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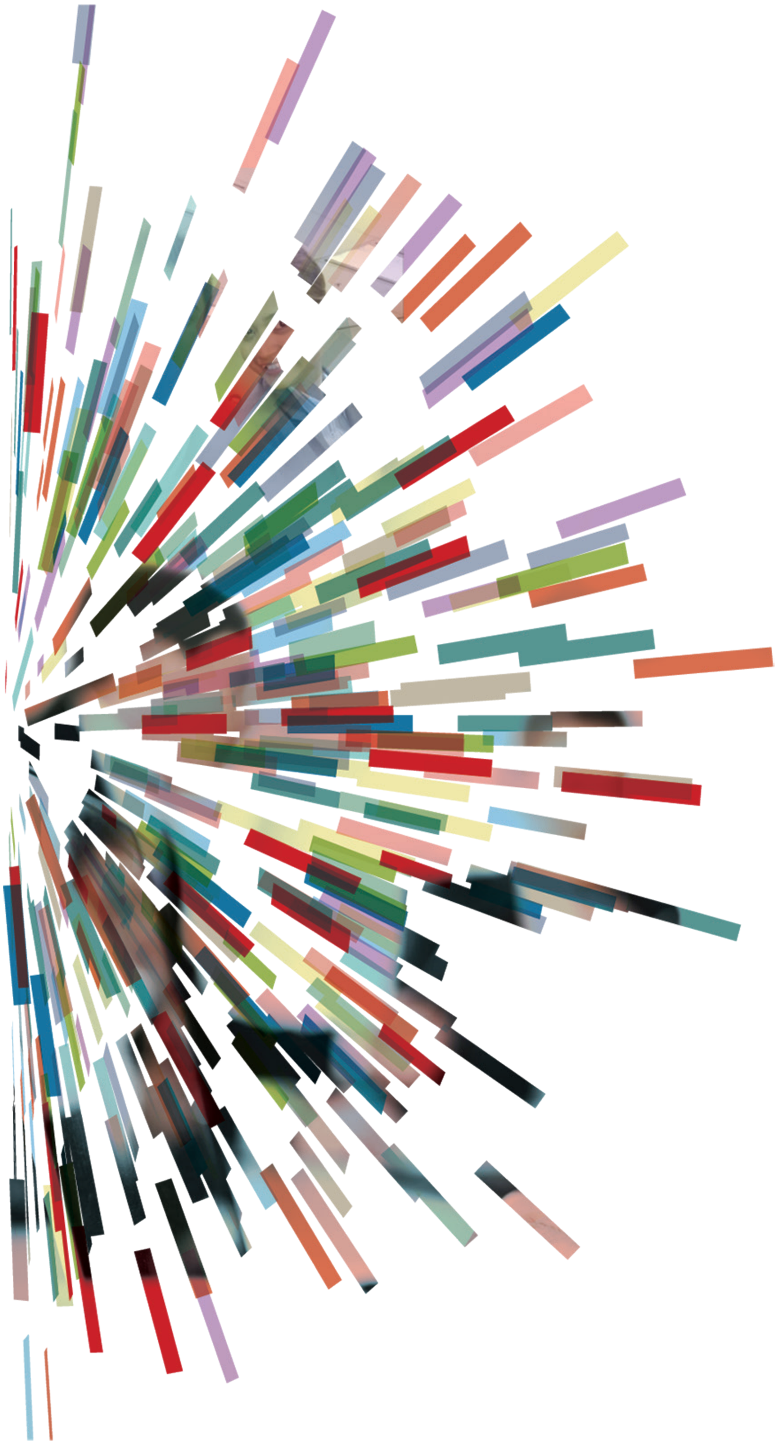
CASE STUDY

Merchantrade Asia Sdn Bhd: Making a Mark through Innovation and Smart Synergies



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MERCHANTRADE ASIA SDN BHD: MAKING A MARK THROUGH INNOVATION AND SMART SYNERGIES

Synopsis

Merchantrade Asia Sdn Bhd (Merchantrade)[1] was incorporated on 19 November 1996 by its founder and managing director, Ramasamy K. Veeran, a young entrepreneur of humble origins with far-reaching vision to make a difference in the migrant worker segment for greater financial inclusion in the Malaysian financial landscape. Ramasamy began the Merchantrade journey as a one-man start-up providing telecommunications equipment to telco suppliers. In the span of just over a decade, he steered the company into the money services business (MSB) and then further successfully scaled it into the financial technology (fintech) space.

By the end of 2017, Merchantrade was acknowledged as the largest home-grown MSB[2] provider establishing 84 branches, more than 400 agent locations, and over 200,000 pay-out locations worldwide. Merchantrade dealt with a transaction value of approximately MYR 14.8 billion or approximately USD 3.6 billion[3], covering all three lines of MSBs, namely remittance, retail currency exchange, and wholesale currency exchange. Like all pioneering entrepreneurs, Ramasamy faced difficulties in his journey, almost failing a few times, but his resilience and poised leadership brought stability to his institutional stakeholders and customer pool. This case study attempts to narrate Merchantrade's journey and its success story over more than a decade.

Keywords: Merchantrade Asia Sdn Bhd, money services business (MSB), Mobile Virtual Network Operator (MVNO), Merchantrade Money Visa Prepaid Multi-Currency Card, Ramasamy K. Veeran, remittance, financial inclusion, Sumitomo, MSB 2011, Celcom Axiata.

1 Henceforth known as Merchantrade.
2 www.bnm.gov.my/index.php?ch=fs&pg=fs_msb_money_srv_bus&ac=124
3 As per the Merchantrade e-Forex exchange rate on 9 October 2018.

Perennial Dilemma – Staying Sustainable and Relevant

In July 2018, Ramasamy K. Veeran, founder and managing director of Merchantrade Asia Sdn Bhd listened attentively to the strategic business plans put forth by his proficient management team. In the headquarters located in Damansara Intan, Petaling Jaya, he experienced a déjà vu moment: the same pressure and dilemma, the perennial challenge of being the leader of Merchantrade in the ever-dynamic money services business (MSB) and payment services business (PSB) industries – the struggle for sustainability and to remain competitive in the financial technology (fintech) landscape.

For over a decade, as the mastermind and force behind Merchantrade, Ramasamy had weathered the onslaught of telecommunications technology, the infiltration of telecommunication companies (telcos) into the arena of remittance services, the introduction of regulatory provisions by Bank Negara Malaysia (BNM), and the dynamic consumer demands that evolved the MSB industry into a modern one. His sharp intuition, clear understanding of the MSB industry, 'going to the ground-level' style of operations, and ability to stay true to the migrant worker segment enabled him to place Merchantrade on the list of distinguished awards and accolades for the Asian platform. This success story did not happen without early struggles that seemed unsurmountable nor financial hurdles that nearly caused failure, but Ramasamy remained resilient and poised, as he knew that, although challenges were inevitable, he would turn these pain points into opportunities to move ahead.

Ramasamy contemplated how to overcome the various phases of 'disruption' and struggles posed over the years. The end of 2004 saw the slow phasing out of the voice-over-internet-protocol (VOIP) and calling card businesses, which caused many companies, including Merchantrade, to experience financial repercussions. The downturn in the existing business and the change in the telecommunication landscape in 2004 further compelled him to contact several telcos to obtain the mobile virtual network operator (MVNO) business for his company, hoping for an opportunity. In 2007, Ramasamy managed to obtain the MVNO agreement with Celcom. The challenge of operating as a new MVNO operator in the mobile industry landscape controlled by goliath competitors was a leap of faith.

In 2007, Merchantrade's business transformed to handle two new lines of businesses: MVNO and remittance. It was at this time that Sumitomo Corporation, the Japanese corporate giant, expressed its interest to acquire a 20% stake in the company. Although Sumitomo's acquisition was a boon to Ramasamy in that it not only brought in the much-needed strategic investment but also came along with a pressure of a different kind. He had the task of upgrading and modernising the company's brick-and-mortar systems and infrastructure to meet the requisite standards and corporate governance of an international entity and maintain the confidence of his stakeholders, including Celcom Axiata, who in 2014, invested into Merchantrade and become a 20% stakeholder.

Finally, the emergence of digital technology and the unavoidable disruption to the MSB and PSB industries in the latter part of 2015, brought about a paradigm shift in Ramasamy's mind-set. His decision to embrace digital technology, which was already revolutionising the global payments services industry, was indeed a pain point that became a great opportunity to propel Merchantrade ahead in the market via its digital transformation plan.

Ramasamy saw every aspect of his voyage as manifesting an opportunity to expand and enhance the company's business. He remembered the sleepless nights contemplating whether to employ or acquire a technology company or even develop an in-house digital and innovation division to innovate better, faster, convenient solutions to stay ahead in the competitive MSB ecosystem. With sound strategic planning and strong stakeholder support, Ramasamy overcame these dilemmas and impediments and hit several high notes with the introduction of a dynamic digital transformation plan for the company.

The end of 2015 saw the results of Merchantrade's evolution towards digitisation when it successfully launched its e-Forex (online and mobile money exchange). This was followed by e-Remit 2.0 (online and mobile remittance) in 2016, and recently, the Merchantrade Money Visa Prepaid Card (MM card) in 2018. The MM card, designed in collaboration with the global payment technology giant Visa, allows customers to use the prepaid card at some 44 million merchants globally. In 2018, Merchantrade kept the momentum going with the launch of e-Remit 3.0, which incorporates the electronic know-your customer (e-KYC) feature.

Ramasamy was astute and knew when and how to use his strength – Merchantrade's strength in the migrant worker segment. However, strategic marketing required that the company's customer base not be wholly dependent on a single segment but be more diversified for sustainability. This led Merchantrade to build blocks for new customer segments, such as business to business (B2B), students, travellers, and millennials, using the existing network of branches and agents as points of sale. These customer segments were seen as the basis for the many profitable win-win partnerships and collaborative synergies that it entered into, such as AXA, Visa, Malaysian Association of Tour and Travel Agents (MATTA), Bonuslink, and many more. Partnering with Visa in 2017 was indeed an achievement for Ramasamy and catapulted the company ahead, making it the first non-bank multi-currency Visa prepaid card in Malaysia. Financial pundits opined that the MM card was launched at the right time to provide a local version of a challenger bank similar to Monzo, Revolut, Starling, and other challenger banks in the United Kingdom.

Above all, he stayed true to the ethos upon which the company was founded: keeping his focus on the migrant worker segment. Merchantrade's initiatives are seen today by industry players as financial inclusion initiatives that address the woes of the 1,781,598 foreign workers in the country as of 30 June 2017[4]. The continued support from these migrant workers contributed to his confidence, and his genuine care for their socio-economic needs set the tone of trust over the years. He ensured that his management team were trained to empower all Merchantrade agents on the confines of this sector, which was rife with illiteracy and was sluggish in accepting technology for safer transactions.

Ramasamy understands that the company will continue to face the many challenges and dilemmas that come with any exciting journey. After all, Merchantrade had managed to not only survive but initiate robust transformation plans to keep relevant. However, the questions in his mind were of a sharper tone and were not just about sustainability. His questions were about how to elevate Merchantrade's business strategy towards competitive globalisation and how to ensure that the needs of the migrant worker segment, mainly from India, Bangladesh, Indonesia, the Philippines, and Nepal would be enhanced to a higher platform in customer experience in the next few years? How would the company add more into the value chain of the business? Should Merchantrade diversify from the current business model? Should it open up to new smart alliances? Should the business be 'disrupted' once again with a different strategy before further disruption occurs? While a pragmatist, Ramasamy continued to aim high, never believing in mediocrity.

[4] The figure was reported as of 30 June 2017.
https://www.freemlaysiatoday.com/category/nation/2017/07/27/home-ministry-1-78million-foreign-workers-in-Malaysia

Merchantrade – The Beginning

> *For the younger generation who want to venture into business, they need to have the passion to drive them through the journey. They need to have mental discipline as challenges will always arise anew.*
>
> **Ramasamy K.Veeran**

Merchantrade Asia Sdn. Bhd. is the brain-child of Ramasamy's early exposure in the telecommunications industry during his sojourns to the tech-hungry Asian corridors of India, Nepal, and Bangladesh. However, he declares that his earliest exposure to entrepreneurship was way back when he was influenced by his mother when following her to sell *'vadai'*[5] and other Indian cakes to small neighbouring shops and hotels for extra income. He was inspired by the trust her customers showed her, which later manifested into loyalty – the essence that led to the growth of her business. In his early years as a young man, he gained experience from entrepreneurs from whom he learnt about empowering oneself with knowledge and experience. His experiences and exposure convinced him that he was destined to be an entrepreneur.

Merchantrade was registered on 19 November 1996 as a one-man start-up company in the business of telecommunications and equipment supply. However, the Asian financial crisis in 1997[6] resulted in Ramasamy making a conscious decision to draw back from commencing operations to allow for a better economic climate. After four years, which allowed Ramasamy to understand the Malaysian market and economy, Merchantrade set its footprint in 2001 by supplying telecommunication (telco) hardware, such as routers, to local telco companies and progressed to become an application services provider (ASP) in 2003.

The procurement of the ASP licence allowed Merchantrade to penetrate into the telco market, and in a span of just two years (2003–2005), it established approximately 5,000 shops located in supermarkets and sundry shops in peninsular Malaysia. These shops, popularly known as *'Warong Talipon'* (or *'Wartel'* or *'PCO'*), provided telephony services, such as international direct dialling (IDD) and subscriber trunk dialling (STD)

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[5] Indian local delicacy resembling a donut that is eaten as a snack.
[6] The Asian financial crisis was a period of financial crisis that gripped much of East Asia beginning in July 1997 and raised fears of a worldwide economic meltdown due to financial contagion. https://en.wikipedia.org/wiki/1997_Asian_financial_crisis

services predominantly to the migrant workers who depended on these services to contact family and friends at their home countries. It was at this time that Merchantrade established its presence with the migrant worker segment and built its strong customer pool.

A strong contributing factor for the unpredicted success of the calling card business initially was the fact that the Malaysian economy was benefitting from a huge influx of migrant workers at this time. Statistics indicate that Malaysia was among the countries with a high ratio of migrants to the total population in Asia Pacific in 2008. However, most of these migrants in Malaysia had little education with 52% of them having tertiary education[7].

The repercussion of innovation inevitably led to the slow phasing out of voice business relative to prepaid mobiles, and this downward trend resulted in Merchantrade reducing its presence in the shops by the end of 2005. The strong winds of change in migrant workers' needs and demands created a catastrophic negative effect. Ramasamy as the key decision maker, had to decide if he should close down the company or find a speedy solution to the potential sunset business. Ramasamy admits that the blow was a hard one.

The end of 2004 also witnessed the introduction of prepaid mobile card services and the explosion of cheaper mobile phones in the telco ecosystem, which resulted in the migrant workers investing in mobile phones for cost-effective fast communication. A prepaid calling card is not linked to a checking account. Instead, it allows them to spend money that has been loaded onto the prepaid card in advance. The use of these cards was practical in that it monitored the amount that could be spent, hence avoiding overspending and travelling time to IDD/STD booths.

It was during the second phase of Merchantrade's journey (2004–2011) that Malaysia's market showed evidence of more mobile prepaid subscribers compared to mobile post-paid subscribers. The ratio was 80:20 prepaid to post-paid subscribers out of the 23.3 million mobile subscribers in 2007 with the total number of prepaid subscribers standing at 19.4 million in 2007. The high number of prepaid subscribers is encouraging for an MVNO market as most MVNOs offer prepaid services to their customers. Prior experience has shown that MVNOs thrive in a more mature and dynamic market while they have much less impact in emerging markets. In 2007, the mobile market penetration rate stands at 85.1% which indicates emerging maturity of the sector. The use of IDD/STD services understandably would indeed become obsolete.

Although the initial idea was for Merchantrade to be transformed into a mobile operator, Ramasamy was cognisant of the highly competitive telco landscape with goliaths like DiGi, Celcom, and Maxis at the forefront of the industry. Hence, the best mitigating plan was to divert the business with new products or strategise towards smart collaborations to secure sustainability. The decision would have to be premised on

[7] Mobile Virtual Network Operators – *The Redefining Game, Malaysian Communications and Multimedia Commission*, 2008.

two important factors: first, how to leverage Merchantrade's existing migrant worker segment and, second, what products and services could the company introduce that would facilitate the lifestyle and socio-economic standing of migrant workers in Malaysia. Ramasamy's ethos has always been that *'the migrant market will be the company's focus, it has been and will continue to remain an integral segment of our target market'.*

Reports[8] state that migrant workers were employed in Malaysia in the 1970s mainly for the purposes of working in plantations and in the construction sectors to meet seasonal demands. The industrial revolution and economic growth in the 1980s transformed a situation characterised by high unemployment of migrant workers in the mid-1980s to full employment by the early 1990s due to widespread labour and skill shortages. This attracted documented and undocumented migrant workers in large numbers. What was initially conceived as a transitionary support to alleviate the shortage became a more entrenched feature of the Malaysian economy. The share of documented foreign workers in the labour force rose exponentially from 10.8% in 2002 to a peak of 18.8% in 2007[9]. This economic backdrop was a conducive and fertile ecosystem for remittance service providers (RSPs) to pursue their focus on this segment and to model their businesses around it. Merchantrade was one of them.

The migrant worker segment, in addition to communication and accessibility, also required financial inclusion[10], including access to legal, secure, and affordable channels for depositing their hard-earned wages and performing remittances. Migrant workers had minimal if any access to banking services due to illiteracy and laborious administrative procedures. Sometimes, it was just a case of feeling intimidated by the banking environment itself. A report stated that there is an estimated 2.5 billion people globally who do not have basic access to financial services, and the majority of those without a bank face severe challenges as they lack basic banking education[11].

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8 Kanapathy, V. 2001, *International Migration and Labour Market Adjustments in Malaysia: The Role of Foreign Labour Polices.*
9 http://www.bnm.gov.my/index.php?ch=en_publication&pg=en_work_papers&ac=61&bb=file
10 Financial inclusion, as defined by the World Bank, is when individuals and businesses have access to useful and affordable financial products and services that meet their needs – payments, savings, credit and insurance to be delivered in a responsible and sustainable way.
11 https://www.pressreader.com/malaysia/new-straits-times/20171113/282321090289364

Organic Evolution – Towards a '2-in-1' Business Model (MVNO and Remittance)

Procuring business licences – the first step forward

After considering all important factors, Ramasamy's strong foresight and entrepreneurial instincts led him to take a calculated risk to embark on a '2-in-1' new business model for a more seamless customer experience. He decided to launch Merchantrade as an MVNO[12] and a non-bank RSP simultaneously as an integrated mobile and remittance business. Ramasamy, being an avant-garde entrepreneur, knew that the competitive landscape of the mobile and remittance industry necessitated innovative ideas and strategies to keep the interest of the migrant workers captured and sustained.

Upon deciding that Merchantrade would enter the MSB, Ramasamy started travelling to outbound remittance countries, such as the United Arab Emirates, and to receiving countries, such as Nepal, to learn how to set up operating systems, physical remittance service processes, and customer experience expectations in the remittance business. With confidence, he took the bold step of submitting a letter of intent to BNM seeking approval for Merchantrade to operate as a non-bank RSP in Malaysia. The company successfully obtained its remittance licence in February 2007, and five months later, an agreement was sealed with Celcom (Malaysia) Berhad to operate as an MVNO. The company launched its MVNO service in July 2007 using its existing ASP licence granted to it in 2003. With both product offerings in hand and with a team of almost 40 staff members, Ramasamy was ready to launch his 2-in-1 business and steer the company towards greater success.

Penetrating the MVNO business

Like many other countries, Malaysia was also embracing the MVNO models as part of the mobile industry. The arrival of MVNOs at this time (2007–2012) represented a window of opportunity for other operators,

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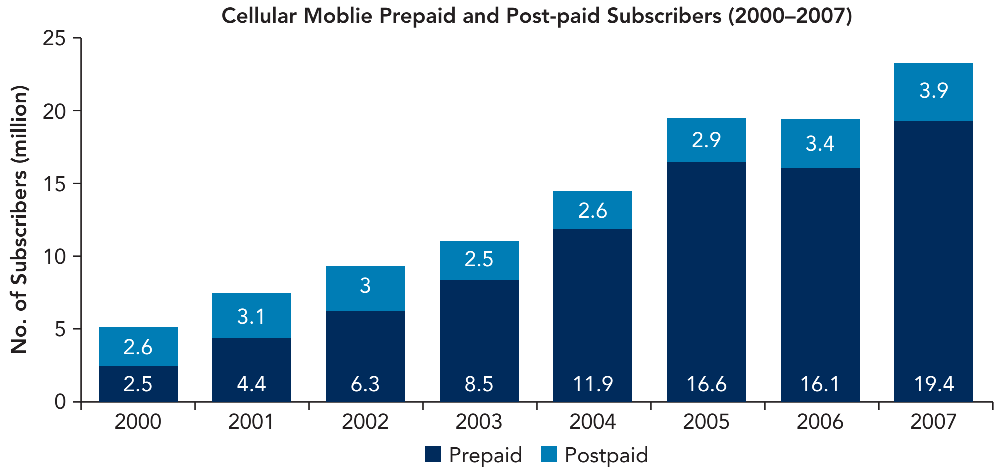
12 Mobile virtual network operators (MVNOs) are resellers who do not own any network facilities, purchasing airtime at wholesale rates from mobile network operators (MNOs) and then reselling wireless subscriptions to consumers through their own branding and other value-added services.

Figure 1: Mobile prepaid and post-paid subscribers in Malaysia (2000–2007)



Source: Industry Performance Report 2007 by SKMM, 2007

especially those from the telecommunications industry, to penetrate this high growth market. The high number of prepaid subscribers was encouraging for the launch of Merchantrade as an MVNO, as most MVNOs offered prepaid services to their customers.

The mobile services landscape in Malaysia is essentially an oligopoly market[13] comprising Celcom (Malaysia) Berhad (Celcom), Maxis Communications Berhad (Maxis), and DiGi.com Berhad (DiGi). Maxis has a subscriber market share of 42%, while the market shares of Celcom and DiGi are at 31% and 27%, respectively. As of the end of September 2007, cellular mobile service providers have a combined total of 22.1 million subscriptions in a country with a population of 27.3 million. Hence, the mobile cellular service market was among the more mature markets in the region at that time with a penetration rate of 80.8 per 100 inhabitants[14].

In retrospect, the entry into the MNVO business was indeed a risk, as Merchantrade needed to rely on a strong MVNO partner to kick-start the business. As telco pundits put it, the key factors for a successful entry for a new MVNO service player would be establishing a strong partnership with an MVNO and leveraging a brand with wide distribution channels, a large customer base, value-added services, and an experienced dedicated team to start the undertaking. Ramasamy met all the important requirements when Celcom agreed to award the MVNO business to Merchantrade as a thin or light MVNO[15] to provide prepaid services including IDD, mobile Internet, and other mobile value-added services. At the signing ceremony

[13] An oligopoly is a market structure in which a few firms dominate. When a market is shared between a few firms, it is said to be highly concentrated. Although only a few firms dominate, it is possible that many small firms may also operate in the market.

[14] https://www.skmm.gov.my/skmmgovmy/files/attachments/ir_my_mobile_services.pdf

[15] Light MVNO is an intermediate model between a branded reseller and a full MVNO. This model allows new ventures to take control of the marketing and sales areas and, in some cases, increase the level of control over the back-office processes and valued-added service definition and operations.

of this momentous collaboration, Dato' Sri Shazali Ramly, the then CEO of Celcom (Malaysia) Berhad, said: '*We believe our win-win partnership approach represents a new era of maturity in the industry and positions ourselves as the most progressive of telcos, where partnerships are concerned*'[16].

It is interesting to note that Celcom was not just the pioneer in the MVNO market in Malaysia but a catalyst for the robust development of the business through its strategic collaboration with players controlling niche markets. Further, Celcom was also looking to expand its market reach into the migrant segment. Merchantrade was one of the four MVNO operators to be awarded a licence from the MCMC followed by four other operators: REDtone Mobile Sdn Bhd, TuneTalk Sdn Bhd, and XOX.Com Sdn Bhd, and lately Smart Pinoy[17].

Sumitomo Corporation – the catalyst

As of 2009, Merchantrade already had 94,000 subscribers for its MVNO services. Its growth profile attracted the interest of international corporate giant Sumitomo Corporation, Japan (Sumitomo). At that time, Sumitomo was developing its own telecommunications and information technology business, including mobile communications, mobile content, wireless broadband service, and fixed-line communication, among its many businesses in Asia including the Philippines, Indonesia, and Malaysia. Sumitomo was scouting for growth potential and strategic value in 'mobile communication service' and 'mobile value-added service' and was pursuing opportunities to enter into those businesses overseas[18].

Sumitomo's collaboration with Merchantrade was timely. Merchantrade was growing steadily and carving a name for itself in the MVNO business by 2009. However, Ramasamy recognised that the business could not remain a bricks-and-mortar kind, it needed branding to compete with new entrants like U-Mobile and Tunetalk, which had Celcom as their mobile network operator host. Ramasamy also saw that, to operate as an MVNO and remittance player, he needed substantial capital investment. His desire to change the style of Merchantrade's management to reflect the company's 2-in-1 business model was answered by Sumitomo. In January 2009, Sumitomo's president and CEO, Mr Susumu Kato, made the decision to invest MYR 30 million (equivalent to Japanese Yen 750 million) for a 20% stake in Merchantrade[19]. It was at this time that Ramasamy believed that the company would see further growth and success.

Sumitomo was a catalyst for Merchantrade's growth and success, as it contributed its years of experience in the mobile business across Asia and Eastern Europe. Sumitomo contributed by supporting the deployment

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[16] Celcom press release https://www.celcom.com.my/Web_Center_Sites/PBO/Files.../july-2007-2.pdf

[17] Celcom is now the country's most experienced and premier mobile cellular telecommunications company with 6.7 million customers as of September 2007. It currently has the widest network coverage, covering 97% of the populated areas in the country. They were the first to launch 3G service in Malaysia and have the widest 3G coverage in the country. https://www.celcom.com.my/Web_Center_Sites/PBO/Files.../oct-2007-2.pd

[18] http://www.ssig.gov.my/blog/2009/02/20/japans-sumitomo-to-invest-in-malaysian-remittance-service-company/

[19] https://www.sumitomocorp.com/en/jp/news/release/2009/group/20090219

of new services and marketing expansion plans and by restructuring Merchantrade's corporate governance to meet international global standards. This smart synergy infused a more dynamic work culture engineered to foster more strategic mind-sets for Merchantrade's management and staff (approximately 192 employees) in 2009. Far beyond these economic considerations, the rationale behind the Japanese giant's investment was the man himself. Sumitomo had great trust and confidence in Ramasamy, his leadership, and his strong conviction of building successful integrated mobile and remittance services in Malaysia. Sumitomo saw the beginning of a new business that was gaining more acceptance from the consumers.

Pioneering the remittance space

It was not without genuine trepidation that Ramasamy entered the remittance business, as he knew that Merchantrade would have to compete with traditional financial institutions that were entering the migrant worker market space. However, BNM's approval and award of the remittance licence to Merchantrade gave him confidence to forge ahead. Merchantrade was one of the first few non-banks to launch a remittance business in February 2007.

The history behind the remittance business was that BNM had limited remittance services to only banking institutions. However, after 2005, the regulators opened the doors to non-bank RSPs and continued to closely govern the industry via the Payments System Act 2003 and Exchange Control Act 1953[20]. This opening enabled Merchantrade to launch itself as a non-bank licensed RSP in Malaysia. With the policy change, the number of RSPs increased from three (2005) to 39 at the end of 2010, hence increasing the access points for remittance services. Consequently, after the introduction of the Money Services Business Act (MSBA 2011), which led to the licensing of all MSB players, the total outward remittance through the formal channels grew significantly (i.e. 31% growth in outward remittance for the MSB industry in 2012–2013). The business recorded USD 3.4 billion (MYR 10.8 billion) in 2012 and USD 4.4 billion (MYR 14.1 billion) in 2013[21].

How was Merchantrade's new 2-in-1 business model supposed to work? It was modelled to provide both mobile and remittance services to migrant workers, who could remit their funds to their beneficiaries in their home countries at Merchantrade branches (mainly located near high-volume migrant worker populaces) in Malaysia and could call their beneficiaries through Merchantrade mobile services, which offered competitive and attractive IDD rates to inform them of the remittance transaction. This made customers feel secure in making the transfers, and this made a big difference in further expansion of their customer base.

When asked about the root idea for this pioneering synergy, Ramasamy replied: *'We wanted to bridge the gap between the two industries, telco and remittance, and to enhance our migrant workers with a seamless,*

[20] Bank Negara Malaysia – www.bnm.gov.my/documents/act/ money services.pdf
[21] The World Bank Africa-Asia Group Meeting – Federal Reserve Bank of New York, 25 September 2014, Yusoff Sulong Bank.

new, innovative, and convenient customer experience'. The benefit of leveraging the widespread usage of mobile phones among migrant workers for fast and convenient communication was one matter. The real catalytic factor for the evolution of the business was understanding the limited outreach of the telco companies to the large pool of migrant workers during this phase. The combined synergy of Merchantrade's migrant worker consumer pool and Celcom as its network provider was a win-win formula for success. Within a year, Merchantrade established 36 branches and 2,000 mobile dealer locations.

With the much-needed capital injection of Sumitomo, Merchantrade ventured into the remittance business full scale. It started offering remittance services through its only branch in Jalan Hang Lekiu, Kuala Lumpur, starting with the Nepal corridor (which was already in operation via another remittance operator) and was seen as a potential green field for seamless initiatives. From a single branch operating in a single corridor in 2007, Merchantrade expanded in leap and bounds until 2010, when it successfully established over 70,000 remittance pay-out points across Asia, and its pay-out network expanded to approximately nine countries. Having said that, Ramasamy and his team continued to face challenges in several aspects, like finding inroads into new corridors for expansion, competing against stiff competition, establishing a new corporate structure, and operating in the vague and unregulated legal framework for RSPs.

The passing of the Money Services Act in 2011 was indeed a paradigm shift that set the tone and culture for the MSB. It cleared the ambiguity for Ramasamy and enabled him to steer Merchantrade ahead within the legal boundaries.

Money Services Business Act (MSBA) 2011 – Setting the Tone for the Industry

While Merchantrade was entering the remittance services ecosystem in the country, BNM was establishing a special task force in 2009 to review the then-prevalent regulatory framework for the various methods of handling money services in Malaysia. This included the three pillars of MSB: remittance, the money changing business, and the wholesale currency business. The purpose for the framework was to review the existing regulatory framework, which consisted of three separate enactments: the Payments Systems Act 2003 and Exchange Control Act 1953 for remittance services and the Money Changing Act 1998, covering the money changing and wholesale currency businesses.

The objectives of the regulator were to raise the industry's standards, to modernise the MSB landscape, to promote increased customer protection, to remove informal or unauthorised channels for remittance transaction, and to encourage greater business flexibility for an efficient and competitive industry. The review culminated in passing the Money Services Business Act in July 2011 (MSBA 2011), which provided for the licensing, regulation, and supervision by BNM of the MSB under a single, uniform, and dedicated regulatory framework[22]. The MSB regulatory landscape and its evolution towards the MSBA 2011 is depicted in *Figure 2* below.

The Money Changing Act 1998 was repealed, and the regulation of all existing MSB fell under the purview of the MSBA 2011. Existing licensees were required to migrate and apply for a new license under the MSBA 2011, while all other persons intending to provide MSB were required to apply for a licence under the MSBA 2011.

The MSBA 2011 brought about a significant shift in the MSB industry from being a brick-and-mortar business to a well-regulated and meticulously supervised industry. With the MSBA 2011 put in place, in August 2013, BNM also established the Malaysian Association of Money Services Business (MAMSB), a national association to support the regulator's objective of developing a modernised and professional MSB industry in Malaysia. Ramasamy was appointed as the inaugural president for the MAMSB.

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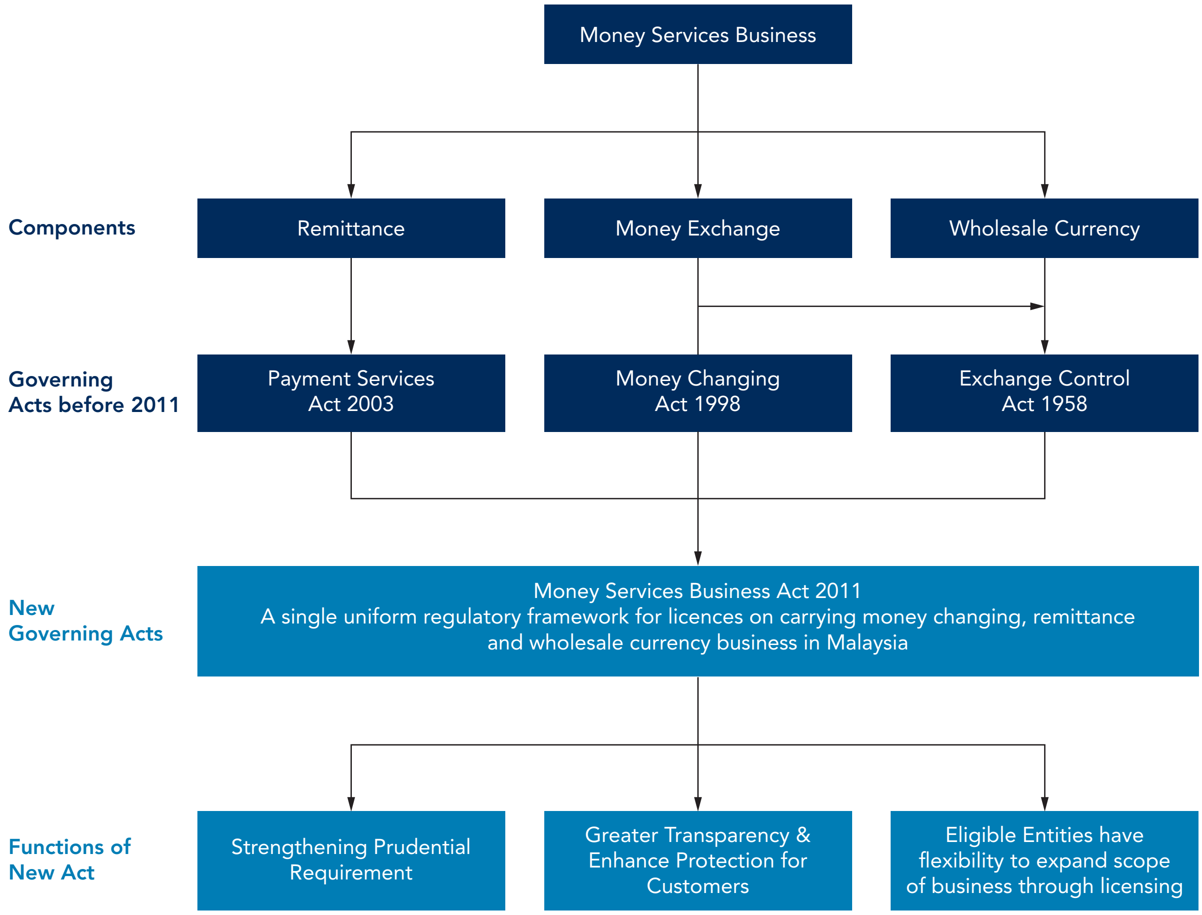
[22] http://www.christopherleeco.com/wp3/?p=788

Figure 2: Evolution of the money services business regulatory framework



Partnership for Resilience and Diversification – Celcom Axiata Bhd

In 2006, Merchantrade's next strategic plan was to lobby for a global network provider with comprehensive coverage in Malaysia. The 2-in-1 business model would indeed require Merchantrade to leverage a dependable and established network provider to offer more competitive calling rates to the migrant workers while bundling its calling rates with its remittance services to create a more value-added package for the sector. Each telco wanted the biggest market share of the remittance industry and saw an increased competitive environment, which led to the three biggest network providers competing to offer more value-added services. The 2012 World Bank statistics indicated that migrants sent an estimated USD 401 billion in remittances to developing countries, a number that was expected to reach USD 515 billion by 2015. Over half of the remittances sent to developing countries in 2012 flowed to Asia[23].

Ramasamy approached two out of the three big telcos in the industry for this strategic alliance and recalled the many challenges faced when approaching them for the MVNO business in 2007. The past rejections when he tried to partner with one of them to pursue the business plan was a humbling experience. Since Celcom agreed to seal the agreement in 2007, there was no looking back for Ramasamy and Merchantrade. This time, he remained positive and determined, as Merchantrade had already successfully handled MYR 2.3 billion in remittance in 2013 and MYR 3.3 billion in 2014 and further registered a profit after tax of MYR 26 million in 2013, which was estimated to increase by 25%–30% in 2014[24]. Apart from his key resources, Ramasamy could leverage the company's internationally acclaimed stakeholder partner. His resilience finally resulted in Celcom Axiata Berhad (Celcom Axiata) investing in Merchantrade.

In a move that one telco consultant calls a 'very smart diversification strategy', Celcom Axiata Bhd acquired 20% stake worth MYR 20 million in Merchantrade. Ramasamy said in an interview that *'with Celcom coming in and sitting on Merchantrade's board, we believe that this will make Merchantrade stronger in terms of earnings, marketing, product offerings and services'*. He also believed that Celcom Axiata's acquisition would definitely allow Merchantrade to offer more options in competitive rates for migrant workers in voice, data, mobile remittance, and it's MVNO using its infrastructure. He added, '*this collaboration will allow both*

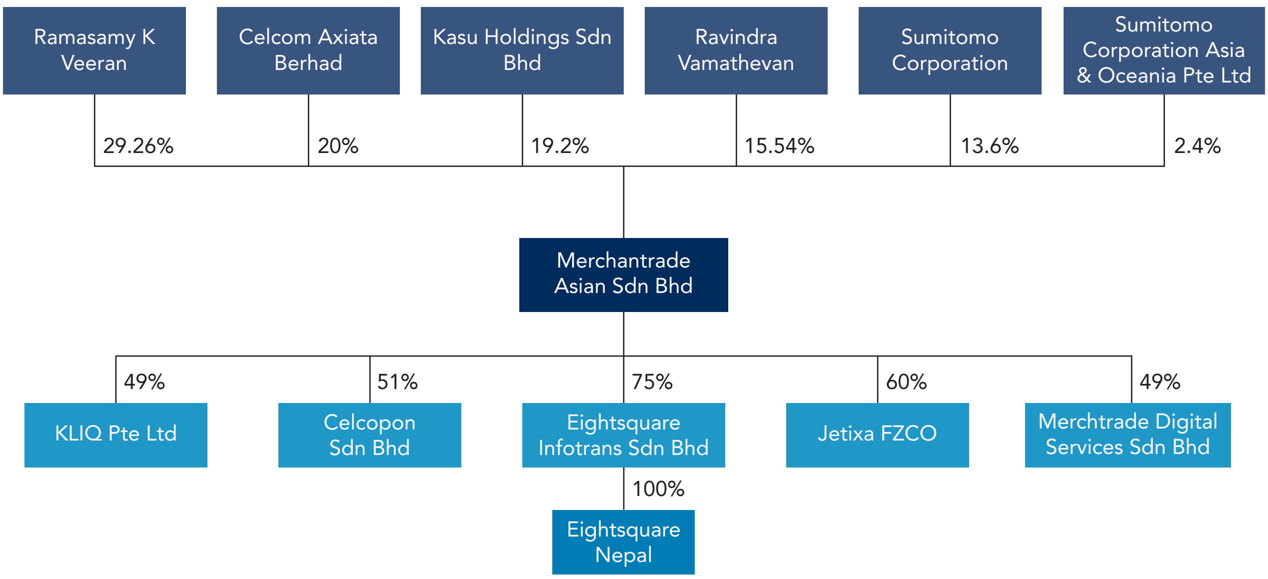
[23] https://www.digitalnewsasia.com/.../celcom-takes-20pc-stake-in-mvno-merchantrade
[24] https://klse.i3investor.com/blogs/hwangdbs/69608.jsp

parties to take advantage of each other's strength in the market to offer the best services to not only the migrant market but all relevant segments'.

Examining Celcom Axiata's perspective of the alliance, at this time, it had not really captured the migrant market with its Prepaid X Brand and needed leeway to expand its market reach, which it knew could be achieved via Merchantrade. More importantly, Celcom Axiata's stake in Merchantrade would also allow it access to its competitors' market space while acting as a defensive move to new entrants targeting the migrant market. Ramasamy reiterated that Celcom Axiata had *'identified the value in Merchantrade in terms of synergy in growing its business, as global remittance businesses are now moving rapidly into the digital space'.*

Hence, by the end of 2014, with strong institutional stakeholders like Sumitomo providing significant corporate presence and with Celcom Axiata's almost 97% network coverage of the populated areas in Malaysia, effectively making it the widest mobile network operator in the country, Merchantrade was positioned in the best place, right at the top (*Appendix 1* – Financial Performance of Merchantrade from 2015–2017). However, after 2015, telcos penetrated the migrant market space, which caused a significant dip in the company's revenues. With the emergence of mobile data and new players in this dual industry, the boundaries between the migrant worker segment and the general consumer population began to blur.

Figure 3: Merchantrade Asia Sdn Bhd Group corporate structure



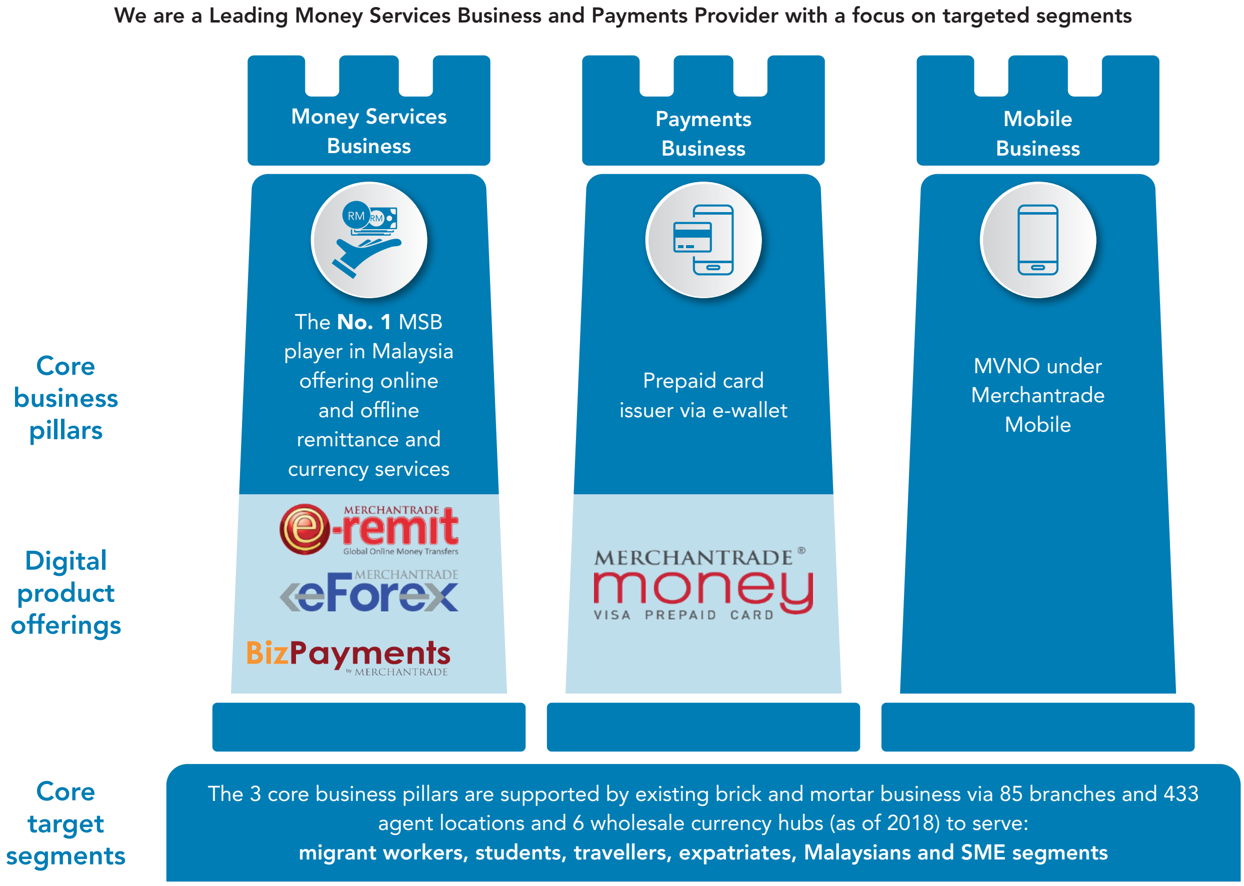
Post MSBA 2011 – Creating a Landscape for New Lines of Businesses

With the tone and parameters clearly set, encouraging a level playing field for all MSB entrants, Ramasamy saw the introduction of the MSBA 2011 as an opportunity to expand the company's deliverables to other money payment services. Upon fulfilling the requirements of the MSBA 2011, Merchantrade received approval from BNM to undertake new lines of businesses, including retail money changing in addition to the existing remittance licence, and was awarded a Class A licence. In 2015, Merchantrade moved upstream to supply wholesale currency notes to other licensed money changers, with whom it already had relationships and was awarded a separate Class D license. Further, Merchantrade had been approved as a principal licensee, which enabled the company to appoint money changers as agents to undertake remittance transactions. Merchantrade had 167 MSB agents by the end of 2015.

After MSBA 2011, Merchantrade also implemented its digital transformation plan to stay relevant and sustainable in the MSB industry. Ramasamy knew that digitisation of money services was an inevitable progression for the company, as technology disruption was already permeating globally and widely in the Association of Southeast Asian Nations (ASEAN) region. Moreover, MSBs began using digital technology to better serve their customers with mobile services, customer loyalty programmes, and an improved customer experience. Ramasamy contemplated whether it was best to acquire a technology company or to develop an in-house technology team that could not only develop unique innovative products to meet the needs of the migrant workers but also boast ownership of intellectual property rights over the same. Ramasamy opted to build an in-house team.

Merchantrade's success story is premised very much on its ability to adapt and adopt digital technology as the game changer to become a successful MSB provider. Ramasamy said, '*the digital revolution has transformed the way customers access financial products and services, and Merchantrade is always ahead of the curve in the fintech ecosystem*'. The company focused on innovating products for its three core pillars supported by the existing brick-and-mortar business, as illustrated in *Figure 4*.

Figure 4: Merchantrade's three core business pillars



The Digital Transformation Plan – Embracing Fintech as a Game Changer (2011 to 2018)

Spearheading innovative fintech products

The company's digital and innovations division launched several innovative digital-payment products, such as the online money transfer (under the brand name 'e-Remit'), mobile money transfer (under the brand name 'Doowit'), and the online money exchange service (under the brand name 'e-Forex'). The Doowit e-wallet licence was eventually discontinued and was re-applied for under Merchantrade Money in 2017. Merchantrade's robust participation in pioneering new initiatives and products in the MSB industry was recognised regionally and internationally, and it won several awards and accolades that bear proof of its aim to stay ahead of the digital race in the industry (*Appendix 2*).

With the company accelerating to make its mark through developing leading-edge solutions to meet customers' needs and make connections easier, quicker, and more convenient, 2016 witnessed the Merchantrade flag flying high with the launch of its online B2B remittance service, BizPayment, popularly known as e-Biz. BizPayment is an easy-to-use online platform developed to compete with the banks for the large Malaysian small and medium enterprise market. The e-Remit 2.0 mobile application followed soon thereafter.

Ramasamy averred that Merchantrade's e-Remit is a catalyst for a cashless society in Malaysia, as it has a ready ecosystem and strong foundation in the e-payment sphere, dominating the Asia-Pacific region in foreign worker remittance services. With the government encouraging all foreign workers to open a bank account, both employers and employees are able to use e-Remit services to remit money via the online portal or the e-Remit app. Ramasamy as a strong player in the industry, believed in aligning his business with the government's aspiration to establish a modernised cashless ecosystem.

In a statement, BNM said that accelerating the country's migration to electronic payments (e-payments) to quicken the pace for the country to realise the resulting cost savings and benefits has become part of its agenda to increase the efficiency of the nation's payment systems. A study by Statista showed the total transaction value in the digital-payment segment amounts to USD 1.41 billion in 2018 and is expected to show a compound annual growth rate (CAGR) of 16.4% (2018–2022), resulting in a total amount of USD 2.59 billion by 2022[25]. This set a conducive and fertile landscape for Merchantrade's successful growth in the remittance space.

While focusing on the digitisation aspect of Merchantrade's business, Ramasamy remained vigilant about its jarring lack of presence in the high-end retail sector, especially in the money exchange business. He realised that the best and fastest way to address the concern was to acquire retail outlets from existing players, which brought about the strategic acquisition of Vital Rate[26]. Ramasamy explained:

> *The advantage of Vital Rate's business is that it has a presence at high-end shopping malls, such as Pavilion, KLCC, KL Sentral, and other strategic tourist areas, and we can now reach out to a wider demographic of customer base. It also allows Merchantrade to capitalise on the growth in inbound tourists and Malaysians who travel abroad.*

The acquisition gave Merchantrade not only a strong brand positioning in the exchange market but also the ability to tap into new segments, such as Malaysians and tourists, instead of maintaining its high dependency on the migrant market alone. Merchantrade's purchase was also geared to capture a 10% overall market share by the year 2020 and was meant to combine Merchantrade's immediate market share and Vital Rate's 4.7% based on an estimated industry value of MYR 70 billion in 2016.

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25 https://www.nst.com.my/business/2018/09/410444/strong-consumer-demand-driving-cashless-payments%C2%A0

26 Established in 2006 in Penang, Vital Rate expanded its business to Kuala Lumpur in 2011 with the first branch set up at the city's Golden Triangle. Despite being relatively new in the area, Vital Rate is well known by many locals and tourists for its fast service and favourable rates. The company enables people to check their daily buying and selling rates online, which covers over 30 foreign currencies.

Tilting the Scale towards Payment Services

Ramasamy saw Merchantrade's business scale tipping more towards the remittance services in an organic way, which also became the main driver for the company's expansion in the third phase of its evolution. After persuading and obtaining the support of the stakeholders, he decided to venture into the PSB, while sustaining the MVNO and MSB profile of the company. The PSB comprises issuing a prepaid card (wallet) and providing a payment gateway sometime in 2019 and was initially seen as a supplementary service to the company's existing core business (i.e. MSB in a single wallet). Ramasamy did perceive that the company's genesis towards PSB was his way of 'disrupting' Merchantrade's business to stay ahead of the game.

Given the strong technological support needed for the company to move into the PSB in alignment with its digital transformation plan, the company decided to invest in technology-driven companies to provide relevant components for developing leading-edge solutions. This plan led to Merchantrade investing in EightSquare, a Malaysian incorporated company, consisting of 60 Nepali technologically savvy players, who are based in EightSquare's subsidiary company in Nepal. Having worked with this team successfully and with its fit into the company's ecosystem, investing in EightSquare at a 75% share was an opportunity for Ramasamay to empower and encourage entrepreneurship among the Nepali workers. Eightsquare not only became the technology arm but the stimulus to escalate the development of technology solutions for Merchantrade. Ramasamy's ambition for the company was to eventually establish the company as a fintech innovation provider to third parties, primarily the financial services and telecommunications industries.

Apart from EightSquare, Merchantrade also entered into several smart partnerships to further complement its robust digital transformation plan. In 2015, Merchantrade entered into a joint venture with Omnitel Korea, holding 29% equity, and Sumitomo Korea with 20%, leaving Merchantrade as the 51% shareholder in Celcopon Sdn Bhd. This joint venture rolled out MCoopon, a mobile coupon service for enhancing the company's mobile services division. In 2018, Merchantrade acquired a 49% share that it did not own to make Celcopon a wholly owned subsidiary. The company entered into another investment in 2017 to form Jetixa, a Dubai-based corporation where Merchantrade held 60% equity, to promote the company's international money transfer operator (IMTO) service offering globally, apart from developing its global reach for strategic partnerships for pay-out networks.

In the later part of 2017, in an attempt to penetrate the Southeast Asian market, Merchantrade further purchased a 49% stake in Kliq Pte Ltd from M1 Ltd for SD 2.57 million. M1, which Axiata Group Bhd has a significant stake in, fully owns Kliq Pte Ltd, which operates M1's mobile remittance service launched in Singapore in April 2017. *'The partnership with Kliq underscores Merchantrade's business direction to have a stronger foothold outside Malaysian shores, as this is our first step to tap into Asia Pacific'*, said Ramasamy.

It is understood that a shared economy is one of the significant disruptors to push a company's growth and enter smart strategic partnerships where parties are able to leverage each other's strengths, such as cross-marketing and promotional initiatives that bring greater benefits to customers. Merchantrade leveraged this strategy and went into partnership with BonusKad Loyalty Sdn Bhd (BonusLink), Malaysia's premier loyalty company, at the end of 2017 to provide e-Remit and e-Forex to BonusLink's eight million card members nationwide. This partnership was expected to drive Merchantrade's growth further in digital services with MYR 1 billion turnover from three service offerings, namely, e-Remit, e-Forex, and e-Biz by the end of 2018. At the signing ceremony of the collaboration held in Kuala Lumpur[27], Ramasamy stated:

> *With our fintech services gaining significant momentum, Merchantrade is now looking at how we could cooperate with other brands, rather than competing directly. The company aims to be a leading payment gateway in the near future while growing its brand as a regional player.*

Another opportunity to build the Merchantrade brand presence was at the MATTA fair in 2017, where it established itself as the official money exchange partner for the three-day event[28]. Merchantrade and MATTA, as of 2018, had four successful collaborations at the fair and leveraged approximately MYR 10 million in terms of transaction or value.The tail end of 2017 saw Merchantrade flourish with 234,000 pay-out locations worldwide, more than 200 countries and territories, 84 service branches, and 6 wholesale currency hubs in its corporate profile.

The launch of its new product Merchantrade Insure in 2018 is another milestone for the company, and it was showcased at the Global Forum on Remittance, Investments, and Developments 2018. The product, a collaborative initiative with AXA Affin General Insurance Malaysia, provides simple and affordable protection solution for migrant workers for MYR 5 per month to obtain a coverage of MYR 9,000 and is deemed a key initiative by the company to reinforce financial inclusion. The dynamic landscape of

[27] https://mtradeasia.com/main/1593-2/
[28] http://themalaysianreserve.com/new/story/merchantrade-targets-rm9m-matta-money-exchange-partner

Figure 5: Merchantrade: The Phases of Evolution

Phase 1
1996 – 2003

- **1996**
  Founded by Ramasamy K Veeran
- **1996-2001**
  Dormant due to the Asian Financial Crisis
- **2001**
  Commenced operations – supplying Telco equipment
- **2003**
  Discounted Telephony service ASP Licence holder – provided IDD & STD Service

Staff Strength: 9

Phase 2
2004 – 2011

- **2004**
  Downtrend of IDD & STD
- **2007**
  - Licence to operate as a non-bank remittance provider
  - Became MVNO through Celcom Axiata Bhd
- **2009**
  Sumitomo acquired 20% stake holding
- **2011**
  - Money Services Business Act 2011
  - Launched first online remittance portal (e-Remit)

Staff Strength: 455

Phase 3
2012 – 2018

- **2012**
  - Launched mobile remittance service Doowit
  - Awarded MyClear's Most Outstanding FPX Merchant by transaction volume
  - 1st MSB Licence holder
- **2013**
  - Appointed 77 new MSB agents
  - Partnered with MoneyGram
- **2014**
  - Celcom Axiata acquired 20% stake holding in Merchantrade
  - 70 Branches & 200,000 remittance pay-out locations
- **2015**
  - Launched e-Forex
  - Launched Wholesale Currency Business
  - Launched Mobile Coupon services (MCoopon)
- **2016**
  - Launched BizPayments (B2B)
  - Launched e-Remit 2.0
- **2017**
  - Acquired Vital Rate Sdn Bhd – a retail money changer located in premier malls
  - JV with Jetixa (Dubai)
  - Acquired 49% of Kliq Pte Ltd – to provide remittance services for M1-mobile telco in Singapore
  - 84 Branches
  - 425 Agent locations
- **2018**
  - Launch of MM Card
  - Launch of Merchantrade Insure
  - Launched e-Remit 3.0
  - Signed up with Western Union

Staff Strength: 949

digital-payment services provides great potential to cooperate with complementary industries or sectors like tourism, banking, insurance, and education for customer and technology expansions.

Complementing the digital transformation plan with robust internal infrastructure

To further complement and facilitate the digital transformation plan, Merchantrade had to upgrade its business systems and infrastructure to align with its vision to be the best fintech non-bank digital-payment service provider domestically and in Asia. The company established a robust governance framework designed with a three-line defence model consisting of lines of 1) operating and management, 2) risk control and compliance, and 3) risk assurance. The company fortified its in-house information technology (IT) team to oversee systems development, integration, innovation, and the effective use of data analytics to further understand customer behaviour and drive digital marketing campaigns. Its robust anti-money laundering and compliance practices and its risk-based frameworks for agency supervision and management remain a priority and would inevitably precipitate Merchantrade's vision to introduce online mobile remittance and money changing applications that are safe and secure.

Hence, when BNM officially released the e-KYC guidelines, which set out the minimum requirements and standards that an approved RSP must observe in implementing e-KYC, Ramasamy proceeded to apply for approval to implement e-KYC to be integrated with e-Remit 3.0. With the financial inclusion of the migrant worker market into the ecosystem, a serious need arose for a reliable and secure e-KYC system to cater to Merchantrade's more cautious and vigilant customers from the Malaysian and expatriate communities.

The tone from the top is clear and precise. The board of directors of Merchantrade believe in driving a culture of risk and compliance, which cascades down from senior management to the staff and agents of the company. Their strong stand on implementing initiatives to elevate the competency and effectiveness of compliance officers and continuous training of staff to promote customer awareness has been one of the core reasons for the company's ability to steer ahead of its competitors.

Merchantrade's commitment to support the government's digital aspiration for the MSB and PSB industries was noticed when it opened its office in the Malaysia Digital Economy Corporation (MDEC) Innovation Labs in Bangsar South, Kuala Lumpur in September 2018 to showcase the company's digital innovations. Merchantrade also participates in MDEC's Global Acceleration and Innovation Network (GAIN) programme, which provides assistance to domestic technology companies to become global players.

Merchantrade Money Visa Prepaid Multi-Currency Card – Fintech Pride

Merchantrade has journeyed through three transformational changes from a business focused on VOIP calling cards to an MVNO and remittance provider based on a brick-and-mortar foundation and now towards a digital fintech business model. As Merchantrade boasted an envious scale of success with its remittance services, achieving over MYR 750 million in outbound remittance via e-Remit and transacting approximately MYR 32 million in total value via e-Forex in 2017, the ultimate achievement of the leader was the launch of the Merchantrade MM card on 25 January 2018. This card, more popularly known as the Merchantrade Money Visa Card, is the first non-bank multi-currency Visa card in Malaysia with a wallet size of MYR 10,000 and can hold value in 10 currencies, including the Australian dollar, pound sterling, Indonesian rupiah, Singapore dollar, and US dollar and can be used at Visa's 44 million merchants globally. Ramasamy promises to expand its coverage to 20 currencies by the end of 2018. This innovative cashless payment solution is for offline, online, and in-app purchases that provides hassle-free transactions at a low cost. The MM card, as an inter-operable payment solution, promotes financial inclusion for migrant workers by allowing them access to electronic payment facilities and financial services.

This MM card allows customers to lock in exchange rates at the time of purchase of foreign currencies without being affected by the fluctuation of foreign currency exchange rates when travelling abroad. It digitally converts pre-loaded Malaysian ringgit into multiple currencies at competitive exchange rates decided by customers. It also allows travellers to perform money transfers, card-to-card transfers, check and add to card balances, lock the card, change the card personal identification number (PIN), or track expenses via e-statements using the mobile app[29]. Merchantrade initially completed the pilot test for its new prepaid card with more than 10,000 participants and has achieved over MYR 100 million in reload value in the six months since its launch.

The MM card product design included Merchantrade undertaking a focus group survey to address key challenges faced by the migrant segment. It showed that only 50% of the overall survey respondents had a bank account, and 99% agreed that stored value cards are a key feature that attracts this segment. All respondents agreed that they would store their earnings of between USD 125 and 375. The collated

[29] www.merchantrademoney.com/about_us.htm

data was indeed encouraging for an MM card for this segment[30]. However the survey also crystallised the opportunity to market a card with a digital wallet for an enlarged customer base comprising Malaysians (students, travellers, and parents with young children) and expatriates to meet their unique payment needs. This hybrid fintech offering, which leverages existing branch presence, enables Merchantrade to rely on its 'trusted' brand presence and customer service touch points, which is a key differentiating factor compared to other e-wallet players in the Malaysian market.

[30] www.mtradeasia.com

The Journey Ahead

The immense success of the MM card in the Malaysian market did not leave Ramasamy and his team complacent about their achievements. In fact, the industry witnessed Merchantrade creating a stronger value chain in its business to further spread its brand name as the premier non-bank digital-payment service provider in Asia. Its digital transformation plan provides for continuous upgrading of its existing mobile application platforms (e-Remit and e-Forex), while Merchantrade's robust marketing team continue to source strategic locations to establish branches in new top-tier shopping malls and international airports in Malaysia for wider customer outreach.

When asked about what other plans Ramasamy has in mind for Merchantrade in the next few years, he replied that his aim was to establish a seamless experience via the MM card as a single mobile application card, which the company is currently working towards. He aims for Merchantrade to be the first non-bank to provide financial services in one application. He indicated that, having built a strong remittance business in Malaysia with a market share of more than 24.7%, Merchantrade's next phase of growth would have to come from its regional expansion plan. The company is currently evaluating potential partnerships that will enable expansion of its business in the Asia-Pacific region, especially in the areas of online and mobile remittance. One can see the dynamic evolution of Merchantrade's business depicted in *Appendix 3*.

When queried about what the economic drivers would be for Merchantrade moving forward, Ramasamy replied that the company will continue to focus primarily on fintech innovations to remain competitive domestically, regionally, and globally. The company will also keep exploring trajectories towards more financial inclusion for the migrant worker segment and continue to upgrade its compliance and risk monitoring mechanisms and infrastructure. He added that he hopes to forge more strategic alliances for product and customer reach.

It seems that the company does not plan to stray too far away from its foundation (i.e. the brick-and-mortar hybrid model that it has so successfully used). Ramasamy mentioned that since the company's revenue growth is primarily from its remittance pillar, the short-term focus will include opening more branches and establishing a wider agent network to create accessibility nationwide.

As Ramasamy's challenges continue to persist and the questions remain reiterative, he remains confident that Merchantrade will ascend to a higher platform – to the next level of growth on the fintech scale. One may wonder if his confidence is premised on the company being nominated as the first runner-up for the

Figure 6: Key driving factors for Merchantrade's future plans

prestigious Florin Asia Innovation Awards 2018[31], but his leadership for more than a decade is a testament to Merchantrade's journey, which showcases the determination of one man with a strong ethos, loyalty, and drive to keep his company strong, sturdy, and worthy for its long journey.

As to what sets Merchantrade apart from the other players in the industry is probably Ramasamy's entrepreneurial mind-set, as he does not fear disrupting his own business to stay sustainable and relevant. Every pain point in the Merchantrade journey was perceived as an opportunity to think outside of the box and challenge himself on how to make the company stand out and be different yet remain true to the spirit in which it was founded.

With a positive mind-set, Ramasamy believes that he will find the answers to these questions, after all, he managed to get the answers right so far! Business must go on as usual – a press conference is scheduled at 11:30 am followed by a MAMSB meeting later in the afternoon and a teleconference call with his shareholder in Tokyo at 8:00 pm. While a pragmatist, Ramasamy continues to aim even higher, never believing in mediocrity.

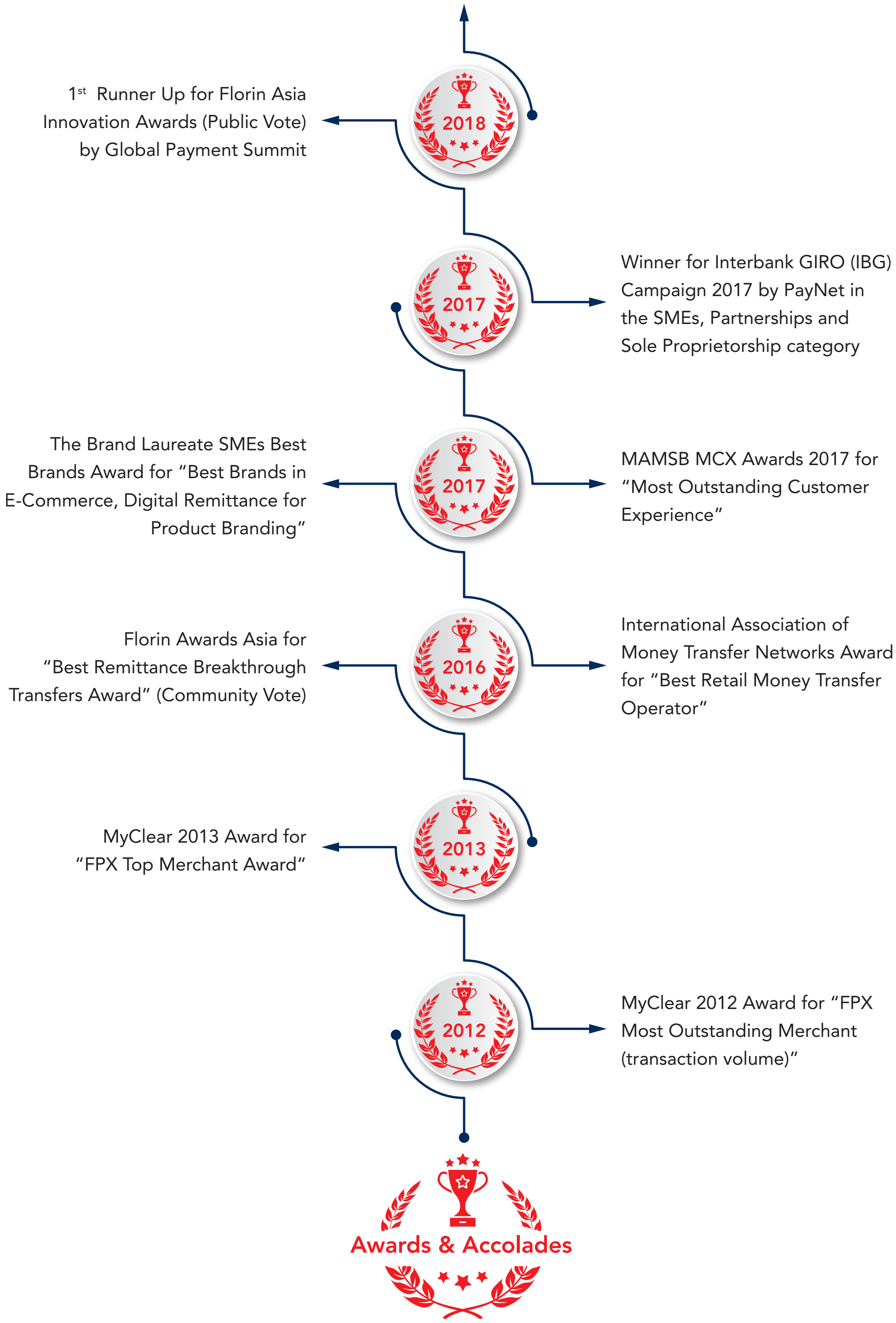
[31] Currency Research is the owner and organiser of the Global Payment Summit normally celebrated in Singapore, and two other regional summits – the European Payment Summit out of The Hague and the Australian Payment Summit, which celebrated its inaugural debut on 13 December 2017. These were established and previously organised by Transactives BV.

Appendix 1: Merchantrade's Historical Financials (2015–2017)

	Financial Year Ended 31 December	FY2015	FY2016	FY2017
1	**Financial Result (RM'mil)**			
	Revenue	262.1	160.8	148.2
	Gross Profit	97.4	87.9	105.0
	EBITDA	18.6	17.4	20.1
	Profit Before Tax	14.9	11.6	11.5
	Net Profit	11.1	7.1	7.4
2	**Financial Position (RM'mil)**			
	Share Capital[1]	55.6	55.6	55.6
	Shareholders' Fund	103.0	110.8	119.0
	Total Assets	139.4	191.8	226.2
3	**Financial Ratio**			
	Gross Profit Margin (%)	37.1%	54.6%	70.9%
	Net Profit Margin (%)	4.2%	4.4%	5.0%
	Return on Equity (%)	10.5%	6.3%	6.1%
	Current Assets/Current Liabilities (Times)	3.70	2.87	2.67
4	**Per Share (RM)**			
	Basic Earnings Per Share	1.31	0.89	0.92
	Net Assets Per Share	12.17	12.99	13.90

Note 1: Includes share premium for FY2015 and FY2016. Pursuant to Section 74 of the Companies Act, 2016 ("the Act"), the Group's ordinary shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in Section 618 of the Act, any amount standing to the credit of the share premium account becomes part of the Group's share capital.

Appendix 2: Merchantrade's Award and Accolades (1996–2018)



Appendix 3: Merchantrade at a Glance (1996–2018)

1996	Merchantrade was founded
2001	Telecommunication equipment supplier
2003	Offered discounted IDD telephone cards, Voice-Over-IP (VOIP) and call shops
2007	• Launched Mobile Virtual Network Operator (MVNO) with Celcom Axiata Bhd • Licence to operate as a non-bank remittance provider and launched International Express Remittance Services
2009	Investment by Sumitomo Corporation Japan
2011	• First to be licensed under the MSB Act 2011 • Launched 1st non-bank online remittance portal, eRemit
2012	Launched money exchange services
2013	FPX Top Merchant Award
2014	Investment by Celcom Axiata
2015	• Launched online currency exchange portal, e-Forex • Launched Wholesale Currency Business
2016	• Florin Asia Awards 2016 – Best Remittance Breakthrough Transfers (e-Remit) • Most Outstanding Customer Experience Award • Launched BizPayments (B2B Remittance) • Launched e-Remit 2.0, mobile app
2017	• Acquired Vital Rate Sdn Bhd, to gain presence in key shopping malls • Winner of Interbank GIRO [IBG] Campaign 2017 – SMEs, Partnerships and Sole Proprietorship category
2018	• Officially launched Merchantrade Money Visa Prepaid Card • Launched Merchantrade Insure Launched e-Remit 3.0 • Florin Asia Innovation Awards 2018 – 1st Runner Up (Merchantrade Money)

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