers. Mbcp will limit the maximum spending per transaction and the number of transactions per day. If the user wishes, there is the option to lower the both limits in the app. Actually, to keep track of the transactions made, customers are able to check their transactions history in the app as well.

2.6.3.1. In-store NFC payments

The NFC payment process is simple and fast but depends on the transaction limit. If the transaction limit is below the one defined, the user simply has to tap the smartphone on the POS machine. Otherwise, it has to validate by inserting a PIN code in the smartphone.

To begin with, if the user chooses to pre-pay the wallet with his preferred credit/debit card, the balance will be kept in a pre-paid wallet account (a Mbcp account) that will be connected to a virtual card[8] issued by Mbcp. When the NFC payment takes place, the virtual card will be charged.

On the other hand, users might prefer to directly link their credit/debit cards to the wallet. In that case, Mbcp will issue a virtual card to act as an intermediate between the user's card and the merchant. Accordingly, the procedure would involve two transactions: one from the card to the virtual card and other from the virtual card to the merchant (BP, slide 109).

However, this payment process only works for Android NFC enabled smartphones since Apple is restricting the use of this technology. This means that iPhone users will not be able to use the NFC technology with other solutions rather than Apple Pay. Nevertheless, iOS users only represent 12%

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[8] It is a non-physical card and the information about the card is stored in the device.

of the market, they represent almost half of the MApp's active users (BP, slide 107). Therefore, including iOS users in the new app was crucial. The solution to this problem consisted in offering NFC stickers[9] to iPhone users and Android users who do not have NFC enabled smartphones.

These stickers represent an attractive low cost solution that will not require additional investments of merchants. In the case of Mbcp, these would be available for free to reduce the barriers to adoption, even though some international players charge approximately 2 Euros to customers.

Accordingly, the payment process for users with the NFC sticker would be different. As a starting point, they would have to order it through the app, get it and place it on the device. Then, tap it on the POS devices. If the amount is above the spending limit, they would not be able to do it in the smartphone since stickers do not communicate directly with the smartphone, just replace one contactless card. Therefore, they have to insert the PIN code in the POS machine.

Moreover, the user is not able to have both a pre-paid account and cards linked to the wallet as the sticker just replaces one contactless card. If the customer chooses the first, then the prepaid wallet will be connected to the NFC sticker. Once the payment takes place, the sticker will be charged. On the other hand, if the sticker were linked to the chosen debit/credit card, the transaction would involve two steps: from the card to the sticker and from the sticker to the merchant (BP, slide 111).

2.6.3.2. Person-To-Person Transfers

P2P transfers represent an easy and faster way to send or request money. Users can even request multiple transfers through the option split that automatically divides the total amount among the users selected. For the user to choose a receiver, one could either insert the phone number directly or type the person's name[10]. After that, only needs to select the amount having the opportunity to also add a personalized message, image and or video that can be shared on social media. In the end, the sender either receives a notification stating the success of the transaction or warning that the receiver does not have the app. In the last scenario, the user has the possibility to recommend it.

Regardless on whether the sender has a pre-paid account or cards linked, the amount will be sent to the receivers' pre-paid wallet account. Afterwards the receiver can decide if he wants to transfer it to its own bank account. The only exception are Mbcp's customers that are card linked and do not use the pre-paid account. In that case, the money is directly transferred to the Mbcp's account connected to the default card.

2.6.3.3. Marketing and Loyalty programs

Besides storing credit/debit cards, customers can store loyalty cards eliminating the need to carry the physical cards. Accordingly, Mbcp should develop agreements with merchants for them to link their loyalty cards to the app as a way to strengthen its ecosystem (featured loyalty program). In that

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[9] These stickers store only one fixed virtual card information.
[10] To do so, the user has to import his contact list.

case, customers have the possibility to review their loyalty program details in the app and automatically receive the points when paying with the smartphone. Mbcp should try to target companies that have successful loyalty programs with a wide customer reach (e.g. food retailers).

However, customers can always scan or take a picture to the bar code of non-featured loyalty programs in order to store them at the wallet. The downside is that they are still required to give the loyalty card information at the retailers' check out.

Furthermore, merchants would have the opportunity to give discounts and offers in the app to users paying with the smartphone. Besides this marketing platform, other benefits might encourage retailers to join. To begin with, they can save in card fees and increase sales (e.g. when the customer has no cash but has the smartphone). Further, merchants can also improve their customers' service. In H3, when the customer uses the app it automatically transmits the NIF number. As a result, the service is faster and at the same time more convenient to the customer. But above all, Mbcp can leverage its capacity to ensure high security standards to convince retailers to partner. For example, Sonae's card platform was hacked in 2013.

Despite all of these benefits, retailers might still struggle in partnering with Mbcp, preferring to develop an ecosystem composed by the company's different brands.

2.6.3.4. Partnerships with Banks
Mbcp should keep open the option to partner with other banks since it could benefit from revenue and cost synergies. Even though banks might be reluctant to cooperate, SIBS cooperation is involving slowly and they also have the need to react to customers' shift towards mobile. Both parties could share costs, but also revenues being easier to reach a larger customer pool.

However, several might prefer to wait while observing the market evolution. These fast followers might create niche solutions. Others might just be unwilling to share their knowledge and resources.

2.6.4. Integrated marketing communications strategy
2.6.4.1. Creative brief
Since the mobile payments market is still emerging, non-category users compose the source of business. As a result, educational advertising is needed when entering the market. Accordingly, the main campaign communication objective should be creating the need by emphasizing situations where mobile payments might be more valuable than substitutes.

To successfully accomplish this objective, the first step consists on segmenting the market to find the most adequate target market. Based on the consumer analysis performed, six segments with different attitudes and concerns towards mobile payments were identified. While "early adopters" is the segment that is more responsive to mobile payments, the "resistant" has the lowest levels of responsiveness (BP, slide 129). Using mobile banking information as a proxy, one could argue that

younger generations living in urban areas will probably be the mobile-payments' early adopters since they are more engaged in using the smartphone as a way to make purchases and access to banking services. Therefore, one could argue that Mbcp's target audience are customers aged between 15 and 45 years old, living in large urban areas, with high digital literacy that are active and open for innovation. Obviously, these users have an iOS or Android smartphone.

Furthermore, Mbcp should clearly define the other elements of the positioning statement:

- Frame of reference: M-Pay, is a universal and full-service mobile payments wallet.
- Points-of-difference: M-Pay provides users an easy, convenient and secure way to do P2P and in-store payments as well as access to an integrated loyalty and marketing platform.
- Reasons-to-believe: The wallet is convenient because the NFC technology enables faster payments and P2P allows the transfer of money only using the mobile phone number. Yet, it provides an integrated experience since partnership agreements will be established with merchants from different industries. Lastly, it will be a secure app due to the fact that Mbcp has 30 years of experience in being the guardian of financial and personal information.

2.6.4.2. Media Selection

Mbcp should create a comprehensive communication strategy that leverages owned, earn and paid media both to the launch campaign and the continuous communication.

Firstly, paid media channels should be used to easily reach the mass market. In particular, TV was selected, as Portugal is the third European country with higher daily time spent watching TV (Statista, 2015). In this case, owned media are web channels controlled by the Bank that are unique to the M-Pay wallet. In that sense, tools as search engine optimization and banners displayed in relevant websites should be used to increase the visibility of the independent website dedicated to the M-Pay wallet. Moreover, the company should use channels as social media as extensions of the website to attract younger generations and create word-of-mouth (WOM). These channels should have attractive content such as tutorial videos that explain how the app works. These videos should all be available in an exclusive YouTube channel for the app. Finally, Mbcp should try to create earned media, which is essentially WOM that can be triggered by posts, reviews, recommendations within others made by 3rd parties or customers. Usually, customers perceive earned media as more credible.

In conclusion, the proposed channels should all be integrated in order to create an effective communication strategy. However, the communication budget will require Mbcp to chose which media channels are more relevant and adequate taking into consideration their cost and benefit.

2.6.4.3. Teaser

The teaser developed aims to leverage social media to reach the target market. It consists on

selecting 20 agents to complete themed missions that illustrate the app functionalities and benefits. For example, making all the daily payments using the app. For them to complete the missions, Mbcp would give smartphones with the app pre-installed, and a balance on their accounts.

As a result, all the creative and engaging content (e.g. videos of the missions) would be uploaded on several platforms such as the website and social media. Since agents were selected according with their social media reach in Portugal, once they share the content, it will create buzz and WOM.

2.7. Concerns

From the in-depth interviews conducted, seizing the mobile payments opportunity in Mbcp might be especially challenging. Some departments seem to believe that the bank has still plenty of time to figure this out. This belief is a dangerous myth that can make Mbcp lose the first mover advantage becoming a fast follower. Banks that are forced to play catch-up risk falling farther behind the frontrunners. It is the accumulated learning from trial and the patient implementation of cultural and organizational changes that make the difference between the leaders and the laggards. Thus, speed to market will be a critical success factor for banks seeking to embrace mobile payments.

All departments have to be aware that developing the new mobile payment platform would involve adding a set of new capabilities needed (BP, slide 140). This job should not be delegated solely to the IT department, because the overall organization should be committed in doing so. To illustrate, developing customer relationship management is crucial to manage the partnerships established but involves several departments other than the IT.

The lack of support from business units as ActivoBank and Millennium in Poland can also jeopardize the success of this project. For example, if Mbcp decides to sell ActivoBank, then Mbcp would have to find a different sample to run the pilot phase.

Furthermore, there are several market trends that might create obstacles to the implementation of Mbcp's solution. Firstly, there are no guarantees that the market is actually going to take off soon. Secondly, as the market develops, regulation will start to appear which might interfere with the value proposition of the app. For example, regulations requiring an extra device to make the authentication process, will negatively affect the convenience of the wallet.

There are no certainties that Apple will open the iPhones NFC capability. Even though, specialists think it is unlikely, others as Samsung might follow. This would require Mbcp to rethink the technology selected since the in-store payment functionality is dependent of NFC. Moreover, there is the risk of not being able to develop the partnerships with larger retailers since they prefer to create their closed loop solutions. As other banks enter in the market, becomes more difficult to convince larger retailers to join since Mbcp loses part of its bargaining power.

3. REFLECTION ON LEARNING

3.1. Masters content applied and adjusted

Throughout my masters' studies at Nova School of Business and Economics, I had the opportunity to learn how to delineate the methodology needed to find the optimal entry strategy. In fact, my major in Strategy proved to be useful in this business project since I was able to apply frameworks and insights from the courses attended during my studies.

To begin with, the insights from the project management course were used throughout the project life cycle mainly during the planning phase. For example, defining the scope of the project in the beginning was crucial to ensure that all the parties involved in the project had the same expectations towards the project activities. The scope statement ensured that all the required work, and only the required work, was done successfully. Moreover, project management was essential when defining the work plan and activities. Project management tools were implemented to monitor our progress. For example, the GANTT chart will was an easy graphical way of keeping track of deadlines, activities and key milestones.

During the internal analysis phase, the main aim was to understand if the organization was correctly positioned in the payments market in order to enter in the mobile payments arena. Therefore, the McKinsey's 7S framework was applied with the intent of analysing Mbcp's internal components that needed to be aligned for the Bank successfully implement this project. One of the components analysed was Mbcp's corporate strategy alignment with the current mobile strategy. This was crucial to perceive how the mobile channel has been explored through market penetration and product development strategies (Ansoff Matrix).

Similarly, within the scope of the strategy courses attended, I learned the importance of evaluating the industry attractiveness when entering in a market since the industry structure is the main driver of profitability in the long run. Accordingly, the Porter Five Forces framework was adjusted to include the force of complements as suggested during the course of Strategy II. Once we knew which structural features of the industry that support and depress profitability, it became easier to understand the favourable positioning within the mobile payments market.

As reinforced several times during my masters' studies, making a static overview of the market was dangerous, due to the constant development of the market forces. This is especially true in this project because it relies on technology innovation that is always involving at a fast pace. Thus, all the analysis followed a dynamic approach. For example, future market trends were identified and all the industry forces were characterized in a dynamic way (e.g. increasing, stable, decreasing).

This analysis was supported by an extensive benchmark analysis that clearly illustrated that the different ambitions of each player influenced its positioning in the market. On the one hand, the

benchmark deliberately included successful companies operating in international markets with the intent of translating their best practices into key success factors that any company has to fulfil in order to fully exploit the mobile payments opportunity. On the other hand, the deep understanding of what national players are already doing in the market was crucial to identify the key market gaps.

Once the market gaps were identified, three strategic alternatives were delineated to explore that market opportunities. Therefore, it was needed to choose the optimal strategy among those alternatives. To do so, we knew that a rational and fact-based approach had to be implemented. As a result, the evaluation criteria chosen aimed to evaluate the strategic options contribution to Mbcp. These criteria selection was based on strategy courses' insights (e.g. Corporate Strategy). To illustrate, the strategic fit with the Bank's corporate strategy and the market potential estimation.

Finally, it is important to point out that key learnings from marketing courses were also applied. Even though, concepts such as segmentation, targeting and positioning were relevant, the insights from the consumer behaviour course made the difference when conducting the consumer analysis. One of the topics explored was the adoption, resistance and diffusion of innovations like mobile payments. Whether consumers choose to adopt or resist an innovation depends in part whether they are prevention or promotion focused. Prevention-focused consumers' priority is security and protection so they are more likely to resist since they perceive the risk and uncertainty that innovations entail. By contrast, promotion-focused consumers, whose priority is advancement and growth, are more likely to adopt it. Moreover, consumers differ on when they adopt the innovation so the innovation adoption lifecycle was used.

3.2. New content applied

I can surely say that the new knowledge acquired during the course of the project surpassed by far my expectations and was voluminous given my limited experience in combining technology with strategy. For instance, the concept of multi-sided platforms, which are platforms serving the needs of interdependent constituents. In this case, the M-Pay app is a multi-sided platform that spawns a large ecosystem of users and merchants.

Moreover, even tough, the development of a prototype in these types of project is common, for me it was a new content. It was the first time that I had to illustrate the implementation of the strategy proposed with a prototype that involved learning how to work with software.

Further, the Technology Acceptance Model (TAM) was also applied due to the importance of better understanding what motivates customers to adopt a new technology. This model introduces two technology acceptance drivers: perceived usefulness and perceived ease-of-use. A clear understanding of both was crucial to make a recommendation that explored these components in order to foster users' acceptance of mobile payments. As a result, the solution developed aims to

create a useful and convenient platform that provides a frictionless user experience.

In addition, I strengthen my knowledge in the field of marketing. Firstly, we had to use marketing research tools to identify the customer needs and preferences towards mobile payments. As a result, exploratory research tools as focus group were used to discover ideas and insights. In particular, I had to learn how to conduct a focus group since the mediator should adopt an impartial posture to avoid influencing the outcomes. As a moderator, I had to be able to keep the group on subject and navigate any obstacles or issues that arise which is not always an easy thing to do. Secondly, I got relevant insights about integrated marketing communications (IMC). Accordingly, a comprehensive IMC strategy comprising a creative brief, teaser, and media selection, was defined.

Finally, the business project deepened my knowledge about project management. Even though, I have participated in projects in previous courses, the tools used during the business project provided a more structured approach to managing larger projects. To illustrate, weekly meetings were made with the academic advisor as a way to have an overview of what had been accomplished successfully and to define the next steps. These meetings worked as project status reports that helped us to adjust the project activities according with the bottlenecks identified along the way (e.g. delays on the delivery of crucial data to move forward).

3.3. Personal experience

When looking back to the overall business project, it is possible to identify my key strengths and weaknesses throughout the process.

Strengths: Over the course of the project, I was always curious and engaged in the topic, which made me frequently question the information collected and the recommendations suggested. Even though, this attitude is not always recognized as I strength, the group perceived this role as valuable since I was able to make the project challenging on a daily basis. In fact, several discussions triggered by this attitude led to better outcomes that increased the quality of the business project. This is further exacerbated by one of my strengths as a team player. I always tried to listen to my colleagues' insights to be able to elaborate on them once they finish. I strongly believe that in doing so, the amount of information shared in the group increases, gaining new perspectives and insights to the problem at hand and, ultimately, enabling the group to achieve better results. In addition, I believe that a successful business project goes beyond delivering an output on time, it has to add value to all the parties namely to the company. Accordingly, since I am very goal-oriented sometimes I had to assume a leadership position among the group. This position was particularly relevant when some conflicts rose in the group. For example, at the beginning, the commitment of one element towards the project was very low, but none of the other group members seemed to have the courage to talk about it. Therefore, encouraging communication in this case illustrates how I

developed my leadership skills. Finally, I think it is important to emphasize that my organization and extreme attention to detail strongly made the difference in the outputs delivered to the bank. For example, besides creating the power point design, I also made an effort to review all the action titles of the final report to ensure that they were organized in a way that transmitted the storyline idealized by the group.

Weaknesses & Plan: Firstly, my knowledge about technology (e.g. NFC, BLE) and mobile payments was not vast. Therefore, at the beginning of the project was difficult for me to make outstanding contributions in the group discussions. However, as soon as I acknowledge this limitation, I worked hard to overcome this hurdle dedicating a lot of time reading reports, news and essays about these topics. For instance, I volunteered myself to translate all the documents needed from Portuguese to English in order to ensure that I was updated about the subject. Secondly, my high determination, commitment and quality-orientation make me expect that others will do the same. However, not all the members have the same expectations and level of commitment, which arises conflicts and affects my motivation. In this case becomes increasingly important to communicate since the beginning to set a common goal and for each member to understand the others' expectations. Finally, I like to control every step of the project, which was impossible in such a large project with all the activities involved. Thus, it was challenging for me to give up on control and trust in the work performed by each member. However, it was a valuable learning to understand that the right balance is needed.

Personal learnings: When giving some thought about the business project experience, the group had the opportunity to have bi-weekly meetings with Mbcp. This added the most value since the Bank not only guided us through the project, but also constantly challenged us to reach new perspectives and improve our analysis. Furthermore, these meetings with the client ensured that the expectations of all the parties were aligned and the outcomes delivered included all the feedback given. Since I am thinking about starting my career at a consulting firm, these interactions with the Mbcp ("the client") were really relevant for me to understand how to approach and manage the expectation of the client. Furthermore, it was very interesting to observe how different departments from Mbcp perceive the digital change in such a different way. Even though, it is a clear objective of the bank for 2015 to exploit these channels, several departments still question the need to adapt Mbcp's business model in order to better defend its position in the payments value chain. In addition, the overall team dynamics contributed a lot for the success of the project. Each element had different but complementary backgrounds that allowed me to learn every day with the contributions of my colleagues. Finally, it was interesting to see the impact of culture in the way we perceive mobile payments. For the non-Portuguese colleagues mobile payments is already so

embedded in their lifestyle that not adopting it is simply unimaginable. By contrast, Portuguese are still getting used to the idea of using their smartphones to make payments.

3.4. Benefit of hindsight for Mbcp

I believe that Mbcp already knew the majority of the insights taken from the "As-Is" analysis. The problem was that they were somehow struggling in knowing what to do with the entire internal, consumer and market information collected. Therefore, I strongly believe that the parts of the business project that added more value to the Bank were the gap analysis, the evaluation of strategic alternatives as well as the proposed solution.

The gap analysis allowed them to clearly understand the recent moves of the current players as well as their offerings. This was very important because in this market the Mbcp competition is not only composed by financial institutions, but also other companies that the Bank is not used to compete with. Furthermore, the gap analysis highlighted the need to create a well-defined ecosystem and the opportunity that a partnership with food retailers would represent

The elaboration of strategic alternatives illustrated objectively that the most disruptive idea was actually the one that better fitted the Banks' objectives and strategic priorities for 2015.

Finally, the only thing that could have made differently was to find a way to have the information about the relevant costs involved in implementing the solution proposed. A benefit-cost analysis would provide to Mbcp some figures to convince the sceptical departments that this is actually an idea that can contribute for the bank's profitability in the future.

4. CONCLUSION

As smartphone penetration increases, the challenge is global and gaining momentum as banks try to come to terms with technologies that have transformed sector after sector. Thus, banks are feeling the pressure of competition from firms whose mobile payments technology threatens to displace banks in consumers' daily transactions. However, banks have a huge competitive advantage: to make or receive a payment, the customer needs an account, which banks supply in abundance.

Even though, there is no certainty about when the mobile payments industry is actually going to take off, the analysis performed suggests that Mbcp should enter as soon as possible to benefit from the first mover advantages. Therefore, Mbcp needs to go beyond building a mobile wallet proposition with digitalized card capability. Technology is not enough to encourage merchants and customers adoptions. It is crucial to create a frictionless experience that customers love and that benefits for the merchants. This is only possible by building a well-defined ecosystem for mass payment volumes, and mass customer adoption. This in turn means that extensive change is required internally to develop the capabilities needed to build a universal ecosystem that is both merchant and customer centric.

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