



FINTECH ONE-ON-ONE PODCAST – CHARLES ROSENBLATT

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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Peter Renton: Today on the show I'm delighted to welcome Charles Rosenblatt, he is the President of PayQuicker. Now, as the name implies, PayQuicker is a payments platform focusing on getting payments out to the end-user very, very quickly, often instantly. We talk about obviously how they do that, the different use cases that they have, the geographies they work in, the different countries where they can send money. We talk about their partnership with Mastercard, we get into the weeds a little bit and find out exactly how their process works, we talk about their payouts orchestration system called Payouts OS, we talk about gig economy workers, we talk about fraud and much more. It was a fascinating discussion; hope you enjoy the show.

Welcome to the podcast, Charles!

Charles Rosenblatt: Thanks, Peter, nice to see you.

Peter: Nice to see you. So, why don't we get started by giving the listeners a little bit of background about yourself, tell us some of the high points of your career to date.

Charles: The high points are interesting; I can give you some low points too. (laughs)

Peter: Sure. Do both!

Charles: I started my career in the hedge fund world, at a hedge fund called D.E. Shaw, large, statistical arbitrage company which led to some high points which were great times and some bad points where we lost a lot of money during the long-term capital management crisis in 1999, to date myself. I then spent the next ten years or so in the credit card world at Capital One, Washington Mutual that would lead to another down point, I think. (Peter laughs)



Peter: Were you at Washington Mutual during the crisis?

Charles: I was, I was the first executive hire post Provident acquisition, so I was there through that helping manage the card division and then, of course, when Washington Mutual got bought by Chase, I was part of that, stayed with Chase for a short period of time and left. I then sort of found myself in the world of global payouts, I was first on the Executive Team in Hyperwallet then started a startup in the space and then joined Payoneer as Chief Strategy Officer and now moved to PayQuicker as President.

Peter: Okay. So, tell us about what sort of the impetus behind that move to PayQuicker, what attracted you to the role?

Charles: Yeah. You know, I believe, especially in the payouts space, especially what you do, rails are one thing that are interesting, but the technology behind it is really the key. And I spent time in Hyperwallet, as I talked about, spent time at Payoneer and I had actually done a little due diligence on PayQuicker and I said, my God, these guys are the small, little company with 60 people whose technology is better than the company that PayPal bought for \$400 Million and another company out there with 2,000 employees. And so, I looked at what PayQuicker has from a technology solution in the payouts space and, you know, knew Paul Bell, then the CEO for a long time, and he was looking to have someone to help him run the ship and it was an exciting opportunity for me and I couldn't pass it up.

Peter: Right, right, okay. So then, why don't you just give us a quick description of what is PayQuicker exactly.

Charles: Yeah. PayQuicker is a global payouts platform for 1099 workers and marketplaces around the globe. So, our core service is creating a white label payouts solution for corporates to be able to pay their 1099 workers, whether it's Uber paying an Uber driver, Tupperware paying one of their distributors, a clinical trial client of ours paying someone who's doing clinical trials, that's the core underlying business.

We launched a brand-new business leveraging the technology for that core underlying business called Payout Orchestration where we were the first ones out there and we leveraged our current technology we use for that 1099 business to basically create a payout orchestration business similar to what like a Spreadly does on the pay-in side and the payments orchestration space.

Peter: Okay, okay, interesting. So then, is this focused on payments, from US companies going out or do you have sort of operations all over the world? I mean, what's the geographic flow here?

Charles: Yeah. So, we do work with a lot of US companies, they are paying into over 200 countries, 40+ currencies globally, but we also work with large international companies. We just launched with a client who has a huge presence out of Luxembourg, that has a huge presence across the globe where they're paying hundreds of thousands of people around the globe.

So, you know, realistically, as is the case with most of the world, it's the US paying other places from a business perspective. But we also do like to like which is very different than a lot of folks who are in the



core FX markets where they really want to build their business around FX. We're happy for people to fund us in US dollars and pay in US dollars either in the US or around the globe, we're happy in Europe for people to fund us in Euros and pay in Euros. We are in a business that's reliant on sort of that FX flow, similar to some of the others in the space.

Peter: Right, right. So, what are some of the use cases? As you're talking, I'm thinking about like the pandemic might have been actually pretty good for you guys because suddenly people decided screw this, I'm going to be on a beach in Mexico, I can work from anywhere in the world. Was there any impact or maybe just talk about some of the actual use cases that are most popular.

Charles: Yeah. My wife wouldn't let me do that, the beach in Mexico thing, (Peter laughs) I tried, I tried but to no avail. So, the core business, the longest business that we've been involved with the PayQuicker is the direct selling space or multi-level marketing industry, the Tupperwares, the Herbalifes. We've been doing instant payouts in that space for almost 15 years. So, if you talk about real-time payments as a whole, we've been doing payouts for some of our clients as frequently as every hour after something is sold for ten years now in that space. So, that's them paying their field or their distributor, the Tupperware folks who are selling, the Tupperware who earn their commissions. That's one example of our use cases.

Another big use case is, and we have a partnership as you saw with Verily which is one of Google's companies in the clinical trials space so we're paying out clinical trials globally. So, Moderna wants to do a clinical trial, they work with a company like a Verily or others to actually do that clinical trial, administer that clinical trial with clinical trial sites and we do payouts and, again, that's an industry that is totally we're changing. Historically, I've never done a clinical trial so I only know this (cross talking) but they used to like get these blank cards and the suppliers used to sit there and have to have hundreds of cards launched on demand, kind of like the supermarket does on j hooks, right.

Peter: Oh, boy.

Charles: And with technology both being able to do instant bank transfers, being able to do virtual cards on demand so today the way we do with them is simple. We get their email address, we'll send them an email, they'll come and register on our site within two minutes, they'll have a virtual card that they can use anywhere with Apple Pay, Google Pay, etc. across the globe so that's clinical trials and how that's evolving. And then, you know, working with sort of, well, the direct selling industry will say that they're the original gig economy.

Peter: Right.

Charles: You could argue that they were the original, the new gig economy. So, you know, again, not our client per se but like an Uber they pay their drivers, we are working with some driving companies to pay their drivers, we're in the trucking industry, we're working with some gaming, not gambling, but gaming platforms, people who do fortnight contests and things along those lines overall. So, staffing services, like the Toptals of the world so anyone that needs to pay 1099 workers globally, we can actually do that and facilitate for them and those are just some, four or five of the different use cases that you can use our platform for.



Peter: Right, right. And so, the payouts orchestration platform, is that the Payouts OS that I see on your website there. I mean, tell us a little bit about that and who you're partnering with.

Charles: Sure. So, you know, I want to promise one other thing real quick about the last use case and this which is we partner with corporates, so our clients are the corporate clients who are looking to do the payees. There are some clients out there who are neobanks for the payees who are really saying hey, it's an open loop network, anyone can come in. The only way you can get into the PayQuicker network is if you are invited by our corporate clients to join the network, so to speak, and get a card.

Peter: Got you.

Charles: So, I want to caveat that. So, what's really exciting about Payouts OS is what we figured out was essentially we have a single API that can connect to the globe so essentially, rather than having to have 15 different payout providers, what we've done is we've aggregated the leading payout providers around the globe, whether they're a Nium or a Corpay or a Convera or a Barclays or Passworks here in the US. We have five more that we're actually about to do an announcement for in the next month or so that have joined our network, you get everyone through one API. So, if I'm Airbnb, for instance, I need to payout around the globe, rather than partnering with a whole bunch of folks, you can partner with PayQuicker, have one API rather than ten integrations by your back office and you get ten providers.

Now, you say oh well, that's hard, well, actually what we've done is we've created something called "the common application" and I call it the common application because I will copy colleges common applications, right (Peter laughs). It's a pure rip-off of what people are doing in colleges, my son's about to be a freshman in college so I recognize it. You come in, you fill out information, we will get you approved at all of our partners by filling out one sheet of paper. Just like you're checking boxes to apply at different colleges, we will actually get you approved, assuming you can get approved, right, and applied for at all of our different partners on the backend. Then the beautiful piece of it is all of those people are competing in your business, they are all competing for the business.

So, if you think about Expedia, when you go to Expedia there's a left-hand table which says, do you want a 5-star hotel, 4-star hotel, 3-star hotel, do you want the cheapest, do you want the best location, what do you want, and it spits out those things. We have an algorithm on the back that does the same thing for payouts, do you want to fund in US dollars, local currency, what, do you want it based on speed, do you want it based on cost, do you want it based on FX rate? Whatever it happens to be, whatever you want it, you want to run your business or manage your business, we will put you with the right partners for bidding on your business behind-the-scenes in each and every market.

So, again, of our ten providers you could be hooked up with eight of our providers to cover your 50 countries you're paying into. You don't need to worry about who you're connected with; we will route it however you want. The other big thing and the other big premise of what we're doing is we believe FX is something that sadly, well sadly for maybe the people making a lot of money on it, happily for the people who will be the consumers. FX is something that is going to drop over the course of time.

Peter: Right.

Charles: I think we're seeing it dropping already, we're playing into that. And so, our pricing model is very simple, we charge a SaaS fee because we are a technical abstraction layer, that's what we are, and we pass through the wholesale rates we have from our partners as your cost. So, now as a large company, you're beginning to get some of the wholesale rates on FX. I'll give an example, in Europe, through some of our partners, we pay ten basis points, we charge ten basis points, that's it, maybe 12, we take a little bit like Visa, Mastercard, we'll take a little bit on top but we're giving big corporations 12 basis points on FX in Europe which no one is getting today.

Peter: Interesting, interesting. I want to dig in the weeds a little bit, just talk about the rails that you're using. Obviously, you mentioned some of the companies, the partners that you have and I'm just curious about when, you're going out, just thinking about dealing with some of your corporate partners right now, like they can sort of bid on the business, but then once the payouts have been set, what actually happens then? Are you just really.....use Convera, for example, I had the CEO of Convera on my show a few months back and.....

Charles: Yeah, Patrick's a great guy.

Peter: Yeah, he's a great guy. So, anyway, just tell us a little bit about the payment flows, how it actually works.

Charles: So, PayQuicker does not hold any money transfer licenses.

Peter: Okay.

Charles: We partner with folks who have those money transfer licenses so we actually never take possession of the funds. So, in a way, you could argue we're basically, as a payment orchestration, (garbled), we're a broker in some ways in partner groups, we're the technology solution on top. So, let's say Convera wins a market in the UK, right, and my client wants the fund, let's say for the sake of argument, they want to fund in USD and pay out in pounds (£), right, and Convera...we actually, through our APIs, we will pass the information, they will send us the information back saying, Joe Smith needs £10, okay. We will then be a messaging service almost known as a PISP, Payment Initiation Service Provider, we will share with Convera that John needs £10.

Our client will actually fund Convera directly \$11, let's just say for the argument that it's \$11 to £10 ratio, right, they'll fund the \$11 to Convera, we will instruct Convera to send that money, we will do all the technology pass through with us and our clients and then Convera will execute the trade, so to speak, and send the money to John, to his designation that he needs.

Peter: Right.

Charles: Right. The difference here is, and again between doing the whole business with Convera, is maybe Convera is hyper competitive in the UK but not competitive at all in Taiwan, right, from a pricing perspective. So, let's say they also want to pay \$10 worth of money to John Smith in Taiwan, well, maybe what we're going to do is use Nium for that route as a hypothetical and so we'll have them send the \$11 to Nium for that route and send the \$10 but we orchestrate the whole thing and all the



information in the middle. We just give them different receiving accounts for which to send the money because, again, we don't take possession of those funds.

Peter: Right. So, your big value proposition then is for those companies that have to do lots of, like multiple countries, right. I'm sure it would be.....obviously, there are people now living all over the world working for US companies on a contract basis so it's easy to imagine even a fairly small company having to deal with 10/15 countries, so to speak.

Charles: Absolutely. And in a lot of cases, they have to deal with 10 or 15 countries where either the pricing isn't optimized or more so, some of providers don't have that country available, especially if they want to fund in local currency because a lot of these countries say, yeah, I want to send it to Korea, but I want to fund it in Korean won.

Well, hypothetically, two of my nine partners can actually take in Korean won. So, all of a sudden, now you're narrowed down to a small selection of folks and if you're trying to do everything through one partner then, all of a sudden, I have to use that partner because I need Korean won in Korea and now you become completely could get killed on price in other markets because you're now beholden to that solution because they're the only one who can do Korean won, as an example.

Peter: Got you, that makes sense, that makes sense. I saw this news last year, I want to switch gears a little bit and talk about your partnership with Mastercard, obviously they're, I don't know how many countries they are in, pretty much every one so tell us a little bit about what is behind that partnership, just describe what you're doing there.

Charles: So, we are a relatively large pre-paid or debit card program manager, so we offer the ability for our clients to use cards all around the globe, we actually have a USD card, a Canadian dollar card, a euro card and a pound card. The biggest piece that I'm excited about our partnership with Mastercard is really around sort of the unbanked and underbanked population. So, we have a lot of clients here in the direct selling space, as an example, that have a large Latino selling base and for good or for bad, you know, the statistics will show 30% of that market is unbanked. Well, if I'm going to go sell something for OmniLife, as a client of ours, right, if I can't get paid why in the world would I go sell it.

Peter: Right. (laughs)

Charles: Right. And so, the ability to partner with Mastercard to be able to make payments and open up bank accounts for people who don't have bank accounts already is huge both in their mind, it's extension for them, it's business they don't have, and they really have some great ideas around solving it. So that's one big use case and one exciting piece to our partnership with Mastercard.

The other is Mastercard's a great facilitator, right, so we say on our site that we do crypto, we do cash, we call a spade a spade. Why in the world do you need to do cash in person at the supermarket, I don't mean to call out Western Union per se, but why in the world do I need to hand cash out in person when I can put a card in someone's hand, and they can walk up to this thing called an ATM machine.



It's probably cheaper by the way than getting the cash in person for the whole piece. Why do I need to take in crypto when Mastercard has a partnerships with Binance and Coinbase and others to allow you to buy crypto from that perspective? And so, as we say, we pay out in crypto, we pay out in cash if people need but the reality is we partner with Mastercard because they're a great facility in order to do that.

Peter: Right, got you, that makes sense. So then, just sticking with that kind of financial inclusion piece and, you know, particularly in Latin America and Southeast Asia, there's all kinds of places where there are lots of unbanked people and so for those kinds of people then, like you're giving them a debit card, right, that they can use. So, when you say opening a bank account, is that sort of all done, are you doing that or are you partnering with local companies, how does that actually happen?

Charles: Yeah. We open essentially a US bank account for them.

Peter: Okay.

Charles: Right, especially if they're getting paid in USD, right. Now, if they're getting paid in Thai baht, I can't open a Thai bank account for them, but if they're getting paid in USD, essentially, we're opening up the equivalent of a US bank account for them and they will have a debit card that's attached to that account. Now, it's not a full-service bank account they can't write checks, that can't do things like that.

What they can do is facilitate to use the card which is essentially the equivalent to what you used to call a pre-paid card, right, and they can also do bank transfers. And so, if we're paying someone they have the option at all times to have a card which is both a virtual card or a physical card or send the money directly to their bank account or send the money to the e-wallet in their country, whether it be a Bcash or a GCash or an Alipay or things along those lines and essentially what this means is that no client goes unpaid.

Peter: Right, right. So, they're getting, like the example of the person in Mexico, whatever, they're getting paid in US dollars, but they can go to the ATM and withdraw Mexican pesos right when the money hits their account.

Charles: Absolutely. And actually, in Q4, we're going to be the first one in market now who will actually have multiple local currency cards in these countries as well. So, actually, we're going to have a Mexican peso denominated card in Mexico, a Korean won denominated card in Korea, no one has done this before for the most part, it was actually done many years ago by another company that went out of business, but we figured out a way with the top five banks to be able to do this. We're excited to bring that out to our clients.

I do want to make one other point, we don't do a PayQuicker card, so Payouts OS is an API, total API solution. But we have what we call our Payouts OS hosted version which is what most of our clients use today where we actually create the white label website for them in their brand and their field, the card is their logo, their brand, their field.

We have a 20-person, 21-language call center in Rochester, New York that handles customer service and we do a great job of that, and that team is pretty much lauded across the board, but, in general,



we actually provide that whole experience. So, for instance, when Tupperware, when we run Tupperware payees around the globe, we're running the Tupperware pay website, the card looks like Tupperware, the call center picks up Tupperware, etc. It's a completely white labeled solution for our corporate clients.

Peter: Got you, okay, thank you for the clarification there. So, you touched on crypto, I know you said you can payout in crypto which is great but, you know, there are companies particularly in countries where the local currency is unstable when it comes to, you know, there might be really bad inflation, so I'm just curious about, like how do you view crypto? It sounds like you're agnostic as far as what type of payout an individual wants but what about those companies that are creating alternative payment rails and that are based on crypto? I'd love to get your perspective on that.

Charles: Yeah, it's interesting. We actually just signed a partnership, as I said, there will be a press release in the next month or so with a company that allows the creation of a Stablecoin wallet, and we are going to offer that to our folks on the backend if they would like to sign up for the Stablecoin wallet. We, as a company, have a policy that we will only take in Fiat currency. Now, the fact is most of our clients only want to pay in Fiat currency but if our end users, we also believe in....I think you alluded to it, the phrase I'll use is beneficiary directed payments. The beneficiary should know when, how and where they want their money.

If they want it in crypto or Stablecoin, we want to facilitate as much as possible. Personally, I view crypto and Stablecoin as another currency that has FX on it, it's the same thing to me as a euro, a Swiss franc, a Russian ruble or a Korean won, right, it's just another currency that goes out and we're happy to facilitate it any way that we can. But we're not in the business of taking risk of a very volatile currency like that. In fact, we take no currency risks as a company as a whole so that's our company philosophy on it.

What you do see though is people holding.....I'll use Payoneer, my previous employer as an example, Payoneer will say that they have \$6 Billion in balances in USD on their books from the people that they're paying, right. Absolutely, people want to keep business in a steady currency like USD, we allow for that same thing. So, if people get paid in USD and want to leave money on our platform and not pull it off, right, and want to use the USD card and not want to take in Columbian pesos or whatever it happens to be, we allow them to keep the money in their bank account in a safe currency, just not a crypto currency in US dollars.

Peter: Yeah, yeah. So, does that mean you're partnering with banks directly or you're partnering with banks through your corporate customers?

Charles: We do both, oh no, not through our corporate customers. So, we partner, with the folks I talk to like Convera, Nium and CorePay, all have banking partnerships all around the globe with hundreds of banks, we partner with them for those banks. We also have direct relationships with about ten global banks ourself including Barclays being one of them and Pathward, which used to be Meta Bank here in the US, as partners. And so, we have those places where we issue cards, those are our partner banks as well as the hundreds of banks that our partners have already like the Converas of the world.



Peter: Right, got you. So, I want to talk about instant payments because you mentioned this earlier in the interview where, you know, someone sells something on Tupperware, and they get paid like in an hour or whatever the thing is. So, this is going to depend on your partners, I imagine, right, because not every partner is going to be offering that type of speed.

Charles: Absolutely. So, candidly, it depends on the rails that are out there, right. So, the way we say we can pay instantly is very simple, right. We take an API, and someone sends me an API with the payments, who's getting paid what, we're a good funds model so we already have the money, we put the money on their card, and they have the money ten seconds after we get the advice, right.

Now, if they want to take it to their bank account, that's where FedNow, RTP and some of those others come in as opposed to ACH. So, every one of our clients, the moment they get paid, can go use their PayQuicker card or branded card of someone else and use it immediately, okay, so that's as real-time as you can ever get.

Peter: How are you achieving that?

Charles: Well, because, remember, it's corporate funded, so Tupperware has put a million dollars in the bank account and then they tell us to put \$10 on Peter's account because Peter sold Tupperware, right, so we do a ledger, I mean, simply put, we do a ledger transaction from Tupperware's account over to Peter's account at that bank and all of a sudden, you have access or Peter has access to the \$10 immediately.

Peter: Right, that makes sense. So, internal bank transfer because Tupperware has already given you the money.

Charles: Correct.

Peter: Got you, got you.

Charles: Because we're a good funds model. Now, the real question gets to when people want money to their own bank account so now you want to move that \$10 to Bank of America, right. We use ACH standard sometimes, we use same day ACH, we actually are going to have RTP, we're probably going to have Visa Direct and Mastercard Send as well as FedNow coming up. The problem with those methods for good and for bad, as you know, I'll use Venmo as a great example, right, if you want your money the next day it's free, if you want your money immediately it will cost 1.5%.

Peter: Right.

Charlie: Right. So, my personal belief is until you get cost equity between the different methods, you're going to have certain people who want the money immediately and are willing to pay the 1.5% or whatever it happens to be in order to get it and you're going to have everyone else who doesn't care if the money gets there a day later, right.

Again, my role at PayQuicker, our role as a company is to provide choice and so we are going to be connected with partners, some of our partners today can already do it for us, we're looking at some



new partners that we're about to sign deals with, that will allow us to create those instantaneous rails. I'll give you an example, one of our FX partners, one of our, you know, CorePay, Nium, Convera and others in Pakistan can move money in two seconds. Well, that's because that's the way the Pakistani rails work.

Peter: Right.

Charles: Right. So, we are subject to the speed of the rails that we're on, however, we have a cheat code, so to speak, through our card and those cards can be available instantly and that's really where the name PayQuicker came from many years ago by its founder because we were paying quicker than anyone else because we were using these, what some call antiquated pre-paid rails. There's no faster than pretty much anything else.

Peter: Right, right. Obviously, there's FedNow coming and there's others, the Clearinghouse is out there already and we're moving to a world where this is going to become commonplace, right. I mean, they may still have a cost because none of this is free, but we are certainly moving to a world.....anyway, we're running out of time, I want to get to ask you about fraud because clearly, I imagine, this is a challenge for companies like yours and your partners that you're working with. So, what are some of the things you're doing to combat fraud?

Charles: Yeah. Oh, I don't want to say we're geniuses (Peter laughs), but I think last year we had like \$13 of fraud on our system.

Peter: Holy cow!

Charles: We have a compliance group that does amazing scrutiny on the KYB of the businesses. Keep in mind, the only way to fund our accounts is if a business funds our accounts. So, the only real fraud we can have is if the business we're doing business with is conducting fraud, right. So, when Tupperware loads \$10 Million or when Google's Verily loads \$5 Million, we're in a good funds model and the money is moved, there is no fraud from that and it's a closed-loop system. So, even if people use it for moving from one person to another, the funds are good. So, by basically being able to do it at the corporate level rather than a personal level, which is where most of the fraud comes in, we're able to avert pretty much any of the fraud that other people have.

Peter: Right, interesting, interesting. So then, last question, what are you excited about that's coming down the track, what's next for PayQuicker?

Charles: Yeah. Look, I'm excited about this expansion, right. We launched Payout OS maybe about six months ago, we've had some great traction with some Fortune 500 companies who have joined us as well as others, but we have barely penetrated any of the market as a whole. And I think when people realize, hold on, I can actually do this with one API connection and much cheaper than everyone else is doing it, it's going to break through and it's not only going to affect PayQuicker, it's going to affect the corporate world having to do with FX and global payments that we can actually reduce the costs and almost democratize it as a whole. I'm excited to see where that goes and how that comes into effect in the next 12 to 18 months.



Peter: Right. Well, it's a good place to end it on. I think that's going to be a great thing, taking the cost out of international payments is something that is going to benefit everybody. Charles, thank you so much for coming on the show today.

Charles: So nice to be here and thanks so much, Peter.

Peter: Okay, see you.

Charles: Bye.

Peter: I hope you enjoyed the show, thank you so much for listening. Please go ahead and give the show a review on the podcast platform of your choice and go 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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