



MONEY GURU

B. Gopkumar
Executive vice-president,
Kotak Securities Ltd



Mobile trading for retail customers, not traders

Tell us about the new technology you have launched with respect to mobile trading.

At present, most mobile trading applications work only in Symbian and RIM (Research in Motion) operating systems (such as Java-based mobiles or BlackBerry), covering just 45% of the market. To increase penetration, we will make the mobile stock trading (MST) application available on other operating systems, such as Android and iPhones, by month-end, covering 95% of the market. Currently, we generate less than 1% of on-line trading revenue from our MST application; we are aiming to touch 5% by FY12.

Why would traders go for mobile trading given that infrastructure and network connectivity are far from perfect? What is their incentive?

We believe that mobile application is not for the trader community, rather for the retail customers to trade. Our target segment is salaried people in the 25-plus age bracket, who are willing to invest but want a convenient platform. There are technological challenges, but there has been a change in the last six months with 3G.

What happens outside cities?

On our part, we have created an infrastructure within our system for back-ups. For example, if you lose network while transacting, you could log in via the Internet and check if the trade has gone through. Or, you could call the contact centre and check with them. Most importantly, we send out an SMS confirming the trade. Hence, transaction security is very high. It is also a secure system in terms of hacking; there are several levels of passwords.

How many customers of Kotak Securities Ltd are involved in mobile trading?

The number is minuscule now; it's just picked up. The industry is trying to push people to use mobile as an application. Why are we doing this? Going forward mobile is the way to move. We also took a strategic call saying that the client interface tool needs to be technologically advanced and user-friendly. Today we have a guest application, which allows even non-traders to use MST, along with our client application. Our objective is to look at not just our clients, but how everyone is using our application.

Is there a percentage of penetration that you can share with us? What about its usage?

It's too early, it will build up. Hard launch of our MST application happened in February with a little less than 4,000 downloads. Till date, we have roughly 35,000 downloads for our MST application. By the next quarter, we are expecting at least 50,000 downloads owing to the unique feature of guest login. In terms of usage, in the last four months, we got at least 4.7 million significant requests through BlackBerry and 600,000 significant requests through J2ME (server for other phones).

Do you see customers shifting from Internet to mobile?

As of now, the two platforms coexist; the mobile account duplicates the Internet account activity and vice-versa. There has been a behaviour shift, but I don't see a substantial shift in the next six months. Over two years, there will be a substantial shift.

You have put a lot of work on this application. How would you recover costs? What's the cost to the customer?

There is no additional cost

to the customer; it's a free application even for guest users. Brokerage charges are what apply to the Internet trading account. What the client pays extra is data usage charges to the service provider. You need to subscribe to GPRS; now there is 3G, which is a bit expensive. It is still early days for this technology; usage costs will be lower with mass.

In small towns, what is the risk for a retail investor to trade without proper advice?

There is an information flow in the market. Today our contact centre can speak 10 languages; a customer can call and ask for research costs. I agree there is a gap in research on the phone in terms of an application. However, this is work in progress. A bigger shift will happen in terms of how an application can integrate with another.

I can't talk more about this development right now, but going forward we may have a book on markets accessible via mobile applications or an analytical application about stocks.

*Lisa Pallavi Barbora and
Kayeazad E. Adajania
lisa.b1@livemint.com*