



Philanthropic finance

Did you know that 70 per cent of the UAE's working population earns too little to access even a basic current account? Ian Dillon and Katherine Budd did, and now their bank for the unbanked is looking to revolutionise the GCC's financial technology sector...

Minimum salary requirement. Three little words that, depending on your social background, will produce very different emotions. If you're a western professional, chances are it's an arbitrary term that's had little bearing on your life in the UAE. However, if you are among the 70 per cent of working residents earning less than Dhs5,000 per month, the threshold to access banking services in 2017, those three little words likely represent an almost insurmountable barrier.

Think, for a moment, what life would be like without a bank account. No more online bill paying. No more ordering groceries online, not to mention the personal security concerns of having to withdraw your entire salary in one go using a single-use payroll card and having to keep it safe until you find the time to queue to pay your bills and transfer money to your family back home. And that's just the tip of the iceberg.

"I don't think people are fully aware of how many migrant workers there actually are here," says Ian Dillon. "You say 70 per cent of workers and that's an abstract number, but that's 4.5 million people in the UAE alone. Expand that to the GCC and you're looking at 26 million. It's quite unbelievable. And it's never even occurred to many unaffected people that this whole group can't get a bank account, or what that really means in terms of doing the most simple things. So there's a total lack of understanding and knowledge."

The fact that they're addressing that lack of understanding and bringing the issue into the light is a happy by-product of a serious business intention for Ian, 31, and his business partner Katherine

Budd, 30, who together have created NOW Money, an online only bank for the unbanked that's being hailed as a major step forward towards equalising economic access for workers across the GCC.

Essentially an app-based banking service, its customers not only receive a Mastercard debit card and direct salary transfers from participating employers, but critically can also pay bills and remit funds home at the touch of a smartphone screen – an incredible leap forward for a group that, until now, was having to pay to make physical transactions at the country's exchange booths.

"It's much cheaper to remit via our system," Ian explains. "That's partly due to the foreign exchange rates themselves and partly transaction costs. The physical houses here at the moment will charge people maybe Dhs15 or Dhs20 to make their remittance, but then will also give them an exchange rate that's slightly adrift of the actual rate. So they make money twice. But what we can do by sending large amounts online is we can provide them with much better rates, without the cost of running a bricks and mortar store."

"And to put that into perspective," continues Katherine, "it means that if someone were to use our system instead of a physical exchange over the course of five years, which is the average time a worker is here for, the saving would be, on average, around Dhs8,500. And that translates to four-and-a-half years of school fees back in the Philippines, six months rent on a one-bedroom apartment in Pakistan or up to 30 months of medical care in India."





IMAGE: GETTY

“ALLOWING THEM TO PAY THROUGH OUR SYSTEM IS JUST ABOUT SAVING THEM A LITTLE BIT OF PRECIOUS TIME”

Currently, NOW Money works directly with employers who want to provide accounts to their employees, both of whom can use the service for free and, crucially, stand to benefit from its implementation. “Currently, these companies have to pay for a payroll card service to pay their staff each month,” Ian explains. “We don’t charge them for our services, so there’s a clear cost saving there immediately, and if you’re a large business with a lot of employees, that saving is pretty significant, before you even consider the employee welfare angle.”

Next up is an expansion plan to move further into the GCC market, and later, to make NOW Money a universally accessible service, meaning individual employers and small businesses would be able to get in on the act and help small teams and even individual domestic workers access banking services here for the first time too.

That said, both Ian and Kat are keen to point out that their customers are far from new to the banking world itself, many having used similar online money services in their native countries. “The disconnect between perception of migrant workers and the reality is really is pretty huge. I mean, we’ve had employers tell us that queuing to remit money is a day out for their employees. We’ve seen, time and again, the assumption that these people don’t know how to work a smartphone. And that, frankly, shows a complete lack of awareness of the genuine situation. So many of these workers have taken a significant step down to be here. Our cleaner in our shared office space was a computer programmer in the Philippines. He’s got a degree. So he may be paid ‘only’ US\$300 a month for cleaning, and how depressing given his background, but he’s doing that because in the Philippines he was being paid around US\$30 a month. He’s made huge sacrifices. But try telling him he can’t operate a smart phone. Try telling the trained carpenter who’s come here to work as a labourer that he doesn’t understand how to use a bank

account. A lot of our customers are educated people and there’s a massive disconnection in terms of their standing and what people consider them capable of.”

Similarly, few people realise how many migrant workers are actually responsible for their own living costs, accommodation and bills – and how difficult that can be to manage give their economic exclusion and employment terms.

“You’re looking at a population who have a maximum of one day off. Many, like cabbies, work seven days, 12 hours a day. So if they’re already taking a whole day sometimes to go and make a remittance, they really don’t need to also have to go and queue to manually pay a DEWA bill or buy a mobile phone top up. So allowing them to pay through our system is just about saving them a little bit of precious time and giving them access to the same conveniences we’re used to. So many of us pay all of our bills online, we use an app just to order groceries here. But can you imagine you had to go back to doing everything manually and offline? Oh, and by the way, you have to reduce your time off to 20 per cent of what it is now. It’s a ridiculous expectation on people who’ve made such huge sacrifices already.”

If all this sounds like the pair is running a charity however, don’t be fooled – their philanthropic streak is marked with a keen eye for business borne of their traditional banking backgrounds. Essentially, running an online financial firm costs around 95 per cent less than running a bricks and mortar bank, meaning they can take a smaller percentage of all the remittances made through their company and still turn a profit. And when you consider that the GCC remits US\$103 billion a year, 50 per cent of it sent by low income workers, growth potential for NOW Money becomes clear. Could this be a bank where everyone’s a winner?

Potential investors certainly seem to think so, and Kat and Ian have already picked up a host of awards, most recently taking the top spot at the regional heats of Chivas’ The Venture, a competition that each year awards US\$1 million in investment to social enterprises deemed to have international business and philanthropic potential. They’ll shortly join The Venture’s incubator programme at Britain’s Oxford University, in preparation for the international final in Los Angeles this summer.

Their chances? Pretty good, if the judges at the Dubai heat are to be believed. Awarding the regional prize to the NOW Money team, Gaurav Sabharwal, managing director of organisers Pernod Ricard Gulf, said: “Our decision to choose NOW Money was unanimous. Their business can positively benefit the lives of literally millions of people and can be replicated geographically, quickly and cheaply. Its potential social impact is astounding.” Watch this space.

nowmoney.me

FINANCIAL EXCLUSION: THE FACTS

01

80 per cent of the world’s unbanked population lives in a Muslim country. In the GCC alone, the total number of unbanked migrant workers is around 26 million, 4.5 million of whom live in the UAE.

02

The GCC remits US\$103 billion per year. Of that, US\$30 billion leaves the UAE and US\$45 billion comes from Saudi. Around half of those transactions are made by low income migrant workers.

03

Economic exclusion doesn’t just lead to social inequality, it’s also a major security concern. Cash is difficult to track, increasing vulnerability to crimes such as money laundering and funding of illegal interests.