

ASIA PACIFIC
PRECIOUS METALS
CONFERENCE

4-6 JUNE 2017, GRAND COPTHORNE, SINGAPORE

Leveraging Technology and Transparency
to redefine gold savings and investments

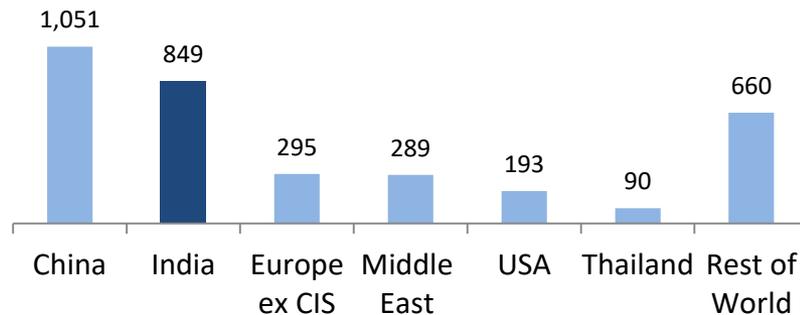


Arjun Raychaudhuri
MMTC-PAMP India Pvt. Ltd.

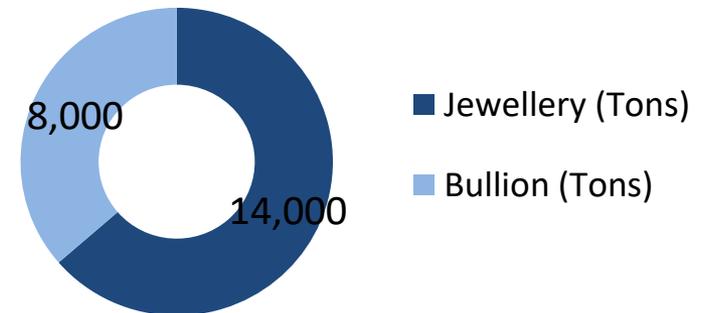
Indians love Gold

India and China account for more than half of global consumer demand for gold

2015 Consumer Demand (Tons)



The Indian private sector owns ~22,000 tons of gold



Do we really know which sections of India consume gold?

And do we really know why Indians consume gold?

Divergent views on *who consumes gold* in India today

- **Economic survey of India 2015-16¹ - The 'rich' consume most of the Gold** - top 20 per cent of population account for 80 per cent of total consumption
- **GFMS Gold survey 2016** - Indian households dependent on agriculture contribute to **35% of annual gold demand**, highly sensitive to monsoons

No clear data on the exact purpose of consumption

CONSUMPTION

- Gifting
- Rituals
- Jewelry

INVESTMENT

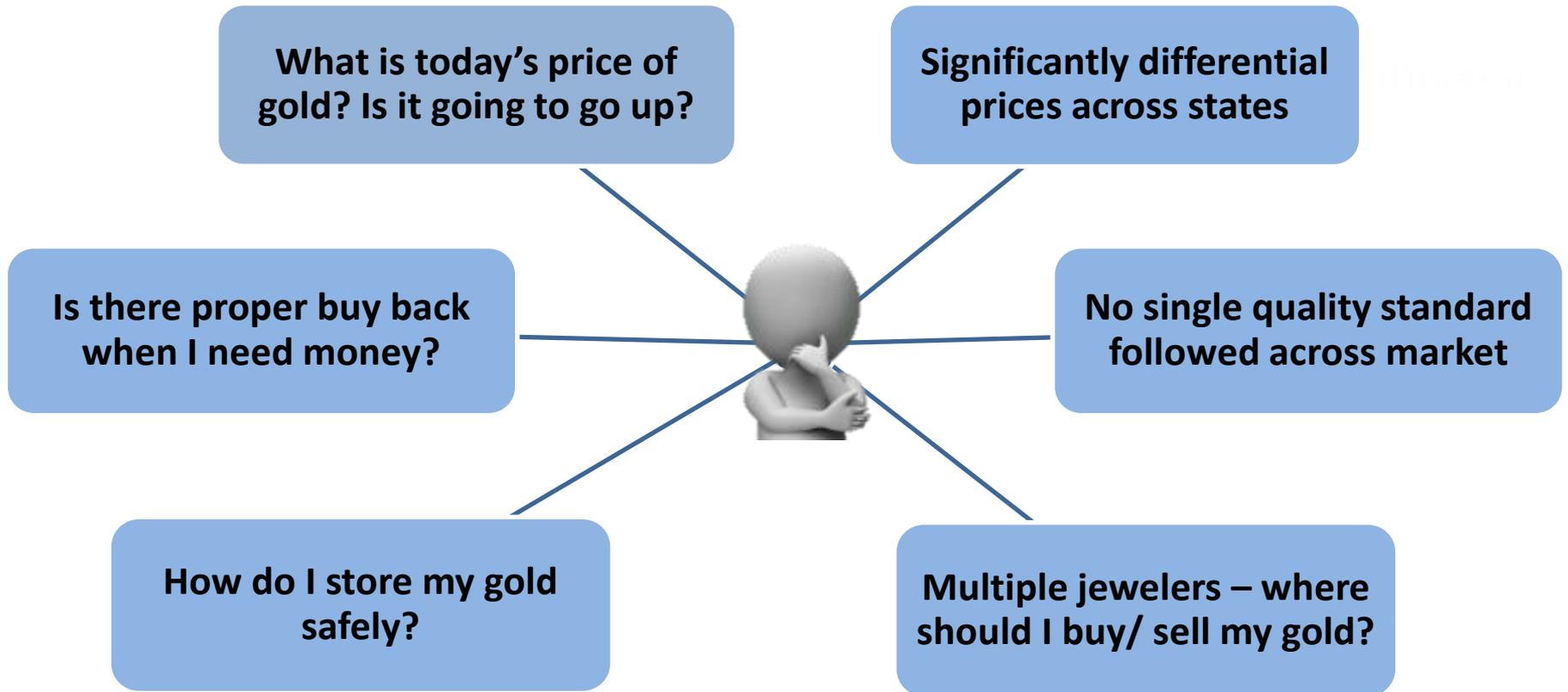
- Productive asset
- Offers return

SAVINGS/ QUASI-INSURANCE

- Substitutes for social safety net
- Liquid, emergency cash, limited capital at risk

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The customer also faces an opaque environment



Can technology improve transparency?

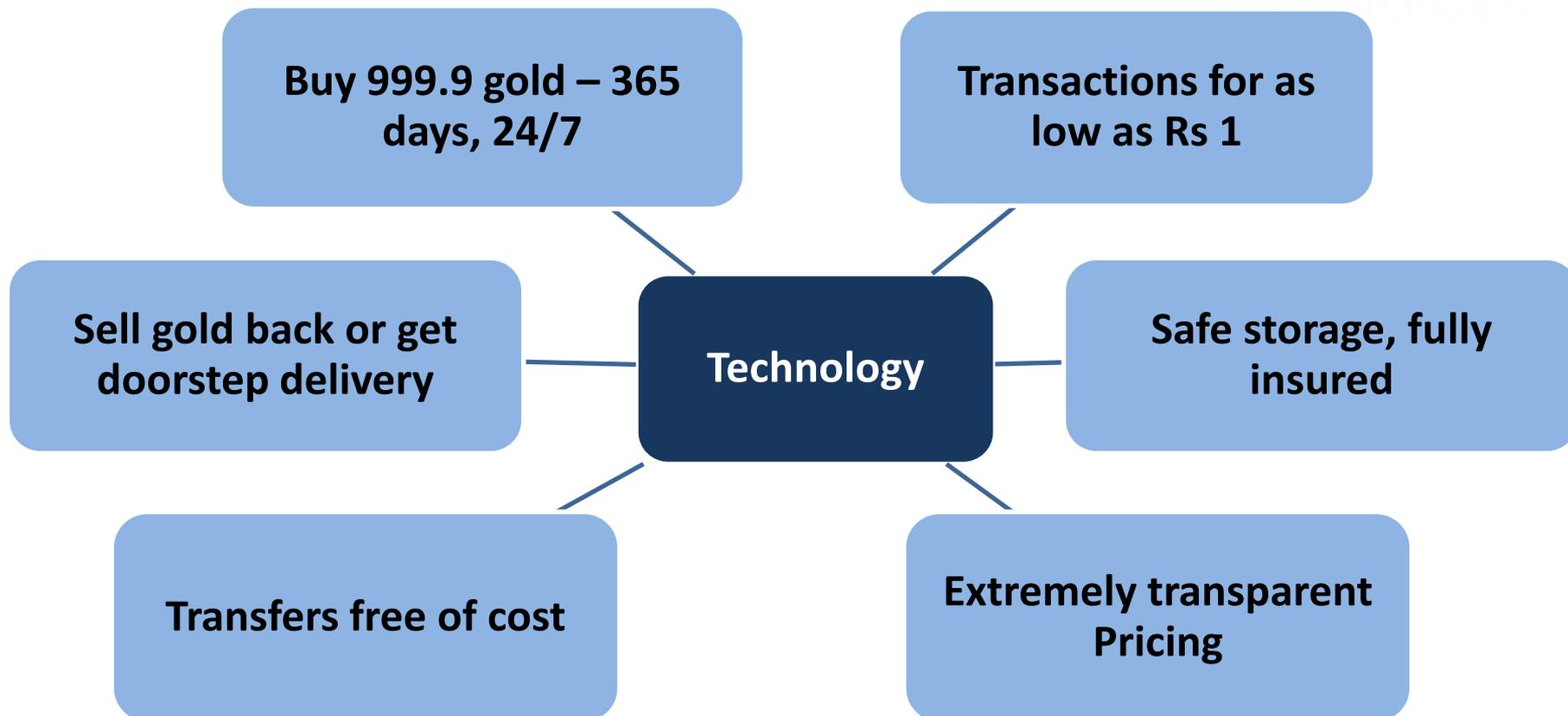
Three inter-related questions

Will technology enable us to serve the customer better?

Will technology enable us to understand the customer better?

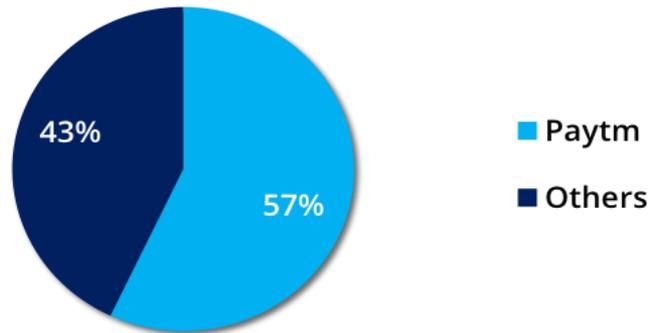
What are the limits to using technology to increase transparency?

Removing shopper barriers through technology



We launched a digital gold pilot with PayTM in October 2016

Large share of payment market



- ~210 Mn + users,
- 4 mn offline merchants
- 150K online merchants
- RBI Payment Bank license

The advertisement features a dark background with the Paytm logo at the top. Below it, the text 'Akshaya Tritiya Special' is written in a large, bold, yellow font. Underneath, a promotional offer is displayed: 'Buy Gold Online for ₹11 Get ₹11 Cashback'. A white box contains the promo code 'AKTGOLD'. The bottom half of the ad shows a close-up of a person's hands holding several gold coins. A circular logo with the text 'PAM.P.M.T.C.' is overlaid on the image.

paytm

Akshaya Tritiya
Special

Buy Gold Online for ₹11
Get ₹11 Cashback

Promo Code : **AKTGOLD**

PAM.P.M.T.C.

Customers we like

- **Most sales between 10am – 12 Friday**
- Is this due to ritual?
- Is this due to Religion/geography?

Customers we find fascinating

- **Check 30 times and then buy once**
- Is this price shopping?
Is it just phone addiction?

Customers we (really) want to hang out with

- **Most price checks at 4-6pm Friday but no actual sales**
- Are we just waiting to go to the bar?

During the pilot, people bought (on average) gold for \$10, and sold back around \$30

- This is very bad data, due to promos, festivals and phased introduction of features
- However, it's a step on the long journey towards finding out "what is the role of gold"

Our biggest learning experience: Every single aspect of the product requires technology

Convenient access

- Ease of interface
- Customer query resolution

Live prices linked to
Global Markets

- Systems for real time hedging
- Value at risk

Buy and sell for as low
as Re 1

- Digitalisation – 0.0003 gm
- Back end systems for inventory management

Available 24X7, 365
days a year

- Systems downtimes
- Cyber attacks

Delivery at your
doorstep

- Inventory planning
- Real time delivery management

Transparency comes with challenges – technology can solve only some of them

- ✓ Customers are surprised and often upset by the true cost of transacting in Gold
- ✓ Educating customers about purity is a long term process and needs multiple stakeholders.
- ✓ Customers will game the system – margin for error in using tech enabled plays is very thin