

Latvians conquer foreign financial markets

Jānis Goldbergs, 05.06.2020

International financial service company Gerlioni Group develop their IT solutions in Latvia. Despite the emergency situation declared in Latvia, they are looking for employees on social networks and portal www.cv.lv.

Group has companies in Poland and Singapore. Gerlioni Group is owned by Latvian entrepreneurs who have been successfully working in the international financial services field for six years already. To find out more, “Dienas Bizness” invited Ērika Matrosova, company’s spokesperson in the Baltics, to shed some light on the Group.

What exactly Gerlioni Group is?

Gerlioni Group is owned by two Latvian entrepreneurs, but it started active operation in Poland and Singapore. The Polish company, which is a part of the Group, was established in 2014 and is a licensed payment institution in both Poland and Singapore. In Poland the company basically acts as a financial concierge.

What does financial concierge mean in real life?

Let’s say there’s a Latvian or foreign company that would like to enter the Polish market and offer its services or goods there but lacks experience in and knowledge about the particular market and its specifics. Then it is Gerlioni Group which looks for cooperation partners, suppliers and customers, accountants and legal advisers, namely, everything that is necessary for the particular company in the given market. Often also financial assistance is needed to make payments for the received services. So, in late 2018, we received Poland’s permit to act as a payment institution. Financial concierge combines and provides all of these services I just mentioned.

Payment licence—is it the same as for a bank?

It’s easier to compare with a payment institution like Revolut. According to the licence terms, currently we are the so-called small payment institution in Poland, and only limited transactions are allowed for us. We are

working towards a national payment institution licence which would mean that our rights are equal to those of a bank in terms of payments. This process in Poland is coordinated by our strategic partner Taxalia Group Sp. z o.o. We are planning to receive the national payment institution licence in Poland in 2021. Unlike a bank, a payment institution cannot accept deposits, but can perform payments just like a bank. Payments is just an additional service offered by Gerlioni Group that enriches our portfolio quite logically.

Payments in these times when combating money laundering is taking place all over the world seems to be a resource-consuming service. Do you also work with Anti-Money-Laundering issues and the related Know Your Client?

Our offer is unique. Gerlioni Group is definitely one of the rare companies in Europe offering such a basket of services at one place. This includes both the services of a financial concierge and full range of KYC and AML procedures, and also the mere technical financial transfer if necessary. There are some companies that offer transfers, others provide consultations on AML issues, and there are also other financial services available. But we can ensure a full range of services so that an entrepreneur is able to work in a market locally and globally. We have created the necessary IT products that are connect to banks and allow clients to manage all the transactions and see the documents and finances in one place.

The Group has also a company in Singapore. What is its task?

Our Singapore company already has the licence of a large payment institution. It means that we can perform payments all over the world from our Singapore company. This company specialises in the Asian market since many of our clients have cooperation partners there. The Singapore company performs payments. Of course, the same licence in Europe would ease our work as we would be able to attract new clients and offer new products. There is also a Latvian company on board now.

Hence also my interest. What does Gerlioni Group do in Latvia? Will it be a payment institution? What is the function of the Latvian company in the Group?

The main reason for establishing the Latvian company was to ensure the whole system is created and our payment institutions receive the necessary solutions. We hire computer specialists and think about the

company strategy here. Our technical support centre, AML specialists, and software are located in Latvia, and our IT solutions come from Latvia.

Are Latvian programmers cheaper than Polish ones?

No! The owners of Gerlioni Group come from Latvia. Programmers in Poland could be available for a slightly lower amount of money, but the owners decided to create jobs in Latvia. It has been declared that the brain of the company is here in Riga. Yes, the Polish company is the headquarters as the activity is the most active there, but IT systems will be created and serviced in Latvia. Do you remember this line from a popular Latvian song “had we all sowed in the ground a single grain”? Well, this is the grain sowed by the owners of Gerlioni Group.

Have the payment systems you use in Poland and Singapore been created here in Latvia?

Yes, the IT products allowing clients to view all their accounts, payments, and communication with specialists were created in Latvia. The whole system has been designed and is being improved by Latvian computer specialists. Also the KYC and AML specialists with international certificates work here in Riga.

Does it mean that all AML procedures are carried out in Latvia?

Yes. It's a very important aspect of our operation now. Both banks and payment institutions must know their clients perfectly and must be able to help them in this field. We have to be sure about the origin of clients' funds and their business. We have to know our clients virtually from A to Z. Our Latvian company has specialists with international certificates, that allows us to account for the flow of clients' documents and analyse transactions in line with the international AML regulations. Before cooperation all of our clients are scrutinised and examined by our AML specialists. We check everything—from the company and individual, to origin of funds.

Does Gerlioni Group provide financial services in Latvia currently?

Not for now. We are working on the IT system, and the company also checks clients' documents. Our development plan provides for several interesting products just for the Baltic market. Acquiring payment licence in Latvia is left for the future, so this service is not available here currently.

Do you see any differences between acquiring licence in Latvia and elsewhere?

Overall the procedure is similar, because AML and KYC regulations and other requirements are international, so there are no significant differences between countries. Our company doesn't intend to obtain a licence in Lithuania or Estonia, as it's not necessary. Laws are more or less fine here and the tax policy is comparatively progressive. The administrative process is time-consuming everywhere and requires a lot of patience and responsibility. AML/KYC requirements in Poland are similar. We must be convinced of the origin of client's funds, we must know our client. It's a requirement and must be complied with.

You provide financial services to clients. Does it mean that you prepare them for communication with banks? Do you consult them about the possible AML questions?

We ensure that client's financial flow is not delayed and, of course, try to anticipate the questions that banks might have. But we are also aware that some unexpected questions may come up. What is important, is quick response to all the questions asked by the bank or the supervising institution so that the client's financial flow is not hampered. If we have concluded a cooperation contract with a client, it means that we are confident about that client and responsible to that client.

Are you planning any products for the Latvian market?

There is, of course, the basic offer which is available to our corporate clients in the Baltic States. We have cooperation partners in both Lithuania and Estonia. At the same time, Gerlioni Group is also planning services to other clients, like students, seniors, or local governments. We want to design products for the Latvian market, and we have studied the experience of other countries where payment companies have good cooperation with local governments, for example. In brief, these could be payment systems for the inhabitants of a particular administrative territory, that can be supervised by the local government and used easily. I am speaking about waste collection payments, utility payments, and similar. All of this can be combined in a

single payment system, and could include even tax payments. The key is that the product must be convenient. Such payment system would mean that a person doesn't have to remember a password for 10 different sites, but would use a single mobile app instead. Another important aspect is to ensure that such service is free for people.

We are working on a new app GerliPay, which will be released this summer. This app will facilitate the payment procedure and will also present our future intentions. Platform GerliPay will be available in the international market.

IT solutions aren't cheap. Have you attracted some investments for this purpose?

A total of 2 million euros was attracted last year. This year we are planning to boost investments to 5 million euros to develop all the intended products and to complete the payment licensing process. We are aiming high and taking big steps to get there.

What are your estimated turnover plans?

A turnover of half a billion euros in the global market is a question of two or three months only, the only condition is that service offer must be supported by perfect programs and payment licences. And it takes time, without any doubt. Each new payment licence takes at least a year to obtain. The Group has its ambitions and plans, and there is also real activity which proves that company can accomplish something and achieve results.

Gerlioni Group supports sport and 101 Fighting Championship, in particular. Why fighting sport, why not football or ice hockey?

The owners have done boxing themselves some years ago. This is not only their hobby, but also basis for the strategic thinking. Boxing is one of the first Olympic sports dating back to the Ancient Greek Olympics. This isn't only about fist fight or fitness, first of all boxing is connected with tactics and control over the opponent. The owners of Gerlioni Group want to popularise this sport and they won't stop at organising events. They are planning to support regional boxing clubs, especially with children and young people in mind. The goal is youth championship which would end in finals taking place in Arena Riga, just like for adults.

INFORMATION

Gerlioni Group was established in 2014.

Website: www.gerlioni.group