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EXCLUSIVE

THE BOSS

MEET THE BILLIONAIRE
E-COMMERCE
ENTREPRENEUR,
ANDY KHAWAJA



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"If someone told you just a few years ago that from your mobile handset you would be able to manage your bank account, access your office, and make secure payments, you would laugh! Well, many people are laughing now... All the way to the bank!"

Andy Khawaja
CEO & Founder of
Allied Wallet





ANDY KHAWAJA

A feature interview with our 2014 Entrepreneur of the Year, as he discusses the global e-commerce market and how Allied Wallet remains at the forefront of card payment technology...

So Andy, it's been a while... What's new?

It's been a busy schedule, flying around the world, working with our partners to promote Allied Wallet services. I sometimes feel like Superman, saving businesses from high transaction costs!

You are on a whistle-stop tour of Europe, what is your favourite city and why?

I love London, I always have, but there is something special about Barcelona... It feels like South America but in Europe! The weather, the culture and food... The whole package, I love it!

You are currently in Lithuania, how has the e-commerce market developed there?

Allied Wallet has been operating in Eastern Europe for a while now, but we are developing our services there, paying particular attention to the region, as we predict the market to grow considerably over the next decade.

Online payment processing was traditionally based on a direct debit system with the Baltic banks. The main credit card companies had little presence there. This trend is now changing and payment gateway services have begun to enter the market and provide a cost effective and efficient alternative.

How would you describe the business culture in the Eastern Europe countries? Have they adopted western practices?

I would best describe it as slow but steady. They have to adopt our way of doing business, we expect a quick response and when we get one, we want our question answered... That doesn't always happen with our friends in Eastern Europe.

The main problem is that the region has suffered a 'brain drain'. Many of the talented and exceptional workers have moved to Western Europe where they can earn more money and enjoy better living standards.

Given the difference of cultures and business practices, how do you sell the Allied Wallet vision?

I don't sell our products or services... I sell business opportunities for people to buy into. It just so happens that they will need to go online and when they do, we will be there to support their new business and help them to increase sales. Our new mobile payment system helps everyone from big businesses to the small business owner. The ability to accept payments using a mobile device has changed the way we do business. It means consumers can purchase goods and services wherever there is an Internet connection.

The opportunities are endless, you can expand your business internationally and accept payments, you no longer have to rely upon your bank and the time taken to receive payments is faster.

You seem to be promoting entrepreneurship in areas where it is needed the most, what support do you receive from the political bodies within the countries?

I am slightly disappointed by the lack of interest in developing en-

trepreneurial opportunities across Eastern Europe. I have presented some very generous projects, including the building of an institution for IT development and a knowledge sharing programme. This would involve top students from Lithuanian and Latvian countries visiting our facilities in the US and get training from leading Microsoft engineers. Unfortunately, unlike the UK, Ireland, India, Bahrain and a few others, there seems to be a lack of direction and a shortage of ideas for improving the prospects for their people.

The e-commerce market in China is set to be valued at \$6.2 trillion over the next 10 years, how does Allied Wallet expect to penetrate this tough, but potentially lucrative economy?

The Chinese have fuelled their growth from going after the B2B sector in the US, UK and Europe, whilst maintaining dominance in their own market. We have adopted a policy of specifically targeting the Chinese consumer and growing our market share for the B2C market. We have found that building consumer confidence within China is a slow but effective method of increasing our customer base out there. The Chinese consumer love working with Western brands, they recognise the prestige factor of a US or UK company, they trust us more than their own banking systems. We also provide them with the facility to trade internationally, for example many of the Italian cheese manufacturers are now enjoying new customer interest from Chinese consumers.

There are many restrictions placed on Chinese consumers designed to protect their economy and favour local service providers. We have found a work-around that provides consumers with more choice.

Would you say that China is the top of your list for future growth and expansion plans?

I would say it's within the top three. First is India, followed by Brazil and then China. The USA is still the leading e-commerce market, their is currently no comparison. That's simply because of the ease of access for developers to create powerful web integration tools, making the US and the UK dynamic markets for our services. That being said, the technology that we are creating can be exported overseas and although there's a slight catch-up period, we are positioned to take our products and enter new markets with little resistance.

How has technology fuelled the growth of Allied Wallet?

If someone told you just a few years ago that from your mobile handset you would be able to manage your bank account, access your office, and make secure payments, you would laugh! Well many people are laughing now... All the way to the bank! Some applications are being brought out by the super-corporates before they have even made a dime!

Has social media also had an impact?

Undoubtedly so! People are so hooked up to social media that their lives run on their hand held device. This is great for us as we are constantly developing new applications to integrate with popular social media platforms and online stores. With the way advertising is adapting to the sites, you literally can click on a link and become a consumer within a few seconds. Now for a Global Card Processing

business such as Allied Wallet, that's music to our ears! It is however no different to impulsive purchases made walking through a shopping mall, just faster and often more cost effective.

What dangers come with our addiction to social media?

Even though our business thrives on the ability to make payments online and mobile usage increases the opportunities to process payments, as with any advancement in technology, it often comes at a social cost. You see couples sometimes sitting in a restaurant together not communicating and hooked on their mobile devices. I have heard stories of folks living in the same house sending SMS messages to each other rather than talking! But it's called change and we as human beings have had to learn since the beginning of time that we either adapt or die. It's called progress and we must embrace it.

One of the major challenges of becoming more virtual are the security concerns... Do you agree?

Completely, as technology has evolved the criminals do too. Although online purchasing is relatively as secure as traditional payment methods, some people are still reluctant to make online purchases, especially using mobile devices, because of the fear that the information can be illegally obtained. Our foundation at Allied Wallet was built on security and we have developed a innovative, secure platform using the method of tokenisation. This is where a token or code is generated with your credit card details, this information is heavily encrypted and the only information stored on your device. Your personal information relating to the transaction is processed and securely stored in our data centre, providing our customers with the reassurance that their details will be held safely and securely.

You mentioned that you built Allied Wallet on the foundations of security, apart from the obvious concerns why was this so important to the growth of the company?

We had to secure both the personal data that each transaction recorded, as previously mentioned and also the procedures that we would follow. One of the systems developed very early on was our fraud prevention tool. This matches a series of arguments to detect the fraudulent use of a persons credit card. Let's say for example a transaction occurs in several multiple countries in a short space of time, our system will detect this from the unique IBAN codes of each country, the users IP address and other critical factors. Once this is cross referenced on our recognition software, fraudulent activity is relatively easy to spot. The process takes a couple of seconds but protects our customers from the potential of fraud and loss for banks. There are a few more features including a charge-back blacklist and setting a credit limit for certain websites.

Let's start at the beginning of your business journey, you have discussed the security aspect in detail, was it difficult to gain trust in the brand?

I would say that this was one of the most challenging aspects when we first started out... I was flat broke and living in modest accommodation, not knowing whether things would really take off. I had belief in our product and set out to build one of the most secure platforms for credit card transactions. Selling that message wasn't easy especially without the funds for marketing. But essentially it was in fact our secure systems that enabled us to get banks to believe in our systems. They were impressed with our applications and confident in working with us further.

It's doesn't sound as though success happened overnight... What kept you motivated?

It wasn't slow progress, it was crawling! Ultimately I had belief in our product and more importantly, the potential of the e-commerce industry and the rapid pace of its development.

It was difficult to walk into meetings knowing that a bank was so behind from a technical perspective, so part of the pitch involved educating them on systems and protocol to limit the heavy fines that

many of them would frequently incur from the card providers. Their systems were set up to qualify people for loans and current accounts, they weren't equipped to deal the fast moving technology behind the e-commerce industry.

We are talking about multi-billion dollar institutions that didn't have the expertise or the technology to cope with the explosion of e-commerce trading. So when we approached them with our services, they were interested in learning more.

Why do think the banks missed the opportunities that the e-commerce market provided?

It has more to do with the compliance officers and the protocol employed by each bank. The board of directors have no say in assessing the risk of ventures as it may be seen as a conflict of interest. Everything is measured against the potential for risk, and if you have a very rigid structure reserved for traditional merchant services, you are not going to be able to adapt to services such as mobile payments and the technology behind non-hosted payment gateways.

The compliance officer answers to the Regulators... many of them were doing refinance deals on loans back in the 60's and adopted the same approach to e-commerce. It's a complete education process.

What do you think needs to be done to educate people on the e-commerce market?

I'm quite happy just to pass on a big part of the consumer base that we consider 'resistors to change'. We are going for generation 'Y'... the millennials that will grow with our brand. A lot of misconception and unwarranted fears do not exist with this group and it's more cost effective from a marketing perspective to concentrate all our efforts on them.

You are probably one of the most hardest working CEOs ever! You are sometimes described as a man on a mission... What is your message?

I won't rest until I have changed the concept of e-commerce transactions. We have developed such a simple yet intelligent system that can be adapted safely and securely, until people recognise this, I won't rest.

Would you say you are constantly innovating your products?

Yes, it's been our distinct advantage... Every second a credit card transaction goes through, that needs to be managed to prevent fraud and data loss. I am constantly looking for new ways to develop our products, while other CEOs are enjoying golf and buying yachts, I'm flying around the world to ensure that Allied Wallet remains at the forefront of card payment technology.

We work closely with the Regulators, the FBI, Interpol and other Enforcement Agencies to ensure that fraudsters, con-artists and scammers are contained and consumers protected. But you have to always stay one step ahead.

How safe are we from cyber crime?

The Law Enforcement agencies are committed to protecting consumers however they have a shortage of manpower. Criminals are getting smarter and we need our agencies to have the resources they require to counter the potential threats.

How important is it to have a good team and how do you retain talent?

One word ownership. Give them a share in what you are building so when the time comes to sell they'll cash out too! Along with a comfortable salary, ownership provides employees with a great sense of pride and a willingness to go that extra mile.

Finally, what is your company motto?

Life is good! It is good, you have one life, love and live it to the max!

“WE ARE TALKING ABOUT MULTI-BILLION DOLLAR INSTITUTIONS THAT DIDN’T HAVE THE EXPERTISE OR THE TECHNOLOGY TO COPE WITH THE EXPLOSION OF E-COMMERCE TRADING... SO WHEN WE APPROACHED THEM WITH OUR SERVICES, THEY WERE INTERESTED IN LEARNING MORE.”