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LOYYAL'S SEAN DENNIS**
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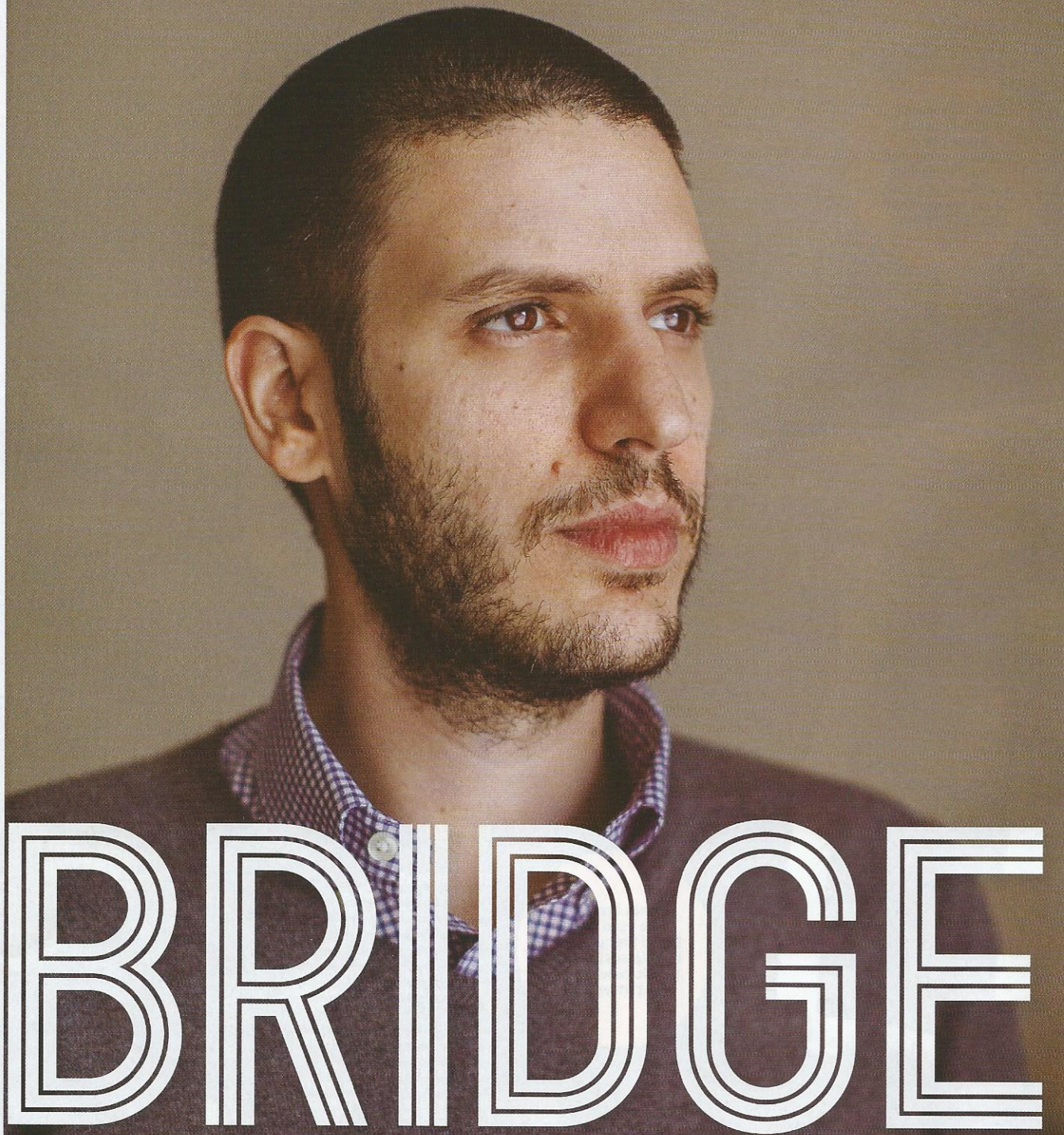
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This startup wants to free
mobile payments from the
tyranny of the internet

By **NAINA AIDASANI** Photographs by **ANNA NIELSEN**



NOT A COPY

Moussa Beidas and Nadim Jarudi (right) want investors to take more chances on the region's 'original idea' startups, rather than putting down money for replicated business models.

THE GAP

NO MATTER HOW MUCH noise that has reached your ears recently, there is no denying that in this part of the world, fintech is still in its infancy.

For any fintech entrepreneur trying to break into this space in the Arab world, they must first and foremost grapple with several unknowns—regulatory, cultural, and institutional.

Even so, the market is there. Take online payments for example. In 2015, the MENA region saw a visible growth in the online payments industry: The acceptance ratio jumped from 70% in 2014 to 78% the following year.

Dubai-based Moussa Beidas and Nadim Jarudi, the duo behind Bridg, a mobile payments app that was two and half years in the making, know that they have such numbers on their side going forward.

What is Bridg, you ask? It is an app that allows its users to make payments to other parties that have signed on to the Bridg app. But unlike most similar tools available currently, Bridg does not really need mobile data.

Okay, well it needs it halfway. Bridg is a real-time digital wallet app where customers can store their credit or debit card details and make a payment to a merchant using only their phones.

Merchants need to be registered with Bridg to accept these payments. Both parties also need to have the app installed and be connected via Bluetooth, but only one needs to be online.

While Bluetooth allows the app to validate the two people wanting to transact, the data connection is used to make sure that customers have a valid payment method to make the purchase.

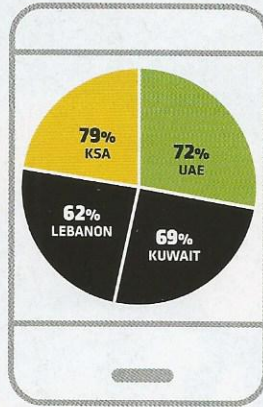
How the founders came upon this idea has an interesting plotline. But it is as far as you can think from the world of finance.

Jarudi and Beidas, also COO and CEO respectively, come from completely non-financial backgrounds. The former was based out of Kuwait, working as a digital strategist, and Beidas

⊕ A GOOD TIME TO BE IN PAYMENTS?

No matter the cultural apprehensions against paying online, the regional payments has some factors going for it.

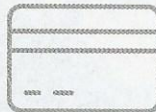
WHO IS USING SMART PHONES?



HOW DO ARABS PAY?

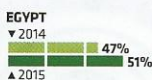
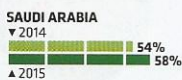


51% CASH ON DELIVERY



26% CREDIT CARDS

MORE & MORE GROWTH IN ACCEPTANCE RATIOS FOR ONLINE PAYMENTS IN THE ARAB WORLD



was a graphic designer focused primarily on IU/UX design. One of his many assignments took Beidas to India, another country where mobile payments have since taken off in a big way.

“When I spent time in India working on [telecom operator] Tata Do-como’s account, I witnessed first-hand how difficult it was to make small purchases. Even if I wanted to pick up some water or buy something small, either the vendors would not have the right change, or it would take too much time,” explains Beidas.

Beidas also noticed that even though most of these vendors had smartphones, they did not necessarily have proper broadband plans to use these phones to their full potential, let alone



EYE CATCHERS

Bridg was the only Middle East startup selected for the 2015 'Next Web', a yearly tech conference in Amsterdam, where a partner from San Francisco's 500 Startups developed interest in them.

them to carry large amounts of cash or expensive card machines. Even if the driver cannot afford a data plan, the customer closes the trade using his mobile data.

A good example of how this can help the small merchant was seen at 'Market Outside The Box', a retail pop-up store festival that was held this January at Dubai's Burj Park.

Jarudi tells us that they processed transactions worth \$10,000 within that one week—sales that would have otherwise been missed due to people not having enough cash on hand.

For customers, signing up is free. For small and medium merchants, however, a flat fee is applied depending on the average number of transactions that take place in a month.

However, the small pop-up merchant is not the sole target segment Bridg is going for. Bridg's second major vertical is its white-label offering.

Under this alternative, Beidas and Jarudi are eager to help larger companies provide better digital experiences for their consumers by executing payments across their operations, but under the company's brand.

Currently, the two are in advanced talks with a major developer of commercial and retail properties in the UAE, in what could be their first white-label deal.



PARTNERS FOR PAYMENTS

One would be hard-pressed to argue about Bridg's merits when it comes to offering convenience and speed.

But is the MENA payments market a large enough addressable market? If so, what cultural or economic barriers could the duo have to overcome to tap its full potential?

to use some of the data-driven payments apps available in the market.

Could there be another way? Beidas argues that coming into this field with no prior baggage was the reason why they could probe this further and disrupt the space by asking questions like, "Why can't it be done like this?"

While they disagree with how things were being done in the Indian or the local mobile payments arena, the duo were on the same page when it came to how they could fix it.

From the outset, they laid out goals that were different to others in the space. For one, they wanted to make sure that they develop a mobile payment tool that does not rely solely on internet connectivity like the incum-

bents. Secondly, in the GCC, the duo were sure to leverage this ability to target small to medium size businesses (SMEs) that want to tackle the problem of payments when the customer chooses Cash-on-Delivery (COD).

On the ground, Bridg claims to allow any merchant to sign up within 30 minutes and be up and running to accept payments other than cash.

"Other players in the market focus on brick and mortar clients but nobody looks at the corner shops, the startups, and the small e-commerce sites," Beidas points out.

For instance, Beidas says, a restaurant could rapidly deploy more food deliveries by asking drivers to use Bridg to collect payments, rather than having



The team is no stranger to the hesitance most MENA users have when transacting online.

Payfort's 2016 payments industry stated that 44% of shoppers don't trust making payments online in the UAE, Saudi Arabia, and Kuwait.

In Jarudi's opinion, this lack of trust is all-pervasive. "COD is predominant here, [the market is] over \$5 billion in the UAE itself," he states.

"Today, when I make a purchase online, I get a better experience in doing so from a company based in London as opposed to a business based in Jebel Ali," adds Beidas who believes companies here are not technologically sound enough to provide optimal online services.

"We understood early on that if we wanted to grow fast, we could not be responsible for handling the crucial parts of the process such as payments and security because it was extremely expensive and time-consuming," he says. "We didn't want to reinvent the wheel and do something that other people and companies were already doing exceptionally well."



JUST THE TWO OF US

Besides Jarudi and Beidas, the startup has part-time employees that work with them on weekends and late hours on other days. But they are looking to hire, once fresh funds are raised.

To this end, Bridg partnered up with one of the region's more trusted gateway providers, Payfort.

Users add their card information on the app, which is stored with Payfort's bank-level secure system, and not with the Bridg team. This also keeps the founders on friendly terms with the regulators since the business is merely working off an already tried and trusted payment gateway.

But what about other partners? Surely, in the UAE, where more than 50 banks target a population of roughly 9 million, one can't do without taking them onboard. Having said that, it is no secret that banks across the board are resistant to the change.

At a recent fintech hackathon hosted by GlassCube in Abu Dhabi, "not a

single financial institution officially showed up to support the event," said one of the organizers. And that is just one of many examples.

For Beidas, banks play a pivotal role in the future of financial technology, but he also thinks that they are not sure of what that role is yet.

A limousine driver did not build Uber; someone who saw the need to empower limousine drivers built it, he explains. "It only takes seconds for millennials to like or dislike an experience, and banks need to adjust rapidly," he adds, stating that banks are many things but nimble, and they will need independent fintech companies to see and prepare for the future.



MONEY FOR MONEY

Bridg received their seed round funding from San Francisco's 500 Startups, an accelerator concentrated on tech startups, and Turn8, a Dubai-based accelerator. The team is currently raising their Pre-Series A round. The two echo the sentiment of other region-

“Today, people want to bring back Nokia. They want flip phones. With fintech, as people move away from paper to zeros and ones, they will want to feel the physical attribute of money again. That will be the next disruption,” says Jarudi, who believes that, as far as the technology part of fintech goes, we might go back to the start.”

al startup founders when they say that fundraising was a huge challenge. “Investors here like to invest in things that have already been validated in the West. They spent the first part of our conversations trying to compare us to existing products,” says Jarudi.

Heavily bootstrapped across their operations, and working out of the co-working space at in5, an innovation center backed by Dubai-based TECOM, both founders have decided to dedicate a large chunk of their time and resources to fundraising right now.

Beidas points out that in advanced markets, the relationship between VCs and startups is a symbiotic one where both acknowledge that they need each other equally.

However, this isn't the case in this ecosystem because the one looking for money is positioned in a way that they need the one giving the money. Most times, this results in the backing of only particular kinds of businesses and results in overlooking the actual innovative technology.

Despite the difficulties, the two are extremely positive about what the future holds for them. They have received local recognition, such as being

invited to a round table discussion with the International Monetary Fund's Managing Director Christine Lagarde at this year's World Government Summit in Dubai.

“This is something that would not be possible if I were a startup based out of San Francisco or Singapore where our company would just be one of many,” says Beidas who believes that the high risks here are offset by rewards if your idea is strong enough to disrupt the market.

Working in an eclectic market such as the UAE is training both founders to establish a strong foundation and be better prepared to overcome hardships when they expand into other countries, they state.

Other countries? Beidas states that one of their goals is to enter developing countries and use their agnostic processor to be able to accept payments in methods other than bank cards, such as top-up cards, calling cards etc.

They are also working towards enabling Bridg to process payments in a completely offline scenario.

Within their current operations, Bridg needs to get a lot many more businesses and customer signups. “The

key driver in getting businesses to sign up are the system integrators. These middlemen understand industries Bridg is interested in, and help to provide value to their existing merchant roster,” says Beidas.

In terms of where the fintech industry is headed, both concur that cash will still be a dominant force when it comes to buying and selling. However, currencies might no longer be owned by economies—blockchain and cryptocurrency are the starting point to that end. As far as the technology part of fintech goes, Jarudi believes that we might go back to the start.

“Today, people want to bring back Nokia. They want flip phones. With fintech, as people move away from paper to zeros and ones, they will want to feel the physical attribute of money again. That will be the next disruption.”

Beidas, who is deep into his smartphone, pauses, grins widely and then has his say on the matter. “While we are talking, I am adding a point of sale for a merchant so excuse me while I play with the future!”

—
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