

Ambar Sur, founder and CEO, TerraPay, tells The Independent

Making remittances interoperable can ease transfer money

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Interoperability between payment instruments can improve ease of transferring money internationally and attract higher volume inflows over formal channels. TerraPay is building global rails for instant cross-border payments. This would have an immediate impact on the remittance landscape and would serve as the necessary foundation for the emergence of a range of innovative cross-border payment applications.

The Independent contacted Ambar Sur, founder and CEO, TerraPay, to talk about the genesis of the company, its plans for Bangladesh and the near-and longer-term potential for change.

Can we start with a description of what you are going to do?

Globally, the peer-to-peer cross-border payment market represents a US\$ 600 billion opportunity. Recently, the industry has witnessed an upsurge in supply, with an explosion in payment channels, instruments and services being deployed, resulting in significant diversity and fragmentation.

TerraPay bridges ecosystem diversity to reach customers everywhere, on any network. We are building rails for borderless money transfers by inter-connecting financial institutions and money transfer operators to mobile wallet schemes.

Recently TerraPay acquired UK-based Pay2Global. How would the people of Bangladesh benefit from the acquisition?

TerraPay is creating an integrated market for on-

demand, low-value cross-border transactions. Our main objective is to establish a multilateral payment service hub for efficient cross-border transactions between networks – banks, payment service providers, electronic money issuers and money transfer operators and various instruments.

TerraPay's success is contingent on bringing a large number of industry actors on-board, crucial to driving payment volumes as well as improving affordability.

Europe is a critical origination market for remittances, with the Bangladeshi diaspora transferring \$ 900 million annually to families back home. The Pay2Global acquisition helps remittance service providers to rapidly scale their service footprint and broaden the partner ecosystem in key source markets, for e.g. the UK. Customers would eventually benefit from improved availability of channel options and competitive tariffs along key corridors between Bangladesh and Europe.

TerraPay is headquartered in Netherlands. You would soon commence services in Bangladesh.

What makes this market particularly attractive from a TerraPay perspective?

We are not a new entrant in the Bangladesh market. TerraPay was born out of Mahindra Comviva's incredible revolution in mobilising airtime sales and payments in Bangladesh. The company powers services for leading payment service providers in the country and processes 6 billion payment transactions including airtime sales annu-

ally. We are building on the very foundation prepared by Mahindra Comviva to digitize international money transfers.

Bangladesh is one of the world's most important and

market, an encouraging regulatory outlook for innovation and an available pool of partners aligned with capabilities that would allow mobile-powered transfers.



Ambar Sur, Founder and CEO, TerraPay.

fastest growing markets for cross-border payments, with its expatriate population sending \$ 15 billion annually. The volume of remittances sent home dwarfs official development assistance, and represents an approximate 7.9 per cent of the gross domestic product.

As an organisation, we focus on countries with a high "readiness factor" to implement interoperability in the cross-border payment space. Several parameters influence our go-to-market decision -- a large diaspora population, state of maturity of the domestic mobile wallet

Bangladeshis work globally and send money home regularly. How would TerraPay attract customers?

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customers to link their mobile number to a payment instrument of their choice. Customers no longer need to know bank account numbers of beneficiaries and can transfer funds using just the recipient's verified mobile number – any denomination, anytime, anywhere.

Does TerraPay have any action plan for low-earning migrants working globally?

Migrants employed in blue collar jobs form 60 per cent of Bangladesh's expatriate workforce. With median monthly salaries ranging between \$ 300 and \$ 1,000, there is a widespread need among low-income migrants to affordably transfer small amounts on a frequent basis. Legacy operational architecture, deployed by banks and money transfer operators, is

ill-designed to process large volumes of sub-\$ 200 transactions. For instance, it costs the same to transfer \$ 50 or \$ 200, resulting in migrants pacing frequency of transfers.

Mobile operators have successfully architected their business and operational models for processing volume-intensive, low-margin transactions. We are harnessing this infrastructure to inter-connect mobile wallets and payment schemes to support international micro-transactions. This is a game-changer, as essentially we are transforming remittances from a low-volume, high-value to a low-value, high-volume business. The ability to send amounts as low as \$ 50 across countries would unlock a host of innovative use cases.

Bangladesh is a leading remittance market globally. How do you see the market evolving?

Bangladesh is one of the most innovative and vibrant markets globally for international peer-to-peer transfers.

Over the years, the Bangladesh regulator has made concerted efforts to encourage innovation in Fintech, much before it became a part of the global lexicon of the financial industry. A number of innovative players such as bKash have emerged leveraging mobile devices and connectivity to make payments simple and secure. This has helped lower costs along key corridors and improved volume inflows over formal markets. Since the year 2000, the share of informal channels has dramatically declined from 70 per cent to 30 per cent.

In addition to money transfer, what other use cases does TerraPay support?

As remittances and mobility converge, the importance of cross-border transfers as a potential customer interaction point will increase and give rise to innovative consumer applications. By linking remittances directly to wallet accounts, customers can benefit from a range of relevant, purchase, loyalty and banking products. As an example, considering personal insurance coverage is less than 5 per cent in Bangladesh, micro-insurance covers linked to volume, value and velocity of transfers can be a lifeline to millions of Bangladeshis.

High transaction fee is particularly onerous for low-income segments. How does the TerraPay model help in optimising costs?

Annually, according to various industry sources, Bangladesh loses between \$ 3 billion and \$ 5 billion in foreign exchange that enters the country via informal channels.

To provide money transfer services, remittance service providers need to integrate with multiple entities, have due licenses, deal with regulation in multiple countries, and also ensure services are compliant with AML laws.

TerraPay abstracts this complexity. On deciding to work with us, our partners only have to integrate with one platform, significantly optimizing costs of service set-up. Further our cloud-based SaaS platform model mutualizes critical costs including distribution, forex operations, compliance and reporting among partners on the network.