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# FMCG

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## THE FUTURE OF E-PAYMENTS

A SPECIAL FEATURE INTERVIEW WITH BILLIONAIRE TYCOON  
ANDY KHAWAJA, THE FOUNDER OF LEADING ONLINE PAYMENT  
SOLUTIONS PROVIDER ALLIED WALLET

### INSIDE

INDUSTRY NEWS

EXPERT OPINION

MOVERS & SHAKERS

CASE STUDIES

INTERVIEWS



THE GROWTH OF THE  
UK GROCERY MARKET



REGGAE REGGAE  
ON GOING GLOBAL



SURVIVING IN THE  
BEVERAGE INDUSTRY

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# ALLIED WALLET

We meet the billionaire brain child behind one of the biggest names in ecommerce, Andy Khawaja and learn more about how his global payment solutions product is taking the online retailing sector by storm!

## You are the Founder of Allied Wallet, one of the fastest growing epayment solutions providers in the world; how has the market changed for ecommerce payments?

It's becoming more accessible and thanks to new technology, it's more convenient for people. With the touch of a button you can be literally anywhere and everywhere. I'm having breakfast in a restaurant and I've just booked a flight in the space of three minutes on my iPhone. It's so much less time consuming; you used to have to stand in line to book a flight or drive around then go to a shop to buy an item. Now you can use an application, and just log in to buy something. It's good for us! Our business is expanding and consumers are becoming happier because they have more free time to do other things.

## A lot of people say that our attention spans are decreasing; do you think things are becoming too fast?

I don't think things are becoming too fast in the Western world. I think it's faster in Asia, in Europe and the United States. The technology in Asia for mobile payments, ecommerce and social media is providing a new world over there, and it's all about speed. I've seen vending machines on the street because people don't even want to go to the 7/11 to buy their lunch, because they'll have more people ahead of them in line. People literally won't even spend more than 30 seconds at the vending machine and they prefer to do this instead of standing in line at the shop which can consume about 3-4 minutes to get an item.

## What about our behaviour?

The behaviour is and always has been 'time is money'. The more time you have in your hand, the more things you can do with it, and the more you can generate things for yourself in terms of money, the future, and therefore success. People value time more and more, so a lot of people have been waking up to the new world we live in and a lot of people want to be independent, like an entrepreneur in a way. I'll give you a small example: look at Uber; I've known the founders, and I've believed in the concept myself because it's something unique. It allows people's dreams to come true. Everybody wants to be self employed, everybody wants to be independent, everybody wants to be an entrepreneur. If you work for a cab or a limo company, you have to follow a schedule. You have to be there on time, and leave on time, but with Uber, you are independent. You can wake up and go to bed whenever you like and this is entrepreneurial. If you work for Uber, you work for yourself, all payments are electronically debited, and the consumer market is there, because over time, consumer behaviour has changed, along with their needs and expectations.

## It's worth a lot of money now isn't it?

Now it's worth billions and this has just happened in the past five years. It's not a joke, these are serious numbers. Even Whatsapp, is worth \$19bn, Twitter, \$15bn, so you talk about all these tiny apps, Facebook at \$95bn, and it's crazy numbers. The reason why is because it's all digital. Anything related to ecommerce and digital can potentially bring online transactions to it to maximise profit, so the value goes up to ten times the profit to maybe five hundred times the profit. They are tapping into our behaviour and they are making money out of what the consumer wants.

## Talking about Uber, what was your reaction to the protests made around the world regarding business being taken from traditional cabbies?

It was good because it encouraged people to be self employed. It was a wake up call for people to go out and do their own thing. It's a trial being employed sometimes; I've seen people who couldn't make it, couldn't keep up with their working schedule, who were late... a lot of people can't be on time. They aren't programmed to follow the system, but that doesn't make them bad. They are still good, but can't wake up on time, because they have sleeping problems, or bad habits, but it doesn't make them bad. Uber is an amazing opportunity for them to make friends and make money at the same time. The press attention just highlighted the benefits of the business and the fact that they are educating people on how to be independent. You can wake up at ten, at noon, whatever time and you can pick up your own shift, because you're independent, and that's the beauty about it.

## The retailing industry has changed over the last decade, and online retailing has developed significantly; how has the ecommerce revolution propelled the growth of online selling?

It has helped a lot. When ecommerce first started, you would hardly see any websites that would accept credit cards. A few years down the line, you saw companies advertising their products online, but with no way to purchase and onto today's dates, now almost every website allows you to purchase online and we even have apps. It's more simple, faster and more convenient to buy the product. You can buy everything with the click of a button, and have full access to the site through the mini app on your mobile device.

That right there confirms what I said earlier; it's all about speed: how fast can you buy the product and how fast can you execute what it's all about. I think it's going to come to the point where the faster transaction

you do, the better place you will be in. This is one thing that Allied Wallet focus on: to be able to execute as fast as possible, in global transactions, not just domestic, to stay ahead of the game.

#### **What can go wrong and how are Allied Wallet tackling this?**

Sometimes the transaction fails or will be declined, but there's nothing wrong with the credit card, it just takes a lot of time for that transaction to reach the third or fourth party gateway before it hits the bank, so the merchant risks losing that sale. Allied Wallet thought about this. Our own product supplies technology that is constantly updating because we want to make sure we are up to date, and experience no identity theft. We have built our own product in place, that supplies technology which means we do the front scrub, the security, the encryption and everything related to security from A-Z. It's like a book of codes and we spend a lot of time daily updating our systems, with senior dot.net developers, all Microsoft certified, so they are state-of-the-art systems. The beauty about what we have is it's all developed by Allied Wallet so we don't outsource anything. Every single bank connects to a third party, and there are multiple gateways and fraud detecting systems that slows the transactions down. Because we don't use any third party systems, we are already ahead of the game.

#### **Have you seen a visible increase in profits because you do everything internally?**

We have seen our approval rate, (98%) increase sales by 27%. Others' approval rates are about 68% so that means we increase your profit by 27% already. The reason we increase the profit is because the merchant doesn't understand why there would be a loss of sales due to using third party systems. The merchant doesn't understand the technology, or the details of the codes. If a transaction doesn't go through, they think maybe it's because funds were unavailable, or that the card was international, and it might've been blocked from being used in another country. These reasons can be true, but sometimes they won't be and why would you want to take the chance?

#### **So what do you think about the banks still dealing with third party technology?**

Banks still think in the mind of 20 years ago, yet consumers and merchants probably don't know that. Allied Wallet are more sophisticated in those terms; we understand the business, we know how to deal with problems, and we don't outsource because when you outsource, nobody is going to teach you, or explain to you how things work. It makes sense for us to improve this kind of thing because if the companies that use our services are in business, then we are in business. It's all about providing a better solution and a better economy for all involved.

#### **What sort of technology do retailers have to protect their customers?**

Retailers don't have any tech themselves, they outsource services. Different companies out there provide different solutions. In the end, the most they have to be concerned with is that they are taking a legitimate transaction from a card holder. There are a lot ways we can do this... there's AVS verification - which is basically an address verification in the online transaction world, (in the banking world we call it AVS), plus there's 3D secure, which means that the transaction has to be verified by Visa or Mastercard's verification system, where you'll usually get asked to enter a security code. These are the most common ones.

#### **So can't the merchants do anything?**

There are a few things that can be activated on the merchant's end. They can opt for third party services through the bank, but of course there is an extra fee for that. This can help to prevent fraud, decrease the stolen credit card ratio, etc. but the best thing to do when conducting any online transaction is to make sure the site register is legit, and check the IP address of the site. It's very easy to do that. Just Google search the IP address to find out who it belongs to. Does it register to this merchant website or does it register to someone else? Check the address, and contact the merchant for confirmation. If you don't get any

confirmation back, maybe it's a little bit shady, and if you checked the IP address and it doesn't match, maybe that could be another question mark.

#### **What made you decide to enter the epayment industry?**

I always looked into the cyber world as something very unique and interesting, to the point that when you log in, you log into a cyber world. The only thing that was missing was to transact. Years ago, I thought, it is so beautiful to be able to sit in your kitchen and be able to access the world, but the only thing missing was to get the stuff delivered directly to your house. That's what caught my eye, and now it's like a dream came true. Now people are used to it. The new generation want something more sophisticated, more cool, more fun while the older generation still look at online transactions a bit skeptically.

#### **At the time, did you have any other businesses in mind?**

Honestly no, epayments were my main focus because they literally put you everywhere, making me the gateway to the world. In order to facilitate the transaction, between the consumer and the merchant, it puts me in every corner of the world.

#### **Do you remember the moment you thought of the basic concept of the business, or was it more of a gradual realisation of what you could do?**

Both! After I had the initial idea, I started to see what it was going to look like very early on. How I determined this was related to the travel I did (and do now). When I work with the processing companies that I deal with globally, I see the technology and the direction it's taking - and where it's going to be in the next twenty years; it's all forecast obviously but I see a bit more clearly than anybody else, and the reason for that is because I do meet with some of the largest processing companies in the world and I get the chance to see what they are doing and what they are building, so I can be in the position to think how we, at Allied Wallet can tweak it to make it better.

#### **How have Allied Wallet succeeded where others have failed?**

A lot of processors fail because they did not build the right software, they did not build the right infrastructure and they were basically sitting down to get ambushed. They eventually were ambushed by hackers or bad merchants. In a way, it's a community. Just like how people would physically rob a bank, and hold the place up with guns, it can be the same concept but just applied online... now you can sit behind a computer and rob a processor, so in way you have to team up and protect one another, just as you would do in any community.

People and companies within that community need to watch each other's backs to prevent things like this from happening so I keep an eye out, and if I see that there is anything bad, I try to report it, so that others can be on the lookout and protect themselves.

#### **When people say what do you think of the ecommerce world, and how big it is, what do you say?**

It's very simple. Look at this as an example: when a company about ten years ago, Alibaba, first emerged, who would've believed Alibaba would become the success it is today? Alibaba are a well known processing company, but to be frank, in the past, if I received an email saying 'let us handle your credit card transactions on your website, sign up with Alibaba...' I'm not sure I'd have done that; I mean just the name Alibaba would scare me off! However, we are now talking about a \$200bn company. This is more money than Google and Amazon combined. This is just a processing company, by the name of Alibaba, so if they can do \$200bn as a publicly traded company, well can you imagine what the future of Allied Wallet might be? Plus we have a better name than Alibaba! "Trust us, give us your credit card details, we are Alibaba". Would you have signed up with them? Honestly? It was valued at \$200bn, but it's not because of the name, it's because of who they are, and they have done incredibly well for themselves, considering the name they went with. They mainly handle Chinese transactions, they haven't even gone fully international yet, it's just an office in Hong Kong



# **“We’ve seen companies start from nothing, then accumulate more happy consumers over time, and often, happy consumers will voice their happiness”**

that handles all the credit card transactions, but that story alone tells you just how powerful the market is.

## **How has the growth of Bitcoin affected the epayment industry and where do you see that market developing?**

Bitcoin is a bit of a unique code that Allied Wallet looked at. We are monitoring the situation, but there is a lot of regulation, so we wouldn't step into that market, until it is fully legit and regulated.

## **Are there any apps that you personally use regularly for day-to-day transactions?**

When I travel, I use Uber a lot. On a day-to-day basis, I use iTunes.

## **Do you think that communication between people will continue to change?**

Some people like to text more than to talk and I think people aren't going to be as verbal anymore in the future. In Japan, you can already see unique things starting to happen.

## **Do you think Japan is a bit backwards communication wise or are they tapping into something ahead of everyone else?**

Japan is smaller than the United Kingdom. They are the third largest economy in the world, and have no resources like oil, or gas, but they have brains so it's about working hard. That's why I love Tokyo. If you schedule a meeting, everything is about business, development and working. They allow entrepreneurs to come up with the ideas and execute it. 99% of the staff are in their twenties and the reason why is because they want fresh ideas, fresh business, fresh thinking. They let the young decide while the older generation makes sure the ideas match and supervise. That's the Japanese culture.

## **You are now ranked higher than Paypal in the United States, though Paypal are still the European market leader; what are your plans for taking the lead in the European market?**

Paypal used to be about ten years ago, but they had it very very tough... don't forget, 80% of Paypal's business comes from eBay. You take eBay out and Paypal doesn't even come close to a boutique bank for online transactions. In Europe they actually aren't doing as well as they are doing in the US. In the US, they had a home run because in the early days, they were one of the only players in the market. Then Paypal got their name up there through their collaboration with eBay because the advertisement is there, and the marketing is there. If you were to take eBay away, Paypal would be out of business in less than six months.

## **What do you consider to be an effective way of handling conflicts in the workplace?**

Let people be a bit more independent. Don't secure their thoughts, let them be free. Let them think outside the box, don't give them a script, and let them live life. We don't bring them in to brainwash, we don't want that kind of environment so let them relax. Allied Wallet has an amazing work environment because we have lots of contests, we give

a lot of bonuses out, and we pay a lot of money. We don't even call them employees, we call them members, because they are members of the team. They like to come to the office because they want to be part of something, not to just pick up a pay check. They are so happy to go to work, because here they can meet friends, have fun, share ideas, create new products and ultimately experience the life of an entrepreneur. If you build an empire by yourself, and be a good leader, people will like and look up to you. We have won awards all because of the dedicated hard work put in from the team's hearts and souls, not just their minds. We make them care.

## **What kind of general developments will we be seeing in the FMCG markets globally?**

More digital products and more downloaded products will be sold in the next five years. Online games, music, and apps to make things easier and funnier will all come into their own. Social media will add more 'gigs' to be paid for for example, if you want to send electronic flowers, you'll be able to do so directly through an advert you've seen on social media for example.

## **How should a new FMCG company push their brand into the spotlight and secure the best exposure?**

It's all about people talking about your products, via word-of-mouth communication. When people speak about it online, through blogs for example, this can bring traffic and build up a community. This community will speak about what you are doing on an ongoing and very loyal basis. This 'method' is very easy because it's so natural. There are more bloggers and 'writers' and there is more vocal online activity in general today whereby people talk about products, than there ever has been; it's a different world. The ecommerce world is bigger than the normal world; there are no comparisons.

## **Do you have any favourite things you regularly use or purchase?**

I like watches.

## **So have your thoughts behind what it means to be an entrepreneur evolved over the years?**

I've always had the same consistent idea: once you're an entrepreneur you are independent.

## **What do you tend to drink throughout the day to keep you energised; water; coffee; fresh juices...?**

Lots of water for purity.

## **Is there anything else you'd like to say to the world before we let you get on with the day?**

The only thing I would like to add is that dreams can only come true if you pursue them. Lots of people have beautiful dreams, and if you pursue it, it will not do you any harm. Together we can make the impossible, be the possible. You are going to build an impossible company, as long as you pursue your dream.

