



Payments revolution

New Business last spoke to Allied Wallet founder and serial entrepreneur Andy Khawaja in 2014. **Nick Martindale** catches up with him to find out how the world of payments, and his own business, has evolved

Thanks for joining us, Andy. How have things been for you over the past year?

Things have moved on a lot quicker than I expected! I'm looking at the expansion of online payments and what gave it a big boost was mobile payments. It's gone out of control. Everyone from flower-sellers to hot-dog sellers are now carrying an Android or i-Phone with a swiper and they're swiping cards and collecting money. So we've seen a big increase and improvement. That's an indication of how quickly ecommerce is growing and how much more people trust mobile transactions now.

Security was always a concern with mobile payments. Has this now been resolved?

The issue is not really the mobile phone itself but the device you put your card in to enter the PIN. It's the token that they attach to your phone so you're able to enter the card into that device which is the security piece. The real issue is whether that device has been fully certified by the card scheme, so Visa or MasterCard. Merchants should check that it's PCI-compliant. The manufacturer name should be listed on the product and if it's not they shouldn't be associated with it. The liability is going to be on the merchant themselves, so it's their responsibility to make sure that the device is fully secure. So instead of saving a penny here and there on each transaction, they need to make sure the device they're using is fully PCI level 1 compliant and fully certified by Visa and MasterCard so it does not leak code.

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But there have been improvements in security. A lot of companies have re-evaluated products and realised they were missing bits and could be hit by fraud and hackers going in and taking data. Security is our primary focus at Allied Wallet because if we have a security breach, we're history. But you can't just think about security today and live on it for the next five years. You constantly need to be doing updates because, whatever you build, there are a lot of people out there who specialise in breaking those codes. You need to constantly protect your consumers and merchants by adding new security products, updating codes and adding in new features that are fully protected so you will never be a victim of any fraud and data theft.

How has your own business moved forward in the last year?

It's moved pretty fast. Consumer demand has pushed merchants into adopting the mobile platform. If you walk into a busy shopping mall like Best Buy in the US or the Apple Store in London, you'll see salespeople with a mobile device for payments. Back in the day you'd have a queue for a cash register which could be as long as 15 minutes, but now you can pull out a phone from your pocket and swipe and you can go in less than two minutes. It's convenient, and that's why Allied Wallet

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has been picking up a lot of business; because we've eliminated our checkout pages. Instead of three steps now it's one step to checkout. The faster people can get transactions executed, the happier customers are. It's all to do with social media; the new generation doesn't want to have a conversation with you. It's all electronically done, and that's helped ecommerce.

You've recently won the prestigious CEO of the year award at the IAIR Awards in New York, while Allied Wallet was named best company for innovations in 2015. Why do you think you won these?

The CEO of the year award is a reward for my hard work and my dedication to the company, the consumers and the merchants. A lot of CEOs once they get to my level visit the golf course and spend time on islands or on big yachts. But I like to be in the field. I need to understand the needs of my people, and that's why I'm constantly travelling. I'm in Hong Kong, Macau, Portugal, London, Frankfurt, the US, Italy, everywhere.

I need to understand what people want, and what it is they need to improve their business. How can I make them more money? How can I eliminate problems for them? What sort of transactions would they like to have? What sort of product are they selling? What sort of website do they have and what consumers are they attracting, so I can offer them the best solutions, the best security and the best customers from all around the globe? It's my job to make sure it's secure and they're safe, so they don't have chargebacks.



We have software in place that connects literally every bank to every single shopping cart or gateway in the world. From the start we knew that this was going to happen and that's how we invented our product. If you cannot connect we can even give you a unique API so you can connect to us and then we'll accommodate you with all the shopping cards that you have on the site. That's why my company won the best innovation in online payment in North America, because we're better at understanding what our consumers want and we change our business for them, and if they benefit they stay with us.

Any bank or processor will tell you they're lucky to have a merchant stay with them for more than a year; our merchants have been with us for eight, nine or 10 years, and they do get better deals out there but they don't go. It's not only about the relationship, it's about what we have done for them and what we can potentially do for them, and we never say no. But the

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average processor doesn't understand because they're in it for transaction fees; they're not in it to build the software. In the end the treasure that you hold is not just what you're making from the interchange, but your software. If you understand it from the programmers' side you will never lose in this game and you will make consumers and merchants happy.

What are your plans for the next few years?

Just to grow bigger and accommodate more merchants globally. We've picked up a large amount of business in the UK in the past 12 months and we're looking at being the main processor in the UK by 2017. We will probably take about 30% of the whole market, and we're on course to do that.

We've just launched our prepaid debit card programme, which means that if you have a merchant account you can request a prepaid card so the payment goes to your e-wallet account and can be withdrawn from any ATM or through your debit card. It means you can be spending money directly from what you generate from your website sales. That's something we see as very beneficial in the UK and that's part of the reason why I'm very confident we're going to pick up 30% of the market by 2017.

What keeps driving you on?

It's not about working hard and working for the money. It's about working for your consumers, because in the end consumers will keep you in business or put you out of business. As long as your consumers are happy and you're providing them with a service that others can't provide you will have a customer for life, because they will never leave you. That's the trust you need to build because in the end the ecommerce and banking world is a small circle. If you do what's right you will always be on top. 

< To give you an example, many banks out there don't want to touch international transactions. If you work with a bank in the UK or even the US, if you have more than 10% of credit card transactions coming from outside your jurisdiction they will look at it as a potential high-fraud account. A lot of banks will terminate the relationship because they don't want to take the risk. But at Allied Wallet we do our compliance and risk management based on international business, because the worldwide web is international. We understand global business and not only domestic business, and that's part of why I got the award. Understanding the needs of people and delivering what they want and making sure they benefit from it is the CEO's role. But a lot of CEOs don't want to do it.

The second award was the best company of innovation, online payment solutions, in North America. That means we're constantly creative and adding products, and the good thing about my company is that we cater our services uniquely to whatever our customers want. Some companies give you an API and a merchant ID number to process a transaction, but if you're working with a gateway that doesn't have the implementation to connect to such software then you have a problem. You have to build your own software or find another gateway that is able to connect to it.