

HOW TO SET UP A MONEY CHANGER BUSINESS



10 Things You Need To Know

How do you start a currency exchange business?

From applying for a license, to capital requirements, venue considerations to legal knowledge, market data to a business management platform, here's a quick summary of things to note.



1 Type of Business

What type of business are you in and which regulatory body governs your local sector?

The rules which apply to a business that does only currency exchange will be different from those that engage in both currency exchange and remittance.

Find out what laws apply to the type of business you wish to operate.

2 Applicant Profile

Your financial and legal standing matters when you apply for a currency exchange license.

In general, money service operators should:

- ✓ Be of good character
- ✓ Possess certain professional qualifications
- ✓ Be citizens or ensure the business has a certain percentage of local shareholding
- ✓ Have no criminal record, fraud and dishonesty in particular
- ✓ Not have been declared bankrupt



3 Start Up Capital

How much do you need to start up a currency exchange business? The type of business matters here again.

Typically, a business dealing in remittance would require more start-up capital.

For example, in UAE, DH. 1,000,000 (USD\$27,000) is needed to start a currency exchange business, and DH. 2,000,000 (USD\$54,000) for remittance.



4 Business License

Before you can begin operations, you will require a business license for the venue of your business operations.

The cost of the license depends on local laws, and each additional venue of business requires additional application fees.

Venue selection is important as it determines the type and flow of walk-in customers - thus affecting your demand and supply.



5 Staff

How many outlets does your business have? Who will run the day-to-day operations?

Aside from hiring staff like tellers or compliance officers, it may be compulsory to send your employees for training such as anti-money laundering courses.

Hiring security detail might be a consideration too.



6 Supply of Currencies



Online Booking

List your rates online and accept currency pre-orders from customers to ensure your business has a global reach.



Rate Board

Get constant walk-in traffic by clearly displaying your rates on an electronic rate board.



Wholesaler Network

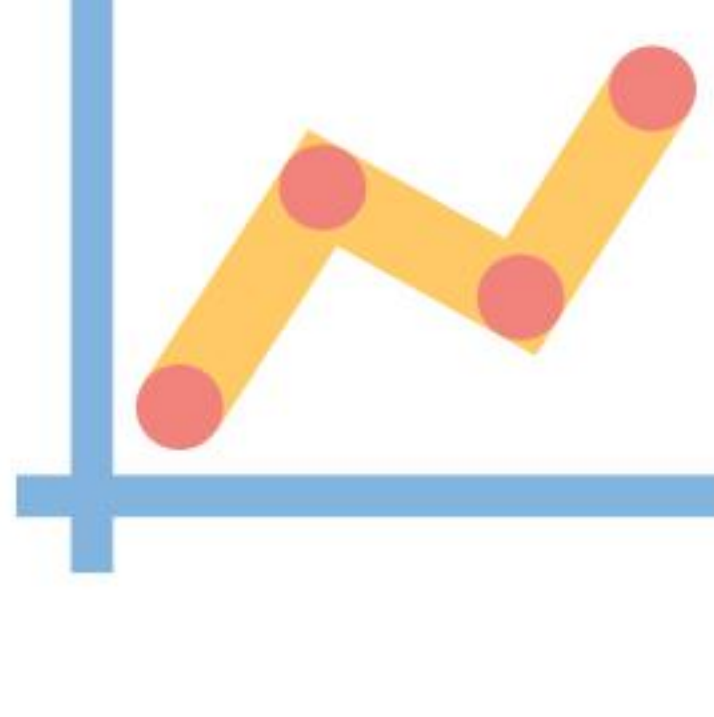
Ensure a steady supply of currencies by trading with other money changers or even a wholesale supplier of notes.

Your business needs to be stocked with foreign currencies so you can always trade with customers. The above are some of the ways to ensure you have a steady supply.

7 Market Data

Knowing the exact FX rates for different currency pairs will allow you to trade with suppliers and customers at a profit.

This is important as prices can drastically change when it comes to world events with far-reaching consequences.



8 Compliance Legislation

Different countries have different record keeping requirements.

As a money changer, you may be required by law to conduct Know Your Customer screenings on anyone exchanging a certain amount of currencies.



Compliance Database

Ensure you have access to a leading provider of risk intelligence data (AML, CFT, PEP) so you can screen customers who trigger record keeping requirements.



Customer Records

Input all transaction amounts that require KYC screening through a point-of-sale system. Upload and attach customer identification documents to their records.



Regulatory Reporting

You may be required to submit regulatory reports to the authorities regularly. Put a system in place that can generate reports in the accurate format for ease of submission.



9 Business Equipment

Common business equipment that every money service operator needs include a note counter, a passport scanner, and a receipt printer.

A business management system is key for managing all aspects of the business.

10 Business Management Platform

Your solution provider needs to understand the challenges facing a currency exchange business. Here are some features to consider when choosing a platform.



Ability to record transactions, amount, unit, cost of stock and generate management reports



Support for currency customisation and set-up (degree of accuracy and direction)



Support for multiple users and outlets with different permission settings



Provide real-time FX and risk intelligence data



Facilitate eKYC by allowing for upload of customer ID and business licenses



Provide opportunities to grow your global customer base



Cross-platform support so data can be accessed across mobile, tablet and desktop



Reliable with high availability so data is always backed up and secure



Frequently updated with a high standard of customer support



It's hard to find a single solution that does it all, but not impossible.

Biz4x is an all-in-one platform that is built specifically for currency exchange businesses, so talk to us about your needs at sales@biz4x.com or visit biz4x.com.

Let us share our expertise to help you set up shop!

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