

The Power of Partnership

Delivering Fortum's Industry-First Multi-Option EV Charging Payment Solution



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Growth of Fortum's electric vehicle charging station business in India was being hampered by a cumbersome post-payment model. But in partnership with its core banking partner BNP Paribas India, the firm was able to take its customer payment experience to the next level. Rajani Modi, Head, Project Finance & Treasury, Fortum Group, India, and Vaibhav Sharma Head of Transaction Banking Sales, BNP Paribas India, explore the pathway to success.

When Fortum Group's electric vehicle (EV) charging business in India sought a new level of customer experience to drive growth, it harnessed the power of partnership to deliver a unique combination of payments tools.

Fortum Group is a leading clean-energy company headquartered in Finland with offices in 12 countries. The group has been setting up EV charging stations across India through its domestic consumer business, Fortum Charge & Drive (C&D) India. As a key part of the development plan for this entity, it was looking to upgrade its existing somewhat limiting post-payment model.

Two key objectives were pursued through its improvement. First, Fortum C&D wanted to minimise end-customer credit risk when using its unmanned EV charging stations. And second, it wanted to attract more customers by delivering hitherto unseen payment flexibility and a superior user experience (UX).

The solution for these twin goals was born out of a co-creation project between Fortum C&D, its long-term primary banking partner, BNP Paribas India, and the Indian payments fintech Pine Labs. The core team's efforts were augmented by the infrastructure support of the National Payments Corporation of India's (NPCI) vast RuPay domestic payment-processing network, and the instant interbank funds transfer capabilities of the country's Unified Payments Interface (UPI).

The result, explains Modi, is a "first-of-its kind" pre-authorized physical and virtual card payments offering that is recognised at any charging station – even non-Fortum charging stations – and a host of other e-commerce and physical stores across India. But there is more to it than this.

Driving change

With customers required to provide payment information every time they used a C&D charging point, and then being able to track their transactions only via their bank statements, the legacy payment experience was sub-optimal, concedes Modi. This view had been confirmed by customer reach-out sessions, which regularly canvassed opinions on the experience of using Fortum C&D's charging stations.

Armed with customer input, an internally driven discovery group concluded that a pre-authorized physical card or digital wallet linked to a dedicated Fortum C&D app would greatly

enhance the UX. Indeed, this would provide customers with the ability to better monitor their spending, especially as pre-authorisation ensured the exact amount would be charged at the time of use. The system would also create the seamless collection of customer payments by Fortum C&D while eliminating customer credit risk.

"But even with this added convenience, we were mindful of not restricting our customers to payments on our app because that would mean customers potentially having to hold a number of cards for the different charging station providers," Modi comments. "We felt it would be more appropriate to offer our customers the ability to use our physical payment card outside of the app too, just as they would a normal RuPay card [RuPay is the Indian equivalent of Visa or MasterCard]. This unlocks payments for use with other charging providers, and e-commerce or physical stores."

At this stage, a domestic open-loop card or digital wallet did not exist, discussion with a number of Indian FIs yielding no solution. But then, as Fortum's core bank (and provider of multiple services to its international entities), BNP Paribas stepped up to the plate.

While the bank did not have a ready offering – this, after all, was pioneering work – it certainly had ideas and, importantly, access to a number of potential sources within the fintech community. Although the solution could have remained anchored within the prepaid card space, BNP Paribas saw potential for more. Indeed, having now been introduced by Modi to Fortum's business team, the bank identified clear scope to expand on the initial banking requirement.

Sharma says: "To take it further, we realised we needed to focus not on the payment aspect *per se* but on the user

experience that it offered. That's when we knew that, to make this a success for Fortum, it had to be a 'single-tap' process. We also looked at this not only as a means of collecting money but also, if the cards were to have a wider acceptance – which is what Fortum was asking for – it could become a co-branded marketing tool for them too."

Into a sunrise sector

With scope expansion now confirmed as a key part of the project, BNP Paribas India examined and assessed the domestic fintech space for potential providers of an end-to-end platform. Pine Labs was selected from the bank's existing 50-strong engagement list (and shortlist of five) because it was the only domestic vendor capable of offering Fortum unified access to the three primary cash collection points: it can collect from card-present POS terminals and e-commerce platforms, and it is a licensed prepaid card issuer.

When BNP Paribas India introduced Fortum to the development experts at Pine Labs, it set in motion a joint ideation and co-creation process. "We discussed the



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challenges, and while Pine Labs had a solution that closely matched our needs, we were able to work with them on the customisations needed to fully meet our requirements," says Modi.

BNP Paribas India was on hand not only to steer the solution design but also to help Fortum negotiate the commercial deal for the partnership. "As a strategic client in India, it was important for us to make sure we engaged with Fortum at every level," explains Sharma. "We want to help grow its business and achieve its objectives in what is currently a sunrise sector. This means taking on the role of partner as well as service provider."

Connecting the pieces

The creation of a co-branded Fortum/BNP Paribas open-loop payment solution, capable of establishing payment pre-authorisation, required the whole technical structure to be integrated with Pine Labs' platform. This required the use of API technology. With that connection in place, the RuPay network sits in the background, managing the settlement between the issuer and card acquirer. UPI integration could also then provide instant interbank fund transfers, which under a current Indian government subsidy reduces the merchant discount rate (MDR) to zero. This bonus, notes Sharma, is driven by the Indian government's Digital India programme, which is seeking to remove manual paper-based processes across the board.

The payment process for the customer centres around a Pine Labs/Fortum co-branded payments card and Fortum's mobile C&D app. The app lets users control and monitor their own transaction history, as well as enabling new cards to be ordered and connected to the account. It also contains a search function for charging stations and a C&D loyalty point system.

Additionally, the app enables the use of a virtual version of the physical co-branded card, and customers can augment this with an app-connected C&D 'charging key' equipped with radio frequency identification (RFID), which is a small physical device that can be used to automatically trigger a pre-authorised payment at a charging station.

The fusion of RFID, mobile app and pre-authorised physical and virtual card technology is a "first-in-industry solution" in India, notes Modi. The package ensures quick and easy customer payments at the charging station, which, she adds, is exactly what was required.

Partnering for success

"Our customers are happy with the new solution," confirms Modi. "For those that were used to the old post-payment process, now having it available in their mobile and

being able to see how much is being debited at the point of use is a huge step forward. And now they can also use our card across other charging stations and merchants, they no longer have to carry multiple cards."

If the customers are happy then the project has been a success. But this has also been about a working relationship between Fortum and BNP Paribas India. This, too, has been given the seal of approval by Modi. "They brought us together with Pine Labs and helped facilitate the ideation and co-creation behind this solution. Of course, they are our preferred banker, and so this is just one part of a much larger relationship with BNP Paribas, both at headquarter level and in India."

Sometimes projects can test even strong relationships, but in this case the mutual respect between the partners is clear. "As bankers, we often have discussions with treasury and financial teams, but had it not been for the foresight of Fortum's finance team, we would never have gained access to the company's product and business teams," enthuses Sharma. "We rarely get a chance to co-ideate on a new product with these teams on the client side, so I must extend my thanks to them and say it has been a fantastic journey."

Creative partnership has proven a good model for other bank-client relationships, Sharma continues. "We have seen how we can take this approach to other clients, start engaging with their business teams, and begin discovering their pain points and requirements," he explains. "Across the industry, as bankers, we all need to start thinking like true partners, going beyond offering our clients basic banking services, and helping to grow their businesses. Our partnership with Fortum has set a strong precedent for that."

The solution is now fully operational in India with Fortum C&D. Modi's positive view of it thus far is supported by her assertion that, should there be any further consumer-facing activities undertaken in the country by Fortum Group, "we would like to roll out this solution there too". As evidence of the power of partnerships to achieve results, she feels for all those involved this is indeed "a feather in the cap".



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