

A Few Minutes With...



Ray Mustafa and Steve Wolf of The Pay-O-Matic Corporation | BY STEPHEN ALTOBELLI

Currents recently caught up with Ray Mustafa and Steve Wolf of The Pay-O-Matic Corporation. They are both retiring after almost 40 years in the business (See tribute on page 29). As such, they offer a unique perspective on the industry and the role technology has played in it.



Ray Mustafa

Steve Wolf

Currents: *What have been the biggest changes in the industry from the time you entered it until now?*

SW – I think the biggest changes include the overall broadening in the range of services we provide to our customers and the shrinking reliance on pure check cashing.

RM – The biggest change is the range of services we offer customers, and technology has had a huge impact. In addition, the level of convenience and the number of hours we are open has changed significantly. When we started, our operations were open from 9-6 and most of our business was after the banks closed. Saturday hours were 9-2. Then we started opening on holidays and running 24-hour operations.

Currents: *What do you see as industry growth areas?*

SW – The growth is going to be in assisting customers to access money that is in a variety of plastic and electronic formats. People will be getting their money on debit cards, through direct deposit, and a number of other private or government-based plastic vehicles. It will be our job to help customers access these funds.

RM – With the decline in paper checks, something has to fill that gap in revenue. These include a broader selection of bill payment

options. For example, we now have a huge volume of payments on cell phone accounts. Years ago, of course, we had no revenue from such payments. As technology evolves, it affects us both directly and indirectly.

Currents: *What role is technology playing in the evolution of the industry?*

SW – Clearly, as we give customers access to money that is stored in electronic formats, technology needs to be there to enable that functionality. We already participate in the inter-bank networks that move money, and we will continue to do that in order to give people access to bank accounts and other forms of electronic storage.

RM – A Point of Sale device at every location has certainly proved beneficial for us. It expedites the customer transaction time, and gets them out of the store more quickly. It also reduces the teller training time in the stores because the system walks the teller through the transaction.

Currents: *How has the Internet changed the industry during the past 10 years? How about for the next 10 years?*

SW – I don't think the Internet per se has been that big a factor to

date in our industry; it probably will be more so in the future, as money is moved more freely via Internet connections. At this point, the connections to the money-moving networks have been more proprietary than open, through ATMs, NYCE and the like. The whole financial world is moving to be more Internet-based, and we'll certainly move along with it.

Currents: From a consumer perspective, do you see the Internet playing a bigger role?

SW – The financial world in general will be moving more money via the Internet, and certainly our consumers will want that service.

RM – All the online bill payments are having a slight effect. But if you're living paycheck to paycheck, you don't have a lot of money sitting in an account to make such payments. So, I don't see it having a big impact.

On the other hand, the Internet is very useful from a marketing perspective. We see a great deal of hits, 10,000 to 15,000 per month, on our Web site. Customers use it to look up store addresses, hours of operation, services offered and the like. In that sense, the Internet has been a big plus for us.

Currents: Given the growth of virtual banking, do you see brick and mortar stores becoming less important for the FSC industry?

SW – I think there will continue to be a need for physical places for people to go to either access or deposit currency, despite the

fact that so much money is moving electronically. I think that we're a long way from moving away from being a currency-based society. In addition, I think what you'll see is that the physical stores provided by the check-cashing industry are going to allow the traditional banks to reduce their physical presence in favor of ours. I see a pretty healthy future for the brick and mortar element of the check-cashing industry, certainly for the next decade or more.

RM – Virtual banking works fine if you have money sitting in an account. People that are living week-to-week need immediate access to cash and that is best handled at a storefront.

Currents: What about the use of cell phones to transfer money, purchase items and pay bills?

SW – Cell phones are used that way in Europe and to a great extent in Asia. While we have the technology here in the States, I haven't really seen much of it happening yet. I think we are still more currency-based than other cultures. We still like to make our casual purchases anonymously. As a society, we have been slower to move away from checks and slower to move away from currency. That is partially because our system is so efficient, there is not the same pressure as elsewhere to move away from it.

RM – I don't see money on cell phones happening for some time, but it will catch up with us. It is just like debit cards. When we first put them out, we had no luck with them. Now, they are quite

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popular. Also, there is the comfort level issue. Our customers like having money in their hand.

Currents: *There has been a lot of discussion about partnerships between banks and FSCs. What is your take on that? Do the banks feel the same way?*

SW – I think our proper role will be much more in partnership with banks, as opposed to being an alternative service to banks. We are going to provide a seamless on-ramp to traditional financial services. Also, second and third-tier banks and credit unions are starting to look at FSCs as their arms and legs. Such a partnership will allow smaller institutions to compete with the mega-banks with hundreds of store locations. As the industry's reputation continues to

YOU HAVE TO STAY ON TOP OF THE CURVE. CHANGE WILL TAKE PLACE AND YOU HAVE TO CHANGE WITH IT.

– Ray Mustafa

improve, the banks will find it more and more acceptable to partner with us.

RM – Currently, it is very easy to take money out of your bank account (at any ATM), but it is difficult to put it back in, since you can't put it back the same way. But banks are always looking to get foot traffic off the floor, and partnerships with check cashers, where customers can use our stores to make deposits, will help them achieve that goal. Our customer surveys all indicate that people would love to use our stores to make bank deposits, rather than have to make another trip to the bank, especially if there is no charge to do so.

Currents: *You have both been central figures in the industry's development and in the growth and development of FISCA. What do you consider your greatest accomplishments in this regard?*

SW – I think the greatest accomplishment of the industry over the past 40 years has been the cleaning up of its image. This is something that we all have been very focused on. We see that as critical to our success. We want to be the 7-Eleven of banking, where there is something for anyone who needs a quick turnaround on a product.

RM – We have always tried to set a high

THE WHOLE FINANCIAL WORLD IS MOVING TO BE MORE INTERNET-BASED, AND WE'LL CERTAINLY MOVE ALONG WITH IT.

– Steve Wolf

standard for check cashers, in terms of how our stores look and the products and service we provide. Steve and I have always tried to set an example for the industry.

Currents: *As you now make your exit from the industry, do you have any advice for those who remain?*

SW – The future of the industry is in partnering with traditional banks. We can only get there if we earn it. We need to look out for the welfare of our customers, in terms of the manner in which we provide services to them, and adopt only products that help them. We need to invest in our own infrastructure, both in terms of store appearance and technology, so that we remain appealing to our customers and to the banks.

RM – You have to stay on top of the curve. Change will take place and you have to change with it. From a cosmetic point of view, people like clean, well-lit, modern stores. You have to constantly research new products that people will use and make those products available. You have to give people a comfort level when they come into your store because there is so much competition, they can easily go elsewhere.

Currents: *What are your plans for life after Pay-O-Matic?*

SW – I will continue to provide some consulting services to the new owners of Pay-O-Matic and hopefully, in some manner, to my friends at FISCA and the New York association. I don't intend to walk away from those organizations. Personally, I want to concentrate more on writing and performing music. I also want to bicycle across the country, hopefully next summer. It takes six to eight weeks, so I have all my Cycle America maps and I'm busy planning.

RM – Take it easy for a while and pursue outside interests. I'm not planning to get into another business. I enjoy motorcycle riding and hope to do more of that. ■

Stephen Altobelli is a Vice President with MWW Group, the public relations firm that represents FISCA.

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