

JOINT CONFERENCE ON REMITTANCES

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Presentation

TECHNOLOGY DECISIONS FOR BANKS/FINANCIAL INSTITUTIONS

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Technology Decisions for Banks/Financial Institutions

Joint Conference on Remittances

September 13, 2005



PayQuik
Moving money here, there and everywhere

Company Confidential

INDUSTRY ISSUES

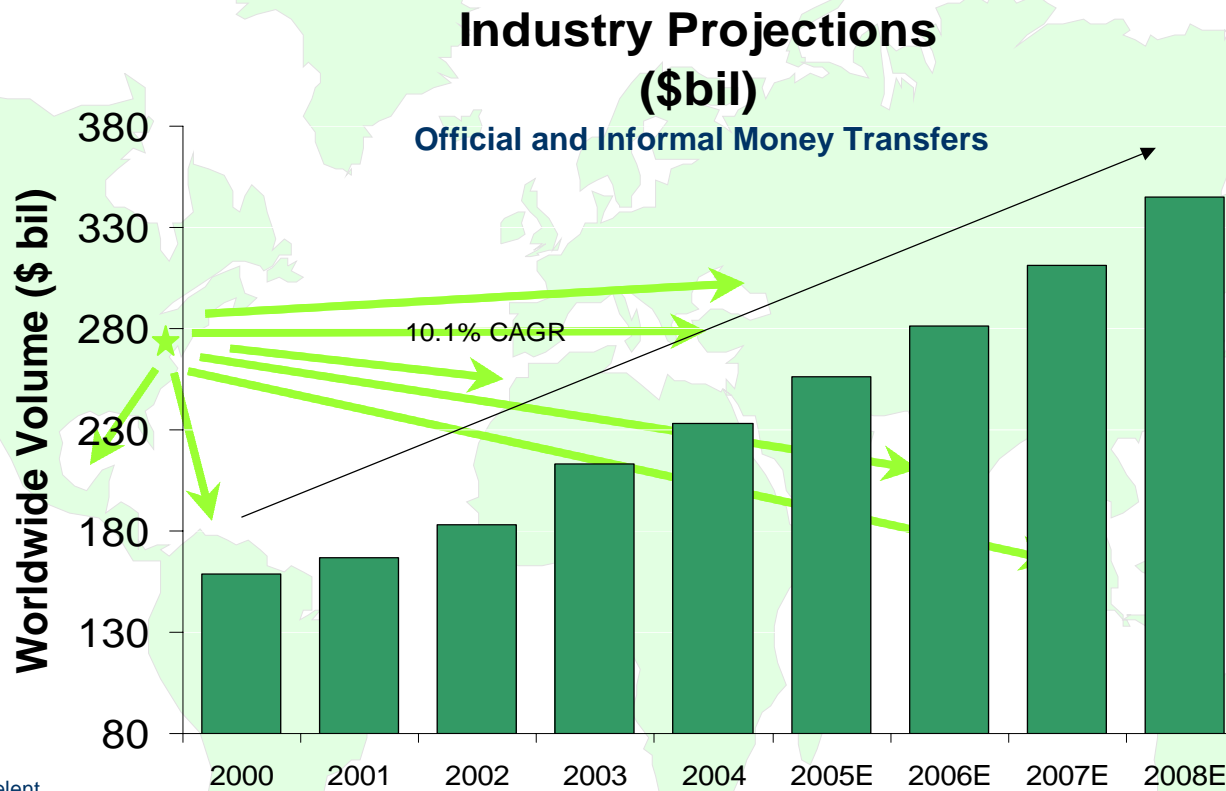
Several key problems plague the money transfer industry today

- High fees
 - Transaction fee
 - Foreign exchange
 - Leading to significant loss to receiving country
- Lack of destination country control
 - Limited or no touch points with consumers
- Increasing regulatory scrutiny
 - Anti Money Laundering controls
 - In country regulatory requirements
- Changing technology

Reduced Social Impact in Recipient Countries

GLOBAL MONEY TRANSFER MARKET

Global money transfer volumes continue to rise steadily



With current growth rates, industry revenues (fees plus forex) will exceed \$24 billion by 2005

THE MARKET

Over 30 million Asians live outside their country of origin



TECHNOLOGY SOLUTIONS

Technology playing a much greater role in remittance processing

- Increased product alternatives/options available
 - Origination and Delivery
- Reduced costs of transactions
- Greater destination country control
- Better regulatory and reporting control

***Increased Social Impact in recipient countries
Improved revenue opportunities***

TECHNOLOGY SOLUTIONS

Two primary areas of technology applications

- Access devices – origination/distribution

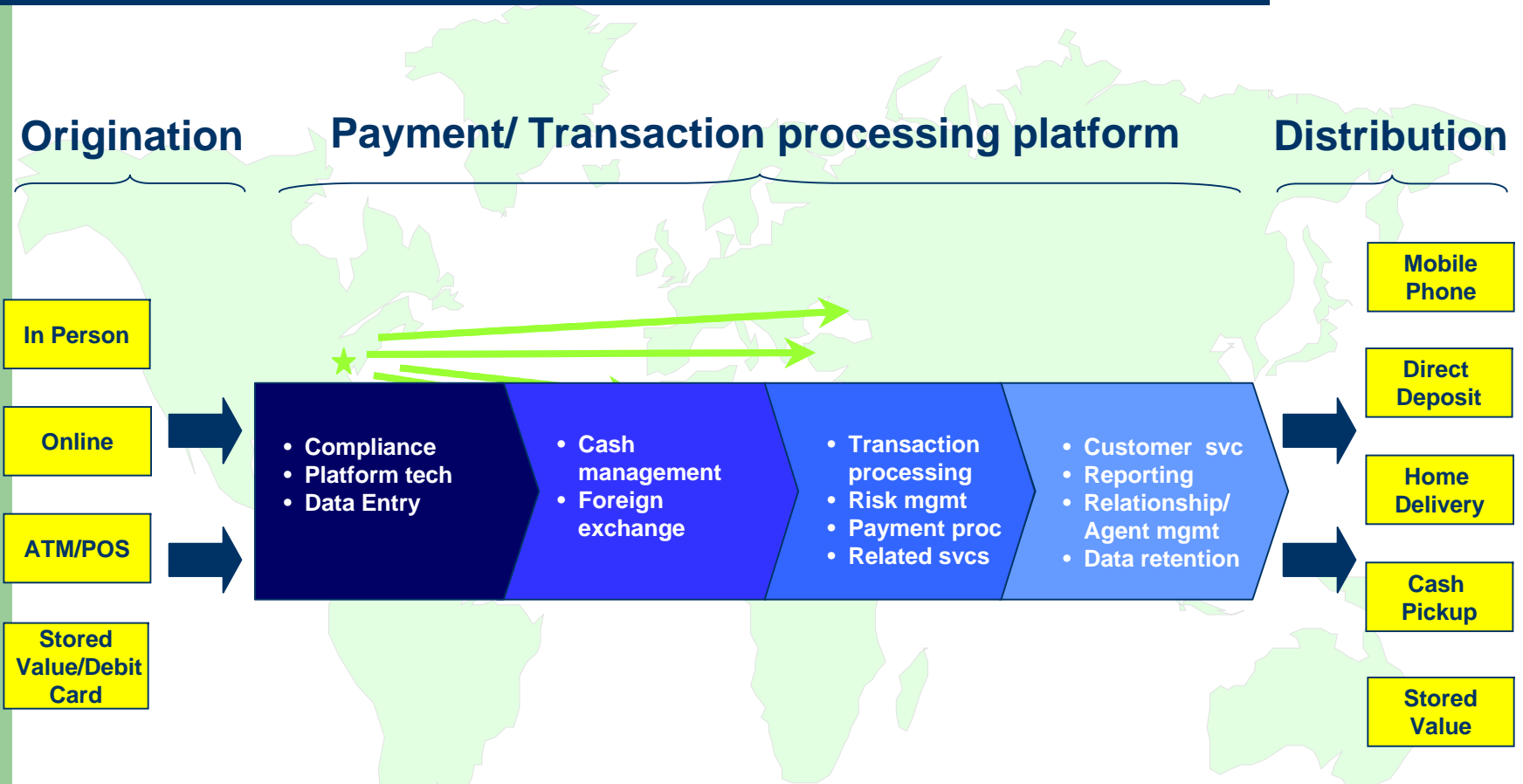
- Online
- POS
- ATM
- Credit/Debit/Stored value cards
- Mobile

- Operations – back office processing

- Agent/Branch network management
- Payment processing
- Transaction processing – risk/compliance
- Data management/reporting

TECHNOLOGY APPLICATIONS

Key components in the money transfer value chain



TECHNOLOGY APPLICATIONS

Five key questions in making an informed technology decision

- Does it meet the needs of the target market?
 - Senders, Origination clerk, FI, Regulators, Distribution clerk, Receiver
- Does it meet compliance and reporting specifications?
- Is it flexible?
 - Origination and distribution methods
 - Emerging technologies
 - Integration into financial institution back end systems
- What is the actual cost of the technology?
- Is the technology scalable?
 - Volume
 - Geography (additional origination and destination countries)

TECHNOLOGY DECISIONS

An analysis of the “build” vs. “buy” decision



TECHNOLOGY DECISIONS

A comparison of existing technologies in the market

Technology	Pros	Cons
Software Service Providers	<ul style="list-style-type: none"> Very specific focus Works within existing infrastructure 	<ul style="list-style-type: none"> Not a complete solution Cost – annual maintenance fee Integration with external providers Not flexible for expansion
Card Product Service Providers	<ul style="list-style-type: none"> Origination and distribution Fast Broad access—at origination 	<ul style="list-style-type: none"> Prior registration required Limited access-distribution Generally card dependent Not a complete solution
Current banking platforms	<ul style="list-style-type: none"> Works within existing infrastructure 	<ul style="list-style-type: none"> Not remittance specialists Compliance/regulatory expertise Limited flexibility for expansion
Specialized remittance providers	<ul style="list-style-type: none"> Complete solution Device agnostic Compliance/regulatory expertise Flexible Easy integration Leverages scale 	<ul style="list-style-type: none"> Ongoing variable costs Third party—not wholly owned

TECHNOLOGY CASE STUDY

Issues facing a leading Asian financial institution

A large Asian FI looking to expand its remittance business

- **Issues**

- Small market share with flat growth
- Limited foreign presence
- Significant single branch activity for remittances
- Need to provide solution for non residents across geography
- Compliance was key due to enhanced regulatory scrutiny
- Wanted to address needs of neighboring country residents
- Several systems operating globally for remittances
- Limited in-house technology capabilities
- Major incentives for official remittances from host country
- Time to market

Chose PayQuik's online platform

TECHNOLOGY CASE STUDY

Results

Within 12 months established market leader position in the US market

- **What they did....**

- Provided a branded online service to consumers in the US market
- Offered “free” remittances above a certain \$ threshold
- Maintained a low foreign exchange margin
- Aggressively marketed the service in the non resident community through various ethnic focused media

- **What they gained**

- Moved to market leader position in the US market
- 12 month revenue run rate at over \$1 million
- Achieved month over month growth rate of over 35%
- Became a show case product for the bank at head office

TECHNOLOGY CASE STUDY

Future plans

Based on initial success, the bank lined up several new initiatives

- Online bank account opening for non residents with funding through remittance platform
- Expand origination countries to become a global player (UK, Canada, etc.)
- Install off-line platform in foreign branches to process cash transactions
- Use distribution platform for distribution at local branches in-country
- Channel partner distributions through single platform to enhance security, reporting and compliance
- Serve non residents of neighboring countries by leveraging shared delivery network

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