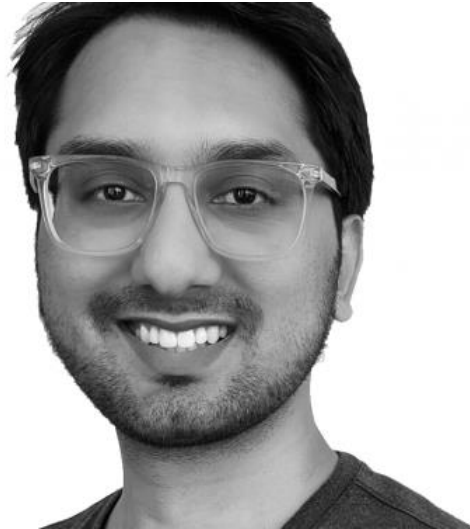


Publication: The Pie News Online

Date: 8 April 2021

Headline: Abhinov Balagoni, CEO/Founder, Pax Credit

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The PIE: Can you explain what Pax Credit is offering?

Abhinov Balagoni: We are a cross-border payments platform that helps international students pay university fees in their local currencies with competitive exchange rates and flat transfer fees. An average student saves somewhere around \$500-1200 on fees by using Pax Credit. And we enable this because we have a global network of payment partners that reduce the fund settlement time as well as the cost associated.

Apart from that, we also have an international debit card product, that students carry along to destination countries before they set up local bank accounts so they can access funds and use it for local purchases.

The PIE: How did you come up with this idea, were you an international student to begin with?

AB: Exactly. Yeah, I was an international student back in 2015. So when I was moving from India to Singapore for a master's program, I was trying to pay my university fee transferring money abroad.

That was the first time I was trying to initiate those kind of transfers. So what I did was I reached out to my then bank and asked them what it would cost me in my local currency to pay my tuition. But one year prior to this, my sister moved to US for her education and I remember her using her bank to pay her tuition fee. So out of curiosity I said, why not reach out to them, and I reached out to them. And here is the interesting part, in order to pay the same tuition fee across two banks I could save close to a thousand dollars. And that's a significant sum of savings.

So I thought this is a huge market and there's not an optimal framework for these kind of decisions. And that's how we got started. And we started off with the payments platform because we realised that this is the first financial product the student would ideally want to use.

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The PIE: Are you mainly starting with Indian students going abroad or is it wider globally?

AB: We have been supporting Indian students with transfers to 14 countries. However, since we have been through the Techstars acceleration program now, we're reaching a network where we can build partnerships in wider markets as well.

The next set of markets would be China and Indonesia. We're looking at the Southeast Asian region as well, for the bank account to bank account transfers. And with respect to card payments, we should be able to support more than 50 countries including in Europe and North America soon.

The PIE: Who are your main competitors, would you say?

AB: There are definitely big competitors in the space, Flywire being the market leader in the space, and there is a dedicated solution from Western Union called GlobalPay for Students, [who have been helping] universities with the payment collection process from international students from multiple geographies.

The payments market in general has moved a lot. The penetration of mobile wallets in the emerging markets, South Asia, Southeast Asia, is much higher than bank account penetration.

We are [focused on] the international student so the experience as such is very different. We will be serving students over their lifetime, we don't necessarily have to make money from the payments product, we have the card product, along with the bank account product as well.

Currently when you look at our university partnerships, we also help them collect payments through their existing bank accounts. So there is no requirement as such from IT integration or there is no cost to the university to try out our service. They can list as a payment solution on their website. And they would be receiving alerts on their emails to their dedicated teams and we also give them access to an online dashboard so they can see payment history.

If they find us useful, then we can go ahead with the integration with the public a few days.

The PIE: And how do you engage with students and get them on board?

AB: At this point of time, it's all organic traction. We have \$3.6 million worth of transactions, so [far].

We have three set of channels. One is the organic search, when people search for these kind of payment solutions, our content shows up. Second is word of mouth. Customers who have used us tend to refer their friends and family. And the third one happens to be the existing social networks, like Facebook or on WhatsApp.

The PIE: And then coming back to the Techstars Hub71 global accelerator, can you expand a little bit on that?

AB: When we got into the program, we were helping only Indian students and just helping out with 14 countries money transfer.

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There are three parts of this program. One is that Techstars has a wide network of corporate partners, so that enables us to create these payment partnerships in multiple markets. And the second part is they expose us to industry mentors. So that again helps us in defining our projects. And then towards the end, it's capital. It's a capital intensive business to build fintech across multiple geographies so they help us with capital raising as well.

The PIE: In terms of Covid, how has that affected your operations and services?

AB: It didn't affect much, [but] it's just that big demand in the market actually dried up because most of the students deferred their admissions in fall.

Having said that, [Covid has been] actually a boon for us because now we feel that universities are looking at tech solutions not just in the recruitment or university engagement, but even for payment solutions. So that's really helpful for someone like us. And that's our USP.

And from the product roadmap, we're adding a new product line, an instalment payment plan.

So if a student were to pay the tuition fee, they can opt for a three to six months instalment payment plan, with a one-time convenience fee through our platform. And that reduces the stress on cash flow because we realised that during Covid, people have had a lot of cash flow problems. This solution would really help them.

Most international students tend to have some kind of financing option, either through personal loans or other options, so this in a way eases their burden. And if the universities were to partner with us, we can actually reduce the one-time convenience fee for students because that reduces our risk as well with respect to this instalment payment. This new product is not yet live, but [we are aiming for] the product to be live in a few weeks before the fall.

The PIE: And then can I ask about your time in Singapore?

AB: I was doing a master's in business analytics from Singapore Management University. It did meet my expectations because, primarily, I wanted to explore how the data science field is affecting business decisions.

It's fun just having exposure to a new culture, a new set of friends. Beyond that, I think one thing I noticed is most international students actually undergo a lot of personal journeys behind the scenes. But what I realised is that they long for sense of belonging. Most of my friends had some kind of homesickness during their first two months.

They were looking for some kind of belonging, and then there is this pressure of trying to build their career as well. So a lot of things happen on an emotional level. So taking off some kind of financial burden from them is something I realised that's an underexplored aspect of an international life and that's something we wanted to solve.