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Gamechangers™

MAGAZINE

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PREDICTIONS FOR 2016

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REAL MADRID TO AGREE WORLD'S
FIRST £1 BILLION KIT DEAL


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A LEAGUE OF THEIR OWN, JAGUAR
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WHY BCMS ARE REDEFINING
TRADITIONAL VIEWS AND DEFINITIONS.

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A portrait of Andy Kawaja, a man with a beard and short hair, wearing a light-colored blazer over a grey V-neck sweater. He is looking directly at the camera with a slight smile. The background is dark and out of focus, showing some bookshelves.

THE BILLION DOLLAR
GAMECHANGER OF THE
PAYMENTS INDUSTRY
ANDY KAWAJA

COVER



Andy Khawaja - The billion dollar Gamechanger of the payments industry.

“The sky is the limit and we’re like a rocket”

As the world’s leading payment processor and one of the fastest growing e-payment solutions providers from America to Asia, it’s no surprise Allied Wallet has seen such vast expansion in recent years.

We spoke with founder and CEO Andy Khawaja, known for his innovative and fresh approach to running a business; about the secrets to the firm’s success and what exciting plans he has for the future of Allied Wallet. We dig deeper into their development within such a thriving global company and discover the secrets to their success.

Q. As a first-class merchant service, may you tell us more about Allied Wallet...

Allied Wallet started give or take about ten years ago now in the U.S., a couple of years later we moved to the UK where we opened our UK operation office to expand to the European market.

The whole infrastructure and the whole strategy behind Allied Wallet is to give opportunities to entrepreneurs so they can create a job and a career for themselves.

I was an entrepreneur when I first started; I had a very tough start. No-one will ever believe in the product you have, neither will they believe in you as a start-up (with no financial back up, references, etc.). I learned that lesson the hard way and as a result I decided to build Allied Wallet, so I could open up opportunities to entrepreneurs and enable them to create websites, ideas, applications, mobile apps, etc. whilst actually generating business out of it. The financial industry is very much not keen on new business start-up if you don’t have the financial backing and are often hesitant in offering you credit card processing solution.

What if you go belly up? What’s going to happen? The banks don’t want to lose money; the bank is all about making money.

The idea and the culture behind Allied Wallet is all about understanding new start-up businesses and giving opportunities to entrepreneurs and freshly graduated university students, who want to start a business, and when that time comes, giving them that grounding to take off. That is why we conquered the market, not only domestically but globally. Every single region we enter is just a home run; a lot of financial institutes don’t believe in these people to be self-independent, to create businesses and successfully start up a company from with hardly any money in the bank account. Not everybody is born rich, not everybody has one or two million pounds to be launched with.

It is very difficult these days and I truly believe that is why Allied Wallet is so extremely successful, because entrepreneurs pitch us with a new idea and of course we will look at the business structure – as long as it safe, legal...why not.

Q. Can you tell us a little more about your background, what motivated you to launch within this industry and how that has impacted Allied Wallet...

I’m a jet setter, an entrepreneur – I’ve been in the high-end retail business, which is where we would accommodate consumers from all around the world. I used to run a chain of retail stores and myself, I was based on Rodeo Drive in Beverly Hills. I used to meet customers from all around the globe; I would get networking, as I’m very social. This enabled me to see that the money comes from all different regions, in different currencies but in the end it gets into one settlement account. At the end of the day money is money. It got me thinking about how people use credit cards face to face, we call it face-to-face point of sale where you walk into a shop and you use your credit card, process the transaction and then walks away.

When the internet begun I started realising that there was something missing out there, at that point in time there were no websites with credit card transactions, only websites as a boutique advertisement, with no product to sell. It was at this point I was able to build the infrastructure which I called the virtual gateway – technology that takes credit cards and securely passes the details on to a data centre, avoiding the risk of a third party coping the details or stealing the identity.

In the beginning we started out similar to banks with the aim to secure consumer transactions but down the road we realised that we can actually make more money by transacting the card ourselves, by us being the financial institute and acting as the PSB (credit card processor). Since we insure the transaction, why not process the credit card and take the full liability? This way we can accommodate merchants to sell their products to consumers to their best advantage.

From being in retail, I grew to understand the global business very well. I had customers from all around the globe that come to Beverly Hills from England or Australia or Saudi Arabia, etc. This enabled me to understand concepts, the people and their cultures, what could work in that jurisdiction and what couldn’t – so it gave me a leap up on a level of communication with the national people outside of the U.S., especially in Europe. It was my opportunity to communicate with banker’s abroad and fully understand the culture, at least a little better than those who hadn’t visited or weren’t educated on the country or region.

Back in the day there was no money to advertise, it was word of mouth.

- “Hey, are you using Allied Wallet?”

- “Yeah it’s a great company, they accommodate multi-currency”

How it works is, you can be in England and you can process in the Netherlands, you can be on the other side of the world but still process in dollars, like for like with no conversion, this was and still is unique because when banks usually offer those solutions, there will always be conversion fees for cross-water transactions. We don't ever want to make money from that, we only want to make money on the transaction fee, not on the conversion fee or foreign exchange like other financial institutes. They'll often bank on one transaction, only we don't want to be rich on one merchant. We look at it as quantity, not just a few merchants that we can cash in on; in the service business, service is all about accommodating consumers and securing consumer's credit cards, preventing fraudulent transactions and ensuring the merchant themselves can generate money and that they're profiting from it. At the end of the day, if they don't profit, they'll go out of business and if they go out of business then no one will make money on it.

In the beginning it was tough but once Allied Wallet launched and began offering solutions and securing credit cards, people were happy with the service, it built up and it work out.

Q. How do you maintain such a high level of security when processing online transactions?

Everything we do is in-house and we have some of the best senior developers. Our coding is mostly based on security more than just banking technology, over the years we have worked a lot on building our own security infrastructure in-house. Our aims are to protect everyone involved in the transaction from harm and protect our customers from being exposed to any fraud or identity theft. There are about 28 senior Microsoft developers and their time is fully dedicated to improving the security system.

When you're handling third party identity and credit card numbers, the core of the business needs to be secure. It's so important to invest money in that.

In the past I've seen banks that don't even have any more than 3-4 developers and you can't run a bank with so few developers. They're response is usually "But we don't have the technology". Well guess what, you are in the security business, it's imperative to have security in-house. You are the bank; you understand exactly what needs to be done because you're the one communicating with the consumer. It can prove difficult to bring in a third party who doesn't understand your business as much as you do and then have them attempt to build product for you. If you have people in-house, sitting down with your sales, accounting, finance and I.T. teams, listening to every issue that needs addressing and creating that solution under one house, then you're going to be one step ahead of the game. That is why we are the Gamechanger in the market because we do exactly what needs to be done and in the right way, we don't do it guessing because we talk to our consumers and our merchants; constantly engaged in communications.

A lot of people are looking at us and like,

"What is it that they're doing right that will accomplish things that we haven't accomplished? Why is a company like Allied Wallet when 4 years ago when the financial crisis hit and hundreds of thousands of people were laid off, thousands of financial institutes worldwide were closing and they were seeing three to four hundred percent growth?"

It's very simple, the people want a Gamechanger, they trust that and consumers like that. Merchants want to be in business with one. It is simple, look after the merchants, and give them an opportunity to start and accommodate them – then why would they leave you?

Q. Unlike many companies and even those in ecommerce, you didn't rely on investors' money when launching; how do you feel that affected the business launch into the industry?

I started my company with less than \$400 and now these days I'm network \$17.8-17.9 billion. People ask me, "How did you become a billionaire overnight? You must be the luckiest human being alive." I don't believe in luck though, the key is to trust yourself, work hard, be good to others and make sure whatever you do, you build it for the future of others, enabling them to make money and to grow, just like you've grown yourself from the start.

Whatever I do, I ask myself how I'm going to help people like myself when I used to have nothing, where I'd sleep hungry and would treat myself to a nice sardine can at the weekends. How can I prevent anyone else suffering that? How can I make life better for others? How can I save them money? How can I protect them from being a victim of fraud? How can I improve their businesses online? What should I do to enable them to process any market in the world? I've become a mentor for some of my start-up merchants and entrepreneurs because I love to lead them in the right direction and out of harm's way. That is why I have been highly respected in the market and why we now serve more than 143 million customers worldwide.

The reason they come to me is because of trust, relationship, accommodation and the fact I actually help them – I don't just take their money like the banking institutes do.

I'm an enabler.

Q. In relation to e-commerce, we can see that you have changed the game. In 2013 it was released that AW had 88 million customers in almost every country and processed 50 currencies. The past 2 years have seen AW attract an increasing user base of over 125 million now, what are the key decisions that have impacted such successful development?

- Listen to your merchants, understand what they need and add it.
- Listen to the complaints of consumers, assess the issues and solve it.
- Look at international businesses and see what most currencies spend money on online.
- See that most transactions can be conducted online and offer to old merchants or from new currencies that they've never thought about.
- Offering a new market that they can enter.



You're sat behind a laptop and you sign in, within seconds you're online already - you are that readily exposed to the planet. That's how we see it, not just as a small jurisdiction, we see it as global business. We encourage our merchants and teach them that it's safe as we protect you, that we can take you to a new market that you could be surprised how much money you can potentially generate from. We do this to keep our merchants in business. I mean believe me, we have the banks come to them and offering them better or cheaper buy-rates than Allied Wallet, but we like to look at ourselves in a very unique way – we provide them with a service from A to Z.

It's like booking a BA flight from London to New York, an Economy pass ticket will cost you £600 and a First Class ticket may cost you up to or above £9,000. It's same plane, it's going to take off at the same time and land at the same time, and people are going to be sitting in the same aircraft. But the service is different; the service in First Class is very different to the service in Economy. At Allied Wallet we provide that First Class service, we pamper our merchants, we look after and we protect them, saving them money and advising them, we give them every single idea in the business book that they haven't yet heard about, we educate them and tell them what's right and what's wrong, what they should be careful of, what consumers love and what products they should motivate more for that particular region. Everything we do, we do for benefit of the merchants. We don't ask for anything in return, just be loyal and don't switch over for a penny less. That has proven to work so far.

The internet is still new and a lot of the websites and applications have all been generated by entrepreneurs in the past 5 years. 70% of everything you see online has been generated from entrepreneurs. Unlike Allied Wallet, the financial industry has never believed in them. I have given them the chance and that is why our business has grown faster than anyone else.

Q. We've seen some phenomenal growth for Allied Wallet. Ecommerce has seen its fastest growing development in recent years; can you tell us more about recent developments in the market place?

Mobile payment is improving. When Allied Wallet launched its payment app, it was in a very unique way – multi-currency and multilingual – both for swipe and pin/chip. The mobile device works with Bluetooth so you don't have to connect it to the phone but that's the beauty of it, you can just walk in to a restaurant or shop or a taxi rank. We are changing the way people upgrade and as well, our mobile payments are one of a kind. That's how mobile payment has taken over and we can confidently say that we are the leaders in that now.

It is very important to accommodate entrepreneurs, lead and inspire them, protect them from fraud and encourage them to expand. There are so many financial institutes who don't make it their business to educate their merchants, often only in the business for making fast money. At Allied Wallet, we would rather educate. When you educate, you're improving and with improvements come you're increasing profit and your relationship with the merchants. So far it has worked for me.

Q. With the development of fingerprint payment, it seems Allied Wallet is the forefront of ecommerce technology. What is the future for ecommerce payments?

We have had the technology built up for a little over 2 years now. It's based on tokenization, which is where the device memorises and stores your credit card data into the technology of Allied Wallet 'the virtual wallet'. You never need to insert your card again. Any transactions you process via your mobile phone, your fingerprint will play as a tool to actually securely confirm and complete transactions. The reason why is because it's linked to tokenization where it stores your card and encrypts the ID and data in a secured environment. All you have to do is use your fingerprint or ask if you want to type in your password and it will charge the card that is stored in the virtual terminal.

Q. Do you feel social media has played any part in the success of Allied Wallet?

Social media does exist but it doesn't bring us the merchants that we want. It is more for consumer to consumer, which isn't so relevant to us. It's good to have social media to advertise but I don't think anyone's business is coming from social media. It is coming from real people, real merchants, and real conversations. I see that a lot, people don't talk much on social media about banks and financial institutes, I.T. or technology. People on social media talk about celebrities and fashion, etc.

Q. What Allied Wallet do is very unique, are there any direct competitors in the field? When you're facing other internet payment mechanisms like PayPal, how do you feel your company stands out in such a competitive environment?

I don't feel we have any competitors in the market and there will never be any competitors in the market because what we do, no-one else can do. Anything related to financial businesses is based on making money and although we like to make money, that is not a philosophy.

PayPal is very limited to what sort of merchants they can take. When they set up merchants, they give you a limitation of volume and how much you can process. I mean God forbid you start a business, you fill out the application of PayPal which is for \$50,000 a month and you've had a good month of \$300,000 and there you go, your account is closed. They limit you for volume and are very much too risk-cautious when it comes to what sort of business they take on (especially for new start-ups) whereas we're not, we will give the opportunity nor will we limit you as to how much money you can process, we give an unlimited amount of processing. We understand that one day could be good and another could be bad. We look at it in a very different way. We also understand global business, more than PayPal or any business in this market. PayPal is split 50/50 between consumer-to-consumer and business-to-business, whereas we are 100% business to business.

Q. How is AW able to meet the challenge of creating a true e-commerce experience based around safe and secure payment-technology, and simplify payment processing globally?

Our background and expertise are in simplifying. We started the global payment processing based on our infrastructure, based on a gateway that handles multi-currency, multilingual and accommodates transactions based on the ID generated from the issuer. We can track the pin that has been issued by the bank or who the pin issuer is, for what region and we can cascade that transaction to go into that region for high approval and safely for the local currency. It has taken years of technology - over 80,000 pages of codes and it's a lot of work to do. No banks have it and no gateway even has it. We started something very unique and left a lot of people behind. A lot of people thought about it and said, "If I'm going to do something very similar it's going to take me 7 or 8 years of 25 developers sitting down and coding for 7 years, the cost will be outrageous". It's not in their interest to dedicate that issuer to a certain region, but it's in our interest because we want to make sure that we eliminate cross-border transactions or conversion fees, and that's why we were ahead of the game.



It's clear that AW is in the perfect position to educate our marketplace...

Q. How is AW making continuous investments in technology and processing capabilities, to ensure businesses of all sizes can access the most up to date payment technologies, available in the rapidly changing world of payments?

We are constantly adding unique brains to our technology with a lot of new developers who understand the future of the business, whilst also working with new entrepreneurs who would like to build something that no one else has built. We'll take them off their payroll and bring them into the home of Allied Wallet, and let them be free to do what they do best. They're not issued deadlines because deadlines have a tendency sometimes to kill the moral. We'll let them fly free because once you have freedom of thought you can be more creative. The key to being creative and an innovator is to be within a stress-free environment – that is something we provide. We see a lot of top-notch developers leaving companies like PayPal, Google on Microsoft and come and get a job at Allied Wallet because it's a much more liberal environment, stress-free and encourages creativity. We are constantly working on new features and new projects that is what makes our technology better and faster than anyone else in the market.

Q. In April 2015 AW partnered with Carta Worldwide. What were the intentions here and how has this impacted the business in recent months?

Shopping carts are very important, we have partnered with four shopping carts altogether. Some of these shopping carts have \$10 million, \$5 million, and even just a few hundred thousand customers so why not take advantage of that. PayPal built their own shopping cart because they preferred not to use a third-party shopping cart, whereas we don't want to compete with our shopping cart competitors because we're not in that business, we don't want to be a competitor for them. Our aims are to accommodate them and find a solution for people to process credit cards so we don't compete in the market where people are trying to make business. We give them a link to our backhand so that the customers and the shopping cart can be installed on our platform, expanding our payment options. We're helping each other, they're sending consumers to us and we accommodate them with secure credit card processing – eradicating competition altogether.

Q. In a recent statement released by Carta Worldwide it was recorded that AW felt partnering with Carta had enabled them to streamline the process of affiliate pay-outs worldwide, how will this affect the service we've all seen from AW over the past decade?

Allied Wallet is a member of the card scheme and a member of Visa/MasterCard, we are a processor and an issuer, we accommodate multi-level marketing and some sort of companies that provide payroll and prepaid cards, that is something of course that shopping carts are interested in because they do have merchants that require us. We are able to provide that for them and in return, it will give us massive growth, increasing our consumers and merchants.

Q. Can you share with us any future plans since the recent partnering?

We have a couple of interesting plans for the future. We are working with some large banking institutes in Asia to accommodate for local processing and local payment methods in China especially for Chinese consumers. That will be something that'll be very exciting in the first quarter of 2016. It will allow for Chinese consumers in mainland China to be able to debit their bank accounts straight besides from using their China Union credit cards, they'll also be able to process direct debits. This will expand the Chinese transactional market and enable Chinese consumers to buy products from European websites, American websites or any website outside China. Many Chinese don't have credit cards so this is a prime opportunity for them to



reduce any difficulties when processing transactions. It will be the easiest way for them to pay because we can use it just like a bank account locally.

Q. Being a Gamechanger yourself, what is your best advice to aspiring entrepreneurs and businesses out there?

- Believe in yourself
- Don't give up
- Fight all the way to the end

In the end you will win. Trust me, I've been there; I've been in your shoes and look at me today. I fought my way to the end, I fought it hard, and with the downside there is an upside. We all have to taste the better of life to learn how to be stronger but in the end it's a win-win situation when you believe in yourself.

Q. What does success mean to you?

- To give back to the public
- To give to charity
- To give to the public
- To teach the ones that need to learn the most
- To make sure to educate the young and the children – there are a lot of bad things out there, especially some of the social media; a lot of it is brainwashing
- To be alert and be strong and don't get sucked into something that won't make you a better person
- Focus more on things that will make you a better person in the future
- Focus more on your career
- If you're in technology, always create – be an innovator because that pays off

Q. What does the future hold for both yourself and AW?

Future for me is endless, there are always things to build for the future, there is always excitement coming and I'm very anxious to keep on working forward for the future. In hope of making things better for others and to expand further.

For Allied Wallet it's limitless, the sky is the limit and we're like a rocket, we are taking off so fast right now. I'll tell you one thing, the space is big, the internet is big and we keep on building, keep growing in a space that's endless.

***“Believe in yourself,
don't give up, fight all
the way to the end.” -
Allied Wallet CEO Andy
Khawaja***