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THE TIMES

BUSINESS

Start-ups help those coming to Britain to start over

A new country offers extra challenges for migrants, but companies are emerging to cater for this growing market

David Waller

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Ours is a mobile age in more ways than one. With the United Nations classing 250 million people in the world as migrants, most of them carrying more computing power in their pocket than that used to send Neil Armstrong to the Moon, businesses are springing up to serve the needs of those who have landed in a new country.

The World Bank says there are as many as 700 million people, workers overseas and their families back home, sending and receiving money. In 2011 \$500 billion was sent in remittances internationally. In 2015 that total was nearing \$600 billion. With 90 per cent of remittances still taking place offline, technology companies are emerging to shake up the old order.

Marta Krupinska is general manager and co-founder of Azimo, a digital money transfer platform set up in London four years ago. Like three quarters of her team she is a migrant herself and so knows the frustrations of sending money home. Faced with the often heavy and opaque fees demanded by the banks, she once found it more cost-effective to withdraw €3,000, board an aircraft and fly the cash back to her mother in Poland in person.

“Remittances provide a powerful lifeline for people, paying for education, medical expenses and rent, but the money transfer market is broken,” she says. “Western Union is one of the only options [for many], but it has shareholders whose appetites need satisfying and its overheads are massive. It has more than 500,000 staffed branches around the world.

“The average cost of remittance in 2011 was 10 per cent. In 2014 the G20 aimed to decrease it to 5 per cent, but it’s still at 8 per cent.” Azimo reduces that fee to 2 per cent, thanks to being a purely online platform.

It may seem an obvious idea now, but it met with strong resistance in 2011 when Michael Kent, Azimo's other co-founder, began courting investors. "There was a unified voice saying 'he must be crazy' as apparently the nurses and lorry drivers don't even know how to use the internet," Ms Krupinska says. "Migrants are actually extremely tech-savvy. If your family is in a different country and you can't be with them, you spend all your time using platforms like Skype, WhatsApp and [Facebook] Messenger. As we're serving economic migrants, we can bank on the fact that they'll use us once and keep coming back."

About 500,000 customers across Europe have caught on. Azimo has grown at a rate of more than 200 per cent in the past year and has raised \$47 million in venture capital backing. A recent \$15 million investment round led by Rakuten, a Japanese e-commerce company, suggests that there is potential in Asia as well as Europe.

Other businesses are emerging to make the experience of migration itself easier. Migreat was launched in 2013 with the aim of helping individuals in every stage of their journey through what it describes as a "burdensome immigration and integration process". As well as offering free visa and migration help and services designed to help people to settle in a new country, Migreat is positioning itself as a marketing platform for companies to promote their products and services to migrants.

Migration is an inevitably emotive and sensitive area around which to build a business. When seeking investment for mi-HUB, which provides work space and networking services for migrants who want to set up businesses in the UK, Rafael dos Santos, a Brazilian entrepreneur, felt it necessary to run an experiment to see whether the word "migrant" would actually deter investors.

"In April we trialled our first Migrant Business Show in Westminster," he says. "We had nearly 1,000 people attend. One investor accused us of creating a ghetto, which misses the point. We're allowing people to feel they belong to a community here."

It looks as if the experiment worked: mi-HUB, which provides desk space, meeting rooms, training and a support network to migrants running start-ups, raised £72,000 of funding in its first four days on the crowdfunding platform Seedrs and is due to open in east London in June. Early adopters of the service include a Russian newspaper and a Japanese skincare brand.

Mr Dos Santos has first-hand experience of just how big a shift the act of migration can be. He worked for Microsoft in Brazil and went on to build and sell a company in Britain that managed and let rooms in shared houses, yet his first job on landing in the UK with no English was as a kitchen porter.

"We're all in the same boat," he says. "New arrivals can lose their self-confidence and feel very vulnerable, and they need to see there are others just like them who are trying and succeeding." *Migrants in the fast lane*

Migrants to Britain are much more likely to start businesses than the life-long resident population, according to researchers at Aston Business School and the University of Strathclyde (James Hurley writes). Their Global Entrepreneurship Monitor study found that almost one in six are in the process of starting a business or are running one that is less than three and a half

years old, compared with less than 6 per cent of life-long residents. British people who have lived abroad are also more likely to start companies in the UK.

Mark Hart, of Aston Business School, said: “The wider experience and skills of many immigrants and returnee migrants may enable them to spot and exploit opportunities more readily. Life-long residents of the UK may find it easier to obtain employment than immigrants.”

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Marta Krupinska, of Azimo, notes that migrants are usually tech-savvy and happy to go online to send remittances home

Richard Pohle/The Times



A Syrian migrant in Lesbos, Greece, speaks to his mother in Germany

Zohra Bensemra/Reuters

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