

FINTECH - RICE UNIVERSITY

TRANSFERWISE

OVERVIEW AND ORIGIN

- ▶ Created in 2010 - London by Taavet Hinrikus (former Skype) and Kristo Kaarman (former Deloitte)
- ▶ SOLUTION: Provide customers with fair exchange rates and fees for international remittances
- ▶ HOW? Offering customers mid-market rates and fixed fees as opposite to the hidden costs hidden in exchange rates offered by traditional institutions

BUSINESS ACTIVITIES

- ▶ Remittances using mid-market rates
- ▶ Traditional institutions usually embed fees in the exchange rates offered to customers to profit more (hidden-cost)
- ▶ How to find mid-market rates? It's the rate that appears in search engines like Google.
- ▶ TransferWise profits only on the pre-negotiated fees charged to customers. No hidden-costs!

LANDSCAPE

- ▶ P2P Transactions, however customers don't have access to the other peers involved in each transaction
- ▶ TransferWise has local accounts in 40+ countries
- ▶ Customers transfer money locally to and get money locally from TransferWise in different countries
- ▶ The money is never actually cross-bordering countries - No export taxes

RESULTS

- ▶ So far TransferWise Ltd has had 7 funding runs totaling over **\$396 million dollars**.
- ▶ It helped 5+ million customers to avoid hidden-costs
- ▶ Innovating by starting to offer “bordless” debit card and checking account in more than 40 countries
- ▶ The most liked company among its competitors

RECOMMENDATIONS

- ▶ P2P international financing - leverage on countries with lower rates to allocate resources to countries with bigger rates
- ▶ B2B - International Payroll - Offer businesses centrally managed payroll in a single country / currency and then allocate salaries across the world - Global Payroll