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*The Voice of Corporate Finance*



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## Leading the Way in Online Payment Processing

*An exclusive interview with Andy Khawaja  
- The leader of Online payment processing*

*In the billion-dollar world of online transactions, one firm is leading the way in security and service. Allied Wallet, which today serves more than 100 million users globally and has a fraud rate of just 0.02% – the lowest in the industry – is the brainchild of Andy Khawaja, whose own rags-to-riches story is a lesson in how to build a thriving company in an extremely competitive environment. Acquisition International caught up with Khawaja to hear about his journey to business success and what he has planned for the future.*

Allied Wallet, a global online payments gateway, has over 100 million users around the world.

It provides a secure online payment system, as well as peer-to-peer transfers and smartphone card payments. CEO Andy Khawaja, who is often referred to as the “messiah of e-commerce” for his pioneering advances in the industry, aims to make sure all online transactions are carried out safely – providing Allied Wallet is the service provider. He has grown Allied Wallet by employing an elite staff of processing veterans and innovative thinkers to uphold security, deter fraud, and assure users that their financial information is safe.

Today, thousands of merchants worldwide today place their trust in Allied Wallet, which has processed over a billion dollars globally in 164 currencies.

Khawaja’s rise to the summit of the business world has been nothing short of amazing. Born in war-torn Beirut, Lebanon, he moved as a child to Europe. He later moved to the US, attending college and working a number of jobs, including flipping burgers in a fast food restaurant and serving customers in a supermarket.

Those jobs were certainly a far cry from his current lofty position as CEO of a global technology firm. But they were a vital part of his development as a businessman, he says, because they put him in a position where he was face to face with customers. “I love to understand what people need, what makes them happy or upset,” he says. Those early jobs instilled in him an understanding of what customers need, he says, and what they like to buy.

Khawaja later opened a men’s fashion boutique in Los Angeles, which grew into a chain of stores. Running his stores was, again, a formative experience, he says. “People want to look good. And that gave me a PR-type lifestyle. I had to find out what people are like, in order to be able to provide them with what they want. You need this contact with people,” he says. “Face-to-face contact is vital.”

Soon afterwards, after spotting a gap in the market, he moved into online commerce.

*“When the internet first began to really take off, I realised that something was missing. Websites were being created, but it was impossible to reliably pay for things online. I thought to myself: ‘Why not build the capacity to transact online?’”*

The challenge in those early days, when he needed an injection of cash to get his idea off the ground, he says, was convincing banks to work with him. After seeing fraud take place previously online, they were sceptical, he says. “They kept saying to me: ‘How do you know the customers are real?’” Khawaja says.

He set out to create a fraud detection gateway, a means of checking whether fraud had taken place during a transaction carried out over the internet. It took around five years to put the system in place, he says.

He went back to the banks with his project, which he called Allied Wallet. “But they said there was no appetite for the business,” he says. “Back then, banks weren’t interested in technology. Having witnessed the collapse of numerous dotcom businesses, they would say: ‘The internet is just a bubble.’”

But Khawaja’s payment gateway just grew bigger and bigger. And as it grew, he went back again to the banks to ask for help with handling credit card payments. But as he was a relative newcomer in the business world, the vast majority of them still wouldn’t give him a chance. “Many startups have the same problem,” he says. “The banks won’t work with them. But when they get big, then the banks want them. It was this sense of frustration that inspired him to create Allied Wallet, Khawaja says. Now, to help startup businesses get off the ground, he says Allied Wallet devotes 70% of its time to encouraging new businesses to use Allied Wallet to process online payments.

*“When you get rejected, you just work harder,” he says. “My advice is this: Never give up. Hope is all around you. Believe in yourself and keep on your dream.” And in the world of business it’s usually when people are on the final straight that they fall, he says. “People who fail have only given 90%. When you’ve almost achieved your goal, you can feel you’re almost drowning in problems.”*

He was one of the fortunate ones, Khawaja says. “Somewhere down the road we got lucky with a couple of banks, and we managed to get started.”

Allied Wallet is different from other payment platforms – with PayPal probably the best known of its competitors – because it is a truly global payment processor, able to handle payments on all websites, both domestically and internationally. “There’s a need to protect consumers all over the world,” he says.

Allied Wallet’s built-in online security system offers Level 1 PCI compliance, a secure service which hosts

credit card numbers and other fragile information. Level 1 PCI is hard to obtain, and offers the best possible level of security. Everything Allied Wallet does is stored on site, in multiple locations across the world.

Data is encrypted using tokenisation (which is a process of substituting a sensitive data element with a non-sensitive equivalent, or “token”, which has no extrinsic or exploitable meaning or value). Because everything is turned into numbers and letters, it is impossible to gain access to the server.

All this means that Allied Wallet has a fraud rate of just 0.02% – the lowest in the industry.

In almost any business, to provide the very highest level of service, it's vital to maintain a strong and productive – but also friendly and fun – working culture. And Allied Wallet has an “outstanding” working culture, Khawaja says.

“We never call our team “employees,” says Khawaja. “The team are like family.” At many other companies, such as PayPal, he says, employees are known by a number, rather than their name. At Allied Wallet, he says, staff aren't required to arrive at 9 and leave at 5, and they can take breaks whenever they like. As long as the work gets done, Khawaja says he doesn't mind.

“We don't want staff to be on the clock. That's what leads to stress,” he says. “At Allied Wallet, they feel like they work for themselves, not for me. We want an environment where you can think outside of the box. Allied Wallet is about being creative.”

Within Allied Wallet, Khawaja is a motivator, he says. “In staff meetings, I ask them: ‘Who do you see in the mirror? If it's you, then you believe in yourself.’”

In a recent list by global human resources consulting, research and training firm Great Place to Work, Allied Wallet was named the 3rd best company to work at for Millennials (Google was number five). And it's a working culture that has clearly yielded results: Allied Wallet was recently named for the 2nd time, as an INC 5000 Company, meaning it is one of the fastest-growing companies in the US.

On an international level, earlier this year, the company acquired CloudAsia, one of the largest Chinese payment processors in Hong Kong. The move will give Allied Wallet more access to consumers and local banks in all regions of Asia including Indonesia, Korea, Malaysia and mainland China.

Allied Wallet has also opened an India base in addition to its UK headquarters overlooking Trafalgar Square in London and offices in the US, Germany, Hong Kong and Macau. Another recent development came this year when Allied Wallet was granted the licence to issue MasterCard and Maestro cards in various European regions.

Looking forward, Khawaja says the next big thing in payment processing will take the shape of a reloadable keychain, which is already in use in Japan, and which is completely fraud-proof. Allied Wallet is currently working on bringing the first similar system to the UK.

Asked what challenges are facing Allied Wallet, Khawaja is unequivocal in his response: he says there are none. “We're winning the race,” he says. “We're the master in global processing. Today, we're changing the future of transactions.” ■

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