



INSIDE TECHNOLOGY

Start-up wires money using wireless phone

By Jon Van
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People use mobile phones to take photos, play music and send text messages, and maybe soon to send money to relatives abroad.

That's the goal of a start-up company based in Rolling Meadows called aKos Technology Corp. and its founder, Daniel Csoka. By next summer, customers in the U.S. should be sending millions of dollars to Mexico via their cell phones, Csoka said.

He envisions "a virtual [money transfer store]" for those who don't have bank accounts. Today, people Csoka calls "the unbanked" have few choices in sending money beyond going to a [money transfer store] outlet and paying cash that will be wired abroad for the recipient to pick up. These transactions typically come with hefty fees, he said.

In the system Csoka is building, a user could pay his money to the same store where he buys his prepaid phone minutes.

"Instead of paying \$20 for prepaid minutes, he could pay \$220, with the extra \$200 going to his mother," Csoka said.

When the money is deposited, the phone user gets a transaction number and password that he can give to his mother when he calls her, Csoka said. The mother then gives the number and password along with her ID to a convenience store, which gives her the cash.

Banks in Mexico have established networks of local stores where people without bank accounts can go to pay bills with cash, Csoka said. These will be used for his money transference scheme.

"We're taking a lot of pieces that are already in place and putting them together into a new service," Csoka said. "The beauty of this is that people are already doing this, so we're not trying to get them to change their behavior much. Instead of going to a [money transfer store] to send money, they just go to the same store where they prepay their phone service."

Transaction fees will be significantly less, he said.

"This is a market with huge potential," he said. "Transfers from the U.S. to Mexico totaled \$24 billion last year, up 20 percent from 2005."

Csoka wants to launch the service next summer, targeting Mexico first and later expanding to other Latin American countries. Eventually, he hopes to expand to China and India.

His company has signed its first wireless carrier, Clear Talk Wireless, and hopes to have four or five others onboard before it starts operations. Clear Talk will target its customers in California and Arizona for the money-transfer service.

AKos Technology will handle all the back-office functions of the service, including the computer that keeps track of transactions, but the service's branding and marketing will be done by the prepaid wireless carriers, said Steve Richards, vice president for business development at aKos.

The privately held company, which has just five employees, has been working for a few years to put together the cash-transfer business and has found that getting regulatory clearances have been the most daunting hurdle to the project.

"You have to have federal approval in the U.S. as well as approvals in Mexico, and you also need approvals from every state where you have a customer residing," Csoka said. "It's a major barrier."