Venmo Founder: You Won’t Be Swiping Credit Cards in 2017

Forget your wallet at home? That’s no longer an earth-shattering problem — you can pay via Google Wallet [1], LevelUp [2] or PayPal [3], or you can have a friend spot you and transfer them money through Venmo. The free, friend-to-friend mobile payment platform launched in 2009, and is now available on iPhone [4], Android [5], BlackBerry [6] and web [7], with integration via Twitter, Facebook and Foursquare.

With mobile payments projected to reach $1.3 trillion by 2017 [8], the industry is filled with a lot of players. Just last month, Venmo was acquired by Braintree [9] for $26.2 million, and the company processes $10 million each month.

We asked Andrew Kortina, co-founder of Venmo, about the mobile payment space, how Venmo trumps the competition and whether it plans to go beyond reimbursements among friends.

Q&A With Andrew Kortina, Co-Founder of Venmo

Why did you start Venmo?

About three years ago, Iqram (my co-founder) was visiting me in New York for the weekend. He forgot his wallet, and ended up writing me a check to pay me back for everything we did. We both thought, “Why aren’t we (and more importantly, why aren’t all of our friends) using PayPal or some other app to pay each other back? We should be.” But when we looked around, all of the options we found were clunky and awkward for using with friends, and more appropriate for checking out on a website. So we designed Venmo, and made it fun, conversational and social, just like all the other apps we saw our friends using.

What’s Venmo’s advantage over other mobile payment options?

We’re a mobile-first company, so the Venmo user experience on mobile is great, and you can do everything you need to do with only a few taps. Another advantage

of Venmo is that you can use it with anyone — there’s no special hardware necessary, we work with all U.S. bank accounts, and you can send money to any email address or phone number, whether or not the other person has Venmo yet. So, even if your friend has never even heard of Venmo, you can send money instantly to their phone, and we’ll notify them via text message with a link to install the app. Then they can connect their bank account, request a withdrawal and see the money in their bank account tomorrow. That’s pretty cool.

There are several mobile payment options — what is Venmo’s best feature?

One of my favorite features of Venmo is one that is more frequently used by people who have been on our service for a longer time: trust. On Venmo, you can request money from anyone, and we’ll send a notification to their mobile asking them to confirm the payment. They tap one time, and we move the money. This is pretty easy, but we went a step further by allowing users to establish a trusted relationship with their closest friends: When two users enter into a trusted relationship on Venmo, it’s almost like entering into a joint bank account, and when they request money from each other, we move the money instantly and automatically, without requiring a confirmation, and we just send mobile notifications to each user as the payment happens. It’s incredibly convenient, kind of like opening a tab or having a house account with someone else.

What is Venmo betting big on?

Mobile. This sounds a little cliché, but it’s true. We are betting people will be using their phones for most payments in the future, instead of plastic cards or desktop computers.

How hard is it to innovate in a space where there’s so much fraud — was it hard to get people to trust you with their credit card and bank information?

Dealing with fraud is challenging, for certain, but as a technology company with access to lots of data, we are pretty well-equipped to fight this battle. And yes, it’s also a challenge to get people to trust you with financial information. Our basic approach is that we strive to provide exceptional service to all of our customers, so they trust our service and vouch for it. So when Bill, who’s never heard of Venmo before, asks Jenny, who has been using Venmo for a few months with her friends, Jenny can explain how she has used our service and convince Bill we are trustworthy.

You have “proprietary algorithms” for security — what do they do and how did you develop them?

Basically, by looking at data from your social graph (who you know) and payment graph (who you are paying), we discover patterns for regular activity, which in turn allow us to identify irregularities that may indicate suspicious behavior.

How are you growing your user base? Are you getting businesses involved?

All of our growth has been word-of-mouth, so far. This year, I think we're going to try to be more active about setting up programs to help college students learn how Venmo can be useful to them (they're setting up a college ambassador program). As for businesses, we have not yet really had a product we think works really well for them, but this fall we are developing tools that are designed specifically to make Venmo work better for businesses.

What do you foresee for the mobile payment space in the next one, five, and 10 years?

NFC, QR codes, location-based payments — I can't say which one of these, if any of them, will be dominant. Maybe it will be something new — I was at a hackathon at UPenn this past weekend, and some of the students created a fingerprint scanner that allowed you to pay by swiping a finger — maybe something like that will win. What I would bet on is that we won't be swiping plastic cards in five years. We'll be using mobile devices.

Read More: http://mashable.com/2012/09/19/venmo-mobile-payments/ [10]

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