

EMQ goes behind the scenes to stand out in world of remittance

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IN the increasingly crowded space of remittance, one startup has decided not to have a direct interface with the customer.

Instead, Hong Kong-based EMQ is steadily building cross-border networks for business clients to simply tap on. The network connects local banks which the startup firm partners – one for each market – with several endpoints such as mobile wallet operators, banks and cash pick-up points it is putting in place.

“Customer acquisition costs continue to rise and customer retention, especially for remittance focused apps, remains a challenge. EMQ positions itself as the financial backbone infrastructure that behind-the-scenes increasingly can settle any kind of cross-border movement of capital,” said EMQ co-founder and chief executive officer Max Liu,

He called the company’s distribution networks the “pipes”.

EMQ has already scored a partner-

EMQ at a glance

- **Co-founder:** Max Liu. Held leadership roles at Citadel Investment Group and Goldman Sachs.
- **Business:** Remittance infrastructure for businesses
- HQ:** Hong Kong
- **Backers:** 500 Startups (Series A), others
- **Funding rounds:** US\$6.5 million (Series A)

ship with Tencent to allow migrant workers in Hong Kong to send money back to the Philippines and Indonesia via WeChat Pay HK.

For Tencent, which is chasing the global remittance business – worth billions – alongside its rival Alibaba, the tie-up with EMQ means it can shrug off extra work in building a compliant cross-border system and gaining regulatory approvals.

EMQ manages pools of liquidity in both the Philippines and Indonesia. Once a WeChat user completes a

transaction via the mobile app to, say, an e-wallet in the Philippines, EMQ pushes the cash from its fund in the Philippines bank partner into the e-wallet.

As the firm has directly integrated with the e-wallet provider, the remittance will be close to real time, said Mr Liu.

Transaction fees are kept low because transfers are done in bulk, he said. “We may have thousands of transactions per day between, say, Hong Kong and Indonesia. Instead of doing thousands of individual bank transactions, we do one bulk transfer to our recipient bank partner and do the local payouts to bank accounts, cash pick-up points or e-wallets, which results in huge cost savings.”

The company declined to disclose its transaction fees, but said it quotes clients based on transaction volumes and business requirements. EMQ also earns a sum from the foreign exchange spread.

The startup has licences in Hong Kong, Indonesia and Singapore. Some of its bank partners include HDBank in Vietnam and Kotak Mahindra Bank in India.



Max Liu, co-founder and CEO of Hong Kong-based remittance startup EMQ, says transaction fees are kept low because transfers are done in bulk. PHOTO: EMQ

pany, similar to what Twilio is to telcos, allowing any startup to build with telco interactions. EMQ allows any remittance startup or company to build on interactions with banks.”

He added that platform companies provide much needed legitimacy and efficiency for innovations in fintech.

“When a startup wants to work with multiple banks and different countries to do remittances and transfers, they may not be taken seriously. But now they can just work with EMQ, which has done the job for them,” said Mr Ng.

EMQ has big plans for 2019. Besides expanding into the Middle East and Europe, the firm intends to step into the B2B space.

With cross-border B2B payments expected to exceed US\$218 trillion by 2022, the demand for a faster, seamless, low-cost and transparent platform continues to rise, said Mr Liu.

The firm also sees opportunities in areas such as e-commerce, merchant repatriation, cross-border wallet settlements and cross-border travel payments.

Mr Liu said: “We have heavily invested in resources across legal, compliance, engineering, operations and product to launch our B2B API platform in Q1 of 2019.”

Over the past 24 months, EMQ’s transaction volume has grown 15 to 20 per cent month-on-month, according to Mr Liu.

EMQ bagged US\$6.5 million in Series A funding last year from in-

vestors including 500 Startups. The latter’s managing partner Khailee Ng told *The Business Times* that the firm is betting on EMQ because it is not simply another remittance startup.

“We see EMQ as a platform com-