

# A bustling bazaar for smart money talkers

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By Chai Hua in Shenzhen(HK Edition)

People who study, travel or do business in other countries are normally well versed when it comes to calculating and comparing the currency exchange rates of various financial institutions.

But, Chen Mofei has now come up with a platform allowing users to price the rates freely.

"We had been used to passively accepting the rates from banks and other money changers, who usually add a markup on top of the middle rate," says Chen, who founded Shenzhen-based TE Information Technology Ltd.

He introduced the markup in Hong Kong at 1 to 1.5 percent on average, but his company's platform Money Bazaar aims to cut the price difference between sell and buy to a minimum.

For example, the US dollar's buying and selling rate on Wednesday was about 7.72 and 7.79, respectively, against the Hong Kong dollar at HSBC. Money Bazaar's rate is just about 7.76 - the closest to the 7.756 medium-term rate at Yahoo Finance. As there're no middlemen, Chen explains, users can buy directly from another individual seller on the Peer-to-Peer (P2P) currency exchange market.

The process is simple. Users input the amount and the exchange rate they want to trade in, which then goes to a "trading zone" - a market that ranks rates offered from high to low.

People demanding the least get priority in transactions as they offer the most to their counterparts, says Chen. Once the amount to be traded at the best price is reached, the second-best instant rate catches up.

"The rank not only ensures the fairness of the trading zone, but also brings effective competition which would help bring the rate lower in the long run with more customers participating," says Chen, who majored in mathematics at Cass Business School of the City University of London. For every successful deal, Money Bazaar charges 0.15 percent of the total transaction amount as a service fee.

Chen had been studying and living in the United Kingdom for nine years, having gained first-hand experience in dealing with constant and expensive currency exchange operations.

"I also opened a store on Amazon and found that many small and medium-sized traders on the platform spend a lot at currency exchanges."

P2P currency exchange platforms have caught the attention of investors globally, such as TransferWise and WeSwap, in European markets.

UK-based TransferWise Inc said late last year it had won an investment of \$26 million and planned to start operations on the Chinese mainland.

Chen believes that what makes Money Bazaar distinct is its transparency in transactions, as well as its matching logic developed by its 20-member staff. "Users can see all the real exchange offers on our platform."

The challenge he's facing now is to promote the product in the market. Since the platform began operating about one month ago, it has attracted about a dozen regular users, including firms in the logistics, supply chain and enterprise resources planning sectors.

Money Bazaar targets small and-medium sized trading companies in Hong Kong with constant demand for currency-exchange services.

He believes there's a huge market to be tapped. "Money exchange and transfers among overseas Chinese amount to about \$550 billion annually," says Chen.

His platform, where total of HK\$500,000 has been exchanged and transferred so far, has been involved in exchange services involving four currencies - the Hong Kong dollar, the US dollar, the euro and the British pound.

Simon Lee, assistant dean at the School of Accountancy, the Chinese University of Hong Kong Business School, said the service is new to Hong Kong and the rates offered are attractive.

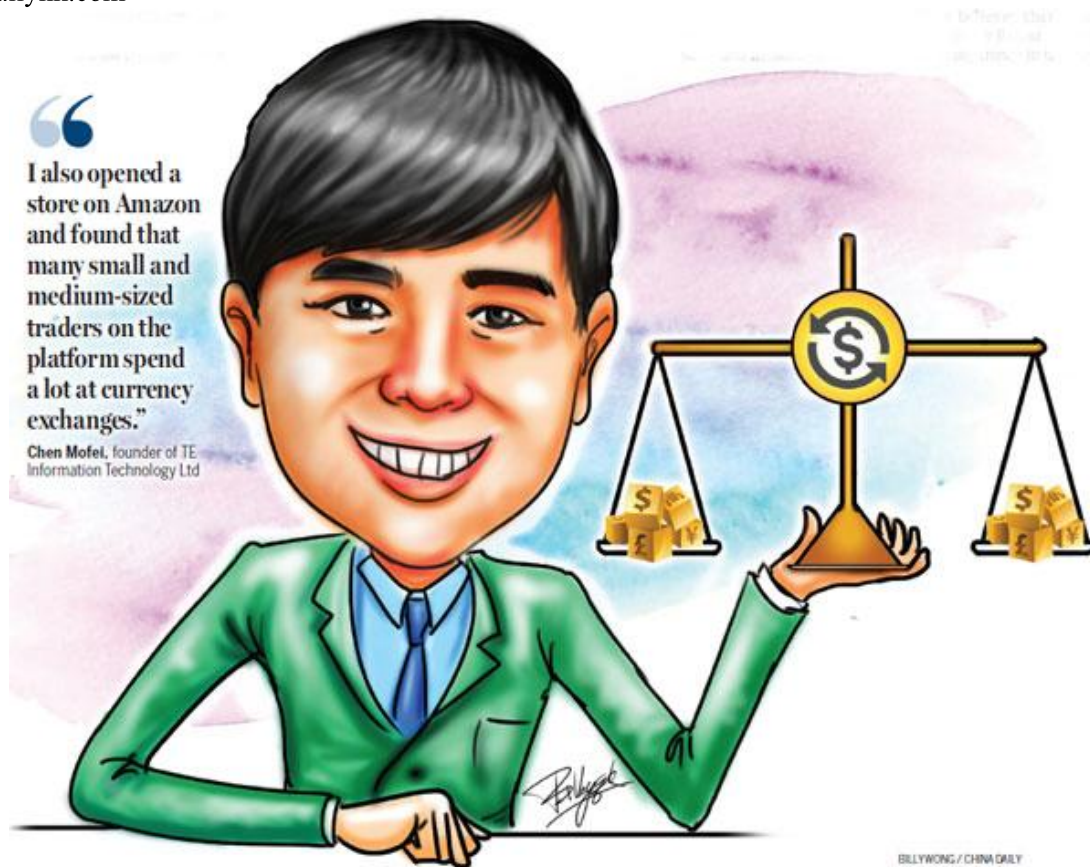
But, it takes time for users to exchange big sums of money through the service, and the exclusion of the yuan and the Japanese yen has restricted its popularity, he notes.

According to Chen, most small businesses in the Pearl River Delta have trading offices in Hong Kong to conduct their international trading, so they focus mainly on the SAR market initially.

In future, Money Bazaar plans to cooperate with a third-party payment company on the mainland to help it launch the



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