



FINTECH ONE-ON-ONE PODCAST – MAGNUS LARSSON

Welcome to the Fintech One-on-One Podcast. This is Peter Renton, Chairman & Co-Founder of Fintech Nexus.

I've been doing these shows since 2013 which makes this the longest-running one-on-one interview show in all of fintech, thank you for joining me on this journey. If you like this podcast, you should check out our sister shows, PitchIt, the Fintech Startups Podcast with Todd Anderson and Fintech Coffee Break with Isabelle Castro or you can listen to everything we produce by subscribing to the Fintech Nexus podcast channel.

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Before we get started, I want to talk about our flagship event, Fintech Nexus USA, happening in New York City on May 10th and 11th. The world of finance continues to change at a rapid pace, but we will be separating the wheat from the chaff covering only the most important topics for you over two action-packed days. More than 10,000 one-on-one meetings will take place and the biggest names in fintech will be on our keynote stage. You know, you need to be there so go ahead and register at fintechnexus.com and use the discount code "podcast" for 15% off.

Peter Renton: Today on the show, I'm delighted to welcome Magnus Larsson, he is the CEO & Co-Founder of Majority. Now, Majority is a niche digital bank focused on migrants and as an immigrant myself I was very keen to talk to Magnus. They've really taken the pain points that immigrants have when they arrive in this country and provided a financial platform to deal with those pain points.

We talk about what their product offering is, obviously, we talk about the type of market and the interesting thing they've done which is where they've created these physical locations, they're a digital app but they have now physical locations in Florida and in Texas and we talk about the thinking behind that. We talk about their bank partnerships, what it was like raising money in 2022, a difficult fundraising environment, we talk about the scale they're at and much more. It was a fascinating discussion; hope you enjoy the show.

Welcome to the podcast, Magnus.

Magnus Larsson: Thank you, Peter,

Peter: So, let's get started by giving the listeners some background. I'd love to kind of get some of the career highlights and also how you ended up in this country.

Magnus: My background is from...originally you could say in the big corp world, I'm originally from Sweden, I'm an immigrant here in the US from Sweden. I started within an investment group called Sanovnik, they have a lot of different media, telecoms, etc. and I spent my career, the first nine years of my career in the telecoms space. I started operators, I rebuilt operators, so to say, and the last thing I did in the group was heading up one of the largest telecoms in Sweden called Comviq. After that, me and two others, my co-founders, that also came the group were thinking about what to do and we had this idea originally around Majority, but we ended up building another business called Rebtel which



was an international calling platform that we turned into a cross border platform that did fairly successful, and then after that, three years ago, we started Majority.

Peter: So, did you move back to the US to start this or do you come here for another reason?

Magnus: So, I lived here twice before in the US, I studied here partially and I worked here as a Swedish teacher a longer time ago when I was a little bit younger, I moved here a year ago to build Majority. When you are founded as a Swedish company out of Sweden, we concluded that to build this successfully one of us has to be here in the US, so I also decided to move here with my family.

Peter: Right. Is this an American operation or are you global?

Magnus: So, we started out of Sweden so we have our tech end product team in Stockholm, but we have all our commercial operations here in the US so that's where I'm sitting here in Miami and we also have some back office and risk operations in Houston and then we're working with local sales teams mainly out of Texas and Florida as of today.

Peter: Right. So then, you touched on it, but I want to dig into the founding story because I think it's really important, I'm an immigrant as well. What was the idea that sort of launched Majority?

Magnus: I spent 10/15 years working with different migrant communities around the world basically already from the telco days, so to say, but also after that building Rebtel, a tech company. The original idea was actually when nine years back ago it was two things. Anyone that moves to another country goes through a similar experience, you have to buy these scratch cards to call back home right? (Peter laughs) Back in the days and then you need to make friends, you need to go through the visa process, you need to get a job, you need to be able to send money and you have to do all of that. So, from a problem perspective it was quite clear for us that there was a lot of things to do when you are an immigrant that you need to solve.

Secondly was also another insight that we had that when you move to another country, and you go through that journey and you're looking for think about a company or a brand that is for you, it doesn't exist today. I think maybe some people when they think of Western Union or Moneygram, but most of the companies that exist for when you're an immigrant and solving some type of problem, usually solving one problem, but they are price-focused, that's just so pure and a lot of times I think these brands have done a mistake, they're thinking about consumers. As immigrants, you have less money and want to be a cheap brand, but the last thing you want to feel when you're an immigrant is less, so we wanted to build a brand around Majority, that's why we call it Majority because the minorities of the world is the majority, that we felt was strong for you, that also catered for those type of problems.

But to roll forward a little bit because that's maybe the bigger part of it was that one of the key things that we discovered over all of these years is that the starting point when you're starting a life in a new country is financial inclusion in a way. You need to get a bank account, you need to have that bank account because you need to move money, you need to get paid, and I think today even how do you order an Uber if you don't have a Visa card, you know? It's like all of those type of things you need when you have an account. So, our product today is basically a bank account with a Visa card



connected, but we also took care, because we wanted to build a broader thing where we have all the cross border products that you need, sending money, calling back and making sure that the money arrived.

Maybe you need to pay your phone bill at home when you're in another country for a while because you want to keep that number that you had back in the days, right, some people keep them for life. So, there's like all of those different type of cross border products so you can say that is the second space. The third space I think that we are when we grow bigger, that we will look into is also these typical things you're going to need when you arrive here that is not really suited for you, you know, it could be insurance, it could be similar things like that.

Peter: Right, right. So then, why is it still today so hard for traditional banks to serve immigrants, to provide that bank account?

Magnus: The starting point is they are not built to serve immigrants because if you think, I mean, the world is constructed of borders, right, and within borders you have laws and regulations and you have the group of people that have lived there and they built their business around that. If you're thinking about, you know, me as being a Swedish immigrant that came here with a set of knowledge, that came here with some set of ideas on how it should work, and I think everyone that have moved to another country and they walked into a bank always feels a little bit intimidated and I think the starting point is already there. And then many times, they haven't thought about how you consume or what your maybe known knowledge base and also, of course, even maybe even the most obvious thing, is like maybe sometimes language and culture is such a big difference.

Peter: Right.

Magnus: If you're looking at banking space, I think the banking products that we consume as an immigrant as well, we have all of those mom-and-pop stores, the kiosks, all of those check cashing you know, there's a whole myriad of physical locations. I think the Kiwis and why you go there is because you come also to the place where you recognize the person on the other, you don't know there is someone that speaks your language, that looks and feels and can explain, and that you can trust so I think there is a lot of trust there as well.

Peter: Right, right. Let's move to sort of the offering that you have today, can you maybe just run us through what is the core product suite that you're offering?

Magnus: It's a digital product, it's an app that we deliver which includes a bank account, a Visa card. With that you also get international remittances so you can send money back, you can also pay for your mobile top up and on top of that, let's say you also get access to an advisor support so you can think about...that is basically from your country. So, if you're Swedish, you would speak to a Swedish (inaudible) it's a smaller community up here in the US, but if you're Cuban, as an example, you will get a Cuban advisor that helps you and explains how it works. But the core idea around the product, you can think about it in one way there, it's like an Amazon Prime type of offering in that aspect, but it's also that we are taking away the fees.



So, you pay a monthly fee like a subscription, like a Netflix but instead of them paying fees, because if you think about all the products that we have included in our offering, it's a traditionally fee-based situation, think about Western, you know, you want to send money, got to Western Union, pay \$10. But instead of paying the fee all the time, you have zero fee, and you pay one monthly fee but you get access to the suite of products.

Peter: Right, right, okay. So then, as people have been using the app, what is the most popular use case, is it the debit card, is it the remittances, what are people using the most?

Magnus: The foundation of what we are, right, is a banking product, is a banking offering, so that, but then it varies, it's varied depending on which diaspora. For some countries, there is the remittance services, maybe something that's complicated or expensive where our product is very, very well done. For some countries, it's super expensive to call back home sometimes so the calling product can be interesting or it could be to pay for the phone bills, as an example, which is something. So, it's a little bit of a variety, but we have a fairly broad mix of all the services between, but it's, you could say community by community there's slight variations.

Peter: Right, right. And so, are you focused on any particular community? You talked about Cubans, I mean, obviously Swedish, not a huge number of Swedes here, obviously there are a lot of people from Mexico and Spanish speaking Latin America.

Magnus: Not at all, like I'm from Sweden, right, and I can only be represented if we're a Swedish immigrant, the one member core if you think about what we're building is, we're building a platform because of technology problems that you're having are the same, but when it comes to all the high touch experience, we're building a community, migrant community, and we started the Cuban community, as I mentioned. We also have Colombia, we moved on to Colombia, Venezuela, Mexico is live, we're also doing Central American countries and also countries from the middle of Africa like Nigeria, Ghana and Kenya.

Peter: Okay. So, what do they get, like what's the difference between someone coming from Mexico than someone coming from Colombia?

Magnus: Yeah. The cross border products are different and basically how we work is that we're identifying....if you think about all the different communities here in the US and you look here, almost every community have a focal city, almost like a capital within the US. To take the same example again, like there's roughly 1.5-2 million Cubans in the US, but there's around 750,000 living down here in Calle Ocho and Hialeah in Miami where I live. So, what we do is that we are partnering with the local store owners, and we're hiring people within the community to sell and market our product and that provides a very close relationship.

And we also opened up a physical location in Hialeah here which is one of the central points where....you think about it as a...we call them meet-ups where you can come and meet us. We train the people that we hire, we also developed a training program around where they can learn English, where people can also become really good salespeople. So, the Cuban community here, they consume the products which are the same for all diasporas, but they get access to local discounts in



the local stores that are here, typical for the Cubans, there are grocery stores here, in Miami as an example, yeah, and you get access to these advisor networks for support.

Peter: So, you're opening physical locations in, you said you have one in Miami for Cuba, is the goal there just to be closer to the community because most digital banks aren't doing that, so I'm just curious about what you're getting out of the physical location and do you have others outside of Miami?

Magnus: Here in Florida, we have Miami, we have Tampa, Orlando. In Texas, we have in Houston and we're opening up, as we speak, several more....the idea is not to have multiple, it's not like a brick and mortar type of play as the traditional banks, but what we see and I think what we learn with working with all the different communities is that you need to build trust, you need to be present and we're working with physical people that are selling to other people. So, we do the training facility, but we also wanted to show the communities that we're here to stay. There's even a word...with a lot of migrant groups in the US they call tech companies "flash in the pan" because they come and they put up a stand, and they leave.

Peter: Right.

Magnus: Again, comes back I think to that, you know, myself, I'm a Swedish immigrant, I can go and representative and that's why we're building "by Cubans for Cubans," "by Colombians for Colombians," and we're providing, so to say, the technology platform at scale, but the commercial operations, it's community-based.

Peter: Right. Sounds like you're focusing on the non-English speaking immigrants. I'm an immigrant from Australia, and obviously you've got Canada, you've got the UK as well, are those sort of English speaking regions not a focus?

Magnus: Well, we're taking one community at a head, I think we will come, at some point, I think even probably both you and me have gone through our migrant journey, but we come from countries where we speak fairly good English, moving to an English speaking country, right? And we come from, so to say, countries where you usually have some resources when you move. And if you just think about the scale, so to say, of challenges you have.... and we've been starting with a lot of the Hispanic speaking and some of the African communities and we did that also for some of the various reasons.

Some we started, as an example, with some of them for compliance reasons because we wanted to be..... as an example, Cubans that arrive in the US get a social security number, so we wanted to... since we're not a bank ourselves, you know, we wanted to be a very, very robust compliance program. So, it comes from some of the tactical, strategical, but also from the communities that we decided to proof and we wanted to start not with a, as you're saying, Mexicans are the largest diaspora in the US, we didn't want to start with the biggest first.

Peter: Right, understood, understood. So, when I arrived in this country, the challenging thing was, you know, opening up a bank account. You needed a social security number and I think I read somewhere that when you're opening an account at Majority you don't need that, how are you doing that and how are you sort of complying with obviously with the AML/KYC components?



Magnus: The regulation in the US requires two main things of us as a financial institution and that is that we know that you are you, and we know that you have a residence here, meaning you have an address here in the US, that you're permanently living here and that is the main regulation. So, when you're opening a bank account with us we have been spending a lot of time on that specific because this is a true pain point for almost any immigrant that comes here, sometimes it's about timing, when do you get your social or not, so we are adapting.

So, you can have any government-issued ID from anywhere in the world, and we're doing recognition of all of those, we're matching all of those and we're doing a lot of data checks, so to say, in the background, how we're verifying that you are you because that is the core. And the second thing is that we're then verifying your address which is sometimes the classical parts of, you know, one way could be a utility bill or similar. But here's one of the key things, like while we're also working diaspora per diaspora because almost each diaspora have a suite of documentations or paperwork that is specific or unique to that aspect.

Peter: Right.

Magnus: Mexicans, as you mentioned, you know, we get from the Consulate in the US you get something called "matricula" so you want to make sure that is something that you feel confident about and that we can verify.

Peter: Okay. So, tell us about your partner bank relationships. I imagine they're really important for the success of your business because you are providing financial services so tell us, who do you have relationships with?

Magnus: Many, actually, we have quite a few banking relationships here and I can tell you when we started, we were the first in our space trying to build this when we set off in 2019. Me and my co-founder, we came here and we were knocking on every bank here in the US trying to find a partner and we said hey, we're two Swedish guys here, we want to do this and they were like oh, you're in the US now, you're not American? That was the first challenge and we said we wanted to work with Visa card and that is also considered slightly high risk and then we said oh, we also want to do remittance (Peter laughs) and then we want to work with immigrants, Nigerians and then Cubans, you know, like to be honest we run into quite a few closed doors, so to say.

Peter: I can imagine.

Magnus: One of the first things that they realized then is that we cannot only be good when it comes to this space, we need to be extremely good, we need to be better, mainly than our partners. So, we spent a lot of time and I think we ended up, at the end of the day, we had five/six bank partners from the beginning because we also realized we wanted to do this very, very stable. The two core underlying banks that we have for issuing is Sutton and Axiom Bank and then we're working with other multiples. We are licensed in many states ourselves for them, it's serious...yeah, it's fundamental, right, to have great partnerships in the space.



Peter: Right. There's a lot of digital banks out there, a lot of niche digital banks, we've got one for pets, what do you say to people who say to you, that we have enough niche digital banks?

Magnus: I think it's partially true, I think we might have seen, I mean, the last two or three years, I think when we started in our space you can think about our niche. We were the first and then Aspo? came around which announced just a few days that they're closing their digital bank in our space, but the core I think around any business in the world is that do you have a relevant problem, do you have a real problem? And I think if you can't answer the problem you're solving, you might not have a niche. When it comes to what we're doing is that we're living in an era of immigration around the world, there are 300 million migrants in the world, it's growing and expected to be half a billion.

There's 500 million people that want to move to another country and I think this is something that will not stop, it will not, in other words change and what we're trying to build with Majority is that we're trying to breakdown borders for people to thrive and succeed as fast as possible when they move to another country. The problems, I think you've experienced them, for sure I've experienced them, and our customers are experiencing them as well, that is a real problem. And I think, right now, since last year with the big change in the market you're going to see a significant number and I think we're already seeing it happening right now, right? Is that not all of them are solving real problems, they're not getting customers, they are not getting funding, etc.

Peter: Right, right, okay, fair enough. So, well speaking of funding, you've actually raised money in Q3 of last year, that is when it was announced anyway, you know, difficult fundraising environment in 2022, what was it like raising for a niche digital bank during that time?

Magnus: Well, I think last year has been very different for a lot of, I mean the environment completely changed. We were lucky in some way, I don't believe in luck actually, but I think we've been performing as a company great and this was actually an inside round. With the luck, I said that investor group that we brought in even from the seed round has led the seed round, the A round and the B round, and I think that just is a testament to the hard work that we've been doing and the progress that we've been making because businesses I think will always exist and I think you will always find investors for those type of companies, it's slightly different but you know.

Peter: We should just clarify too, this is Valar Ventures you're talking about, Peter Thiel's, I know it's not just Peter Thiel but his venture capital fund, right?

Magnus: Yes, but on top of that we have some great angel investors from the Nordics and some venture capital also from the Nordics but Valar has led the last three rounds.

Peter: So then, can you give us a sense of the scale you guys are at and I don't know what you can share as far as number of accounts, or number of employees, where are you at?

Magnus: So, we are around and this is always tricky,...we haven't disclosed any like, numbers, but we have reached a very good milestone internally. As my Co-Founder & CFO has well said, now we're a real company (Peter laughs) maybe you can guess that one, but in terms of scale we're around 80 people in the company, around 80 to 90 people and then we have around 300 of the sales advisors hired here in the US. We're constantly growing, we're quite happy even though during last year and



since last year we've been very...we've been that since the start. I mean, we are maybe more seasoned, quite operative team since we started so we've always been cautious about money, how to spend them and trying to be as efficient as possible, but with high ambition so, yeah, we're doing well, I think we're keeping the lead.

Peter: So, you haven't laid off anybody, and are you still hiring?

Magnus: Yes. We are in one way we are always....I think everyone should always be hiring because you always want to find the best people, right? Companies are built by people not by anything else and the better people you have, the better company you can build. I think we've been following our plan, our plan has always been to follow our plan and we have been doing that, I think we're one of the few that basically has been hitting our plans since the start. We hope to do that and as long as we do that I think we are also hiring in that pace.

Peter: I imagine you're not profitable yet, what is the plan for profitability?

Magnus: So, I mean, we are still at the B stage, right, so we don't have far, we need to pass through a few hurdles more and one and a half funding more I think we are at that stage, but it's pretty efficient and at scale we will be a fantastic company.

Peter: So, the revenue sources, you've got your subscription piece, I imagine you're sharing an interchange, what are the sources of revenue for you guys?

Magnus: Well, if you think about our pricing model, it reminds more maybe of a Costco pricing, right. I mean, if you go to Costco, you pay your monthly fee, but then they have enough few percentage points also to cover basically for other things around their services and our model is fairly similar to that one. And when you have.....if you think about our product, it's actually the core of the product, but it's also multiple cross border products.

They add up together so it turns out to be fairly good and also, I mean our customers...I like our model because over the years we've done a lot of business cases and a lot of different models that say our... The beauty of ours is also it's on the same side, so to say, of the customer, right, because at scale we're going to have even better ability to price some of the services at even lower cost, so our customers on average save somewhere between \$10 and \$30 up to \$40 a month by using our products and such.

Peter: Okay, go it. So then, last question, I mean, what's your vision here, like you talk about the pathway you're on, what's the end game?

Magnus: Well, there's soon to be half a billion people in the world right, that are immigrants and if we can continue to cater for them and lowering the barriers and creating faster opportunities for people to thrive and succeed, I think we've done a great job. We started here in the US because by definition, it's both in numbers and also country built on immigration, right. There are 50 million migrants here yes, alone in the US so first step is to make sure that we are the leader here in the US, and after that there's multiple countries that also have their portion of immigration. And I think it will become the



household name that anyone that have moved to another country, the first thing they think about. I think we're in a good place.

Peter: Okay. Well, Magnus, we'll have to leave it there, good luck to you. I wish you were existing when I first arrived in this country. It's painful to get into the financial system when you're a new immigrant, but, you know, I think you're providing a valuable service here so best of luck to you.

Magnus: Thank you, Peter.

Peter: If you like the show, please go ahead and give it a review on the podcast platform of your choice and be sure to tell your friends and colleagues about it.

Anyway, on that note, I will sign off. I very much appreciate you listening and I'll catch you next time. Bye.

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