From left: Mr Lim Jing Rong, Mr Goh and Mr Gay founded RateX, which aims to "flatten" cross-border online shopping by offering real exchange rates. ST PHOTO: ONG WEE JIN

Technology

Start-ups disrupt local forex scene

They aim to take the hassle out of dealing with foreign currencies and exchange rates

Jacqueline Woo

Dealing with foreign currencies and ever-fluid exchange rates can be frustrating for consumers, and a number of start-ups in Singapore are determined to change that.

One is RateX, the brainchild of three final-year undergraduates at the National University of Singapore, which aims to "flatten" cross-border online shopping by offering real exchange rates without additional or hidden transaction fees.

The online payment tool, available as an extension on the Google Chrome Web browser, matches the sum of an online overseas purchase with rates from currency exchange websites. This allows the user to pay for the purchase in his local currency. RateX does this by transacting with bulk credits from its overseas merchant partners.

This means online shoppers can avoid having to pay hidden fees when making cross-border purchases, chief executive Goh Jian Kai told The Straits Times.

He noted that banks and other providers typically charge up to 5 per cent in hidden fees on top of their own exchange rates for overseas transactions.

Another co-founder, Mr Davis Gay, said: "People are not comfortable buying things online because there is no guarantee on the final price at the point of transaction. Even if the e-commerce website quotes you in your local currency, you might still be charged by banks for foreign merchant transactions. We want to make sure Singaporeans pay only what they see when RateX appears on the checkout form."

Launched in December, the browser app now has more than 500 users and is available only on e-commerce site Amazon.

RateX plans to expand its use to more US-based fashion and travel websites by the next quarter, and to China's Taobao, said Mr Goh.

One start-up making waves in the local foreign exchange scene is 4xLabs, which wants to help increase transparency in the market for travellers and money changers with its cloud-based services.

The firm, set up in 2011, offers two platforms: Get4x, a currency exchange-rate aggregator platform for travellers, and Biz4x, a SaaS (Software as a Service) platform that helps money changers better manage their businesses.

Chief marketing officer Angela Cheong noted that the biggest issue with forex transactions for travellers is the lack of price transparency.

"Finding and comparing money-changer rates remains a challenge. Very often, money changers do not publish their rates online, so people still have to go from store to store to compare rates," she noted.

Get4x aims to address this issue by aggregating rates from various money changers and putting up the data on an online directory so travellers can easily find the information – as well as directions to the nearest money changer.

As for the industry, the Biz4x platform – equipped with features such as live forex rates, a compliance database and a point-of-sale system – aims to transform the traditional bricks-and-mortar business into one that leverages on technology to optimise margins and better adhere to regulatory guidelines.

Ms Cheong said Biz4Labs has captured more than 40 per cent of the local money-changer market. It also has customers from places such as Albania, Australia, Denmark, Hong Kong, India, Malaysia, Thailand and the United Arab Emirates.

The longer-term goal, she said, is to be present in all major travel hubs. "By building up this network, we will be well-positioned to launch and roll out new innovations and initiatives for the global community of money changers."

Another start-up, TravelersBox, has set its sights on big growth as well, in particular within the region.

The firm operates eight kiosks at Changi Airport's Terminals 1 and 3 which allow travellers to convert their leftover foreign currency into digital money or to redeem gift cards with companies such as Grab and Lazada. These kiosks accept coins and notes of nine currencies, including the Indonesian rupiah and the Chinese yuan.

"It's the easiest way to... deal with leftover foreign currency. It's like a reverse ATM," said TravelersBox founder and chief executive officer Tomer Zussman. "Otherwise you have to change it into physical money, you have to go to the banks and you pay fees."

TravelersBox gets a 7 per cent fee per transaction from customers and a fee from the 80-odd brands it works with. It has recorded around one million transactions across its global operations.

The Israel-based firm, which rolled out its first kiosk in Turkey's Ataturk International Airport in 2013, now has a presence across 12 airports globally, including Narita International in Japan. It plans to move into more markets, especially in Asia, including Australia, Indonesia, Malaysia, South Korea and Taiwan, this year.

"We're the only player in the market so far, so there's no competition, but that will happen. So it's all about penetrating the big airports first to service the passengers. We have to be aggressive," said Mr Zussman.

tsjwoo@sph.com.sg

TravelersBox has kiosks at Changi Airport which let travellers convert their leftover foreign currency into digital money or redeem gift cards with companies like Grab.
PHOTO: TRAVELERSBOX