

3 TIPS FOR NAVIGATING THE EVOLUTION OF DIGITAL PAYMENTS

Serial entrepreneur Jeff Cooper, CEO of fintech startup ePlata, provides his top tips and lessons.

August 29, 2019



The global financial markets are in a state of massive transformation. Digital platforms, blockchain technologies, artificial intelligence, and machine learning are creating new ways for capital to move around the globe. These new channels are driven by digital payments, which grew to over \$721.4 billion in 2017. Money transfers and cross border remittances alone are responsible for 69 percent of that growth.

While this transformation is more evolution than revolution, it will systematically change the banking experience for everyone. Companies, and regulators as well, will have to adapt to the new realities of the worldwide digital payment market. Those realities include serving a consumerbase that is truly global, negotiating a minefield of different regulatory and licensing bodies in the U.S. and across the world, and educating consumers on the safety of digital payments.

As CEO of ePlata, a fintech startup, Jeff Cooper has learned the following key lessons about how to successfully maneuver within the fintech torrent and stay the course throughout the regulatory process. Here, he shares those lessons, in his own words:

1. Embrace the global opportunity.

By 2020, the entire world will be connected to the internet, yet many companies still have not made the shift to new business models embracing underserved consumers. The proliferation of smartphones gives previously marginalized consumers access to the digital economy, which will create a \$30 trillion consumption opportunity by 2025 and supercharge underdeveloped markets to grow 75 percent more rapidly than developed markets. Who wouldn't want to seize that opportunity?

We certainly did. From a previous venture in Latin America, we learned that digital payment products must be made available to every demographic, especially the unbanked. This inspired us to turn the fintech model inside out. We began with a mission of servicing the financially excluded rather than focusing on already well-served user bases. Proactively designing around the needs of the underserved naturally demanded we build innovative solutions for a global audience.

From a financial perspective, developing around the needs of the global marketplace better positions fintech companies to capture robust remittance corridors and informs decisions around the necessary services and capabilities. For us, building in full-service capabilities for the millions of consumers participating in those transfers who are joining the peer-to-peer payment market every quarter made sense and ultimately helped us achieve a better product for everyone: the banked and unbanked alike.

Approach development with a global mindset. This philosophy forces problem solving around new, truly unique challenges, dovetailing into the discovery of new customer acqui-

sition models. If you are anything like me, you may even discover a utility of the product you never even imagined. In my experience, the initial concept was designed for end-user utility, but we quickly recognized an important relevance and benefit to employers as a payroll solution, expanding our scope to include both B2B and B2C channels.

2. Treat compliance as an investment, not an expense.

If you are entering this space, prepare to invest considerably in licensing and regulatory compliance. Licensing can be challenging, even frustrating, as the process exhausts time, resources and money.

However, to operate it is absolutely necessary to secure the trust of each state or country's regulatory body. For best results, invest in a full-time compliance team dedicated to applying, reporting and cultivating relationships with the various regulatory agencies. Encourage a spirit of collaboration between your in-house team and regulators to create goodwill and efficiencies that will undoubtedly prove priceless and provide a better return. So, view your licenses as hugely valuable assets, not as cost centers.

3. Control your destiny, own your technology.

Do not let your products and services be beholden by someone else. Invest heavily in owning your own technology, preferably a flexible and agile platform. In so doing, third-party products or services can be integrated and specific customizable reporting for regulators can be generated. Construct your platform to meet the needs of the global user, even if you are unequipped to do it yourself. Build to pivot quickly. Other companies who have cobbled together off-the-shelf software solutions will likely be at the mercy of their tech suppliers when new opportunities in the market arise.

Our industry just witnessed a mobile payment explosion of 45.2 percent compound annual growth rate (CAGR) through 2017, and global digital remittances projections forecast a 25 percent CAGR growth through 2024. These markets will only continue to accelerate, and any companies not ready to take advantage of this migration will become obsolete.

With a rapidly evolving regulatory landscape and an increasing inclusion of digital participants around the globe, I foresee a bull market if companies recognize global opportunities, invest in compliance and build proprietary platforms.

For more on ePlata, visit ePlata.com. ePlata is free to download by visiting ePlata.com, the App Store or Google Play.