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Nate Tsang: Welcome to the CoinFi Podcast. We have a lot of random conversations about crypto in the office and we thought it would be interesting to just hit the record button and riff on whatever topics come to mind. The idea is that you get to be a fly on the wall in the CoinFi office, giving you an inside perspective on how the team members of a fast growing crypto startup look at this crazy new industry. The CoinFi team has an interesting mix of backgrounds. From co-founding a hedge fund to launching a Bitcoin exchange in Shanghai back in 2013, to heading algo development for major banks to managing data science for online brands with hundreds of millions of pages a month, and on each episode we pull in different team members that talk about areas where they have professional expertise or maybe even just a strong opinion.

What's up CoinFi fans. Welcome back to another episode of the CoinFi podcast. Thanks so much for joining us. Today, we have a special episode for you. Instead of our usual team conversations in the CoinFi offices, CoinFi co-founder and CEO Timothy Tam sat down with Zac Cheah from Pundi X to discuss the rollout of their new retail point of sale system for crypto payments. Pundi X is on the front lines when it comes to getting retailers to adopt crypto as a form of payment, so we were really curious to hear what he had to say. Hope you enjoy the conversation.

Tim Tam: Hey guys, this is Tim, the CEO of CoinFi and we're very lucky today to have physically present in Hong Kong, Zac, the CEO of Pundi X. So welcome to the podcast, Zac.

Zac Cheah: Thank you, Tim. Thank you for having us. Pleasure to be here.

Tim Tam: Pleasure to have you in our office. When we were chatting before the podcast, I'm super excited because you're a very unique company where you actually have a physical product in the blockchain space. So why don't we start with you just describing Pundi X and then what brings you to Hong Kong?

Zac Cheah: Sure. I think when we started looking into blockchain, we realized there's a lot of like cool and interesting project, in fact, very advanced project.

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And then we try to delve a little bit deeper and ask how can we try to address the issue for more people to hop onto blockchain, because there's a lot of things going on. But in reality, they are also like people that are being neglected. So we want to ask people how to allow more people to purchase cryptocurrency.

So we came up with a solution, a hardware device to allow people to buy and sell cryptocurrency just by going to a store. Because differentiator is that for example, team, you and me, we all have cryptocurrency. But in reality--

Tim Tam: You have a lot more.

Zac Cheah: So, we don't know. I think we are the one percent of the population, in fact like less than one percent. So what about the other 99 percent. So is cryptocurrency re-introducing the financial monopoly once again? So we want to be playing a small part in changing this.

Tim Tam: So bringing cryptocurrency to the masses and I know you're looking at providing a physical device for merchants so that they have the ability to receive cryptocurrency as a payment for physical goods. That's super exciting. Before the podcast, I was just reading on some interesting statistics in the market where I think in 2017, the number of merchants that accept cryptocurrency had grown 30%. I think it's actually 11,000 merchants. So, obviously, you are the market leader in this space. Where do you see the industry now in terms of merchants accepting cryptocurrency payments and where do you see it going in the next four or five years and in terms of adoption?

Zac Cheah: I think there's a divide between cryptocurrency holders and merchant. We have a lot of people buying and trading and holding. So this is a group of people and that's a demand for like real life use cases, whether it's this buying daily items or purchasing cars or property. So I think there's a real demand over there. So currently, we do see some online offerings to allow this to happen. But I really think that the biggest change would be offline. So for example, when we talk about like commerce, commerce started from offline to online. So I think for using cryptocurrency, you should also take place from offline to online, just like a regular person going to 7-Eleven here in Hong Kong and buying a coffee. I mean, this is small items. It could be like big ticket item, buying cars and stuff.

Tim Tam: No, that's very exciting. I know you're getting a lot of traction, getting merchants adopting Pundi X, we can talk more about that later on. But

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I'm curious, when you do go to a 7-Eleven or a coffee shop and you go introduce this solution, what are some of the questions they have? Because I imagine a lot of them don't know much about cryptocurrency. You're obviously very good at getting them adopted but I'm wondering can you talk through what your process is, what are the questions the merchants are asking before you convert them?

Zac Cheah: We were now trying to talk to a lot of merchants. I think merchants falls into two categories. The smaller minority category are people that are already well versed with cryptocurrency. So they will then know how much they're getting, if it's Bitcoin or MPXS. But the large majority actually don't know too much about cryptocurrency. So they want to own cryptocurrency, but they also want their items to be paid out in like the local fiat. So our challenge or the market challenge is learning to talk to the merchant in that daily lingo instead of telling them too much about blockchain.

Tim Tam: Sure, sure. Now, that's really interesting because I think, that was one of the questions I had because obviously cryptocurrency currently and it may change it in the future, it's very volatile. So if Tim is a shop owner, a coffee shop owner, I received payment in Bitcoin or Pundi X, I still need to buy my coffee beans that I'm probably still paying for it in USD. Again, as we're speaking before, I come from a little bit more of a finance background. Have you looked at coming up with mechanisms for the merchant to automatically hedge with derivatives and things like that so that when they received the Bitcoin they immediately effectively can lock in their US dollar or Indonesian rupiah depending on where they are.

Zac Cheah: Yes. I think this is the first and foremost on the merchant's mind. Am I getting a volatile asset? That's a few ways that we are solving this. The easiest way and the most popular way is to immediately cash out into the local fiat. So once someone purchases something using say Bitcoin, on the spot, we will also liquidate that Bitcoin into the local currency for the merchant. I think that is the key question that merchant would ask.

Tim Tam: That's interesting. So that's something that you're building into the Pundi X platform. So, it's a service that's going to get added to the merchants when they sign up. That's very interesting.

Zac Cheah: Essentially what we want is to let merchant know that you are using the POS device, which we have here, to accept more options of crypto payment. So more options, but at the same time, they get the stability of cashing up.

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Tim Tam: Sure. Makes sense, makes sense. Zac, I'm a big student of history and I think we were chatting earlier on this as well where I remember in the Dot-Com Boom, a lot of people are talking about how people are going to be making payments. I think the technologists at that time saw the vision that people are going to be doing online shopping, E-commerce is going to be a huge industry.

But at the same time, I remember back then, there were a lot of naysayers, where they're like people would never pay for shopping online and things like that. I feel that people were saying that in 1996, 1997, you know, 20 years ago. I personally feel currently there's a lot of people saying that cryptocurrency is volatile, merchants are not going to adopt. Do you feel that it's in a similar state at the moment where you are one of the early movers and do you see the space developing over the next 20 years in terms of cryptocurrency payments for merchants? Do you feel that it's going to be a huge, large percentage of the transactions? I mean, where do you see the industry in 20 years?

Zac Cheah: I think that there's a tectonic shift in the cryptocurrency space right now whereby there's a huge undercurrent happening. So the undercurrent is created by very huge institution, a governmental level. So I think even government and countries are looking at digitizing their fiat. So I think when that happens, the payment of digital currency or cryptocurrency is not whether it will happen but rather who will make it happen first. Because of what we are doing, we are able to talk to governments that they are looking at why don't we digitize the whole currency as a whole. So when that happens, I think everyone will be paying like with tokenized items. You're using card whereby whether it's your fiat, digitized fiat or Bitcoins. I think it's a matter of when it is happening.

So I think it's not just a raise of blockchain companies, but also a raise for governments.

Tim Tam: Yup, yeah. Like the first government to come in with an official cryptocurrency. I think it will be interesting then. I don't know, Zac, if you have a view on, for instance, stablecoin, whether a government backed stablecoin and how that will affect what you're doing and the POS system and how merchants accept cryptocurrency. Because obviously I think as we had talked about earlier, one of the challenges right now is the volatility. So what is your view like on a stablecoin and how it would get adopted as well from a merchant perspective?

Zac Cheah: I think we do need to support different stable clients. The verdict is still out yet which stablecoin will be the dominant stablecoin. Whether it's a stable coin created by the market players or a stablecoin created by the government. We do for us as a POS company allows different payment. Essentially our strategy is to support the best coin, the best stablecoin. Say for example, in Hong Kong that's HKDT, imaginary HKDT or even there is right now. If that is the stablecoin that people are using, we then want to address it, pack it to that local currency.

So in that sense we operate a very local. In the sense that we do have the major tokens, Bitcoin, Ethereum and them. So these are everywhere, but we also do have very localized token. It could be like a tokenized item where a local government, say in the Gulf area that wants to promote it. So I think that is a little bit akin to like stablecoin.

Tim Tam: That's really interesting. And Zac, I know you're in Hong Kong, I think you have managed to get a very impressive kind of launch with a few very famous restaurants in Hong Kong. Do you want to talk a little bit about that and then actually how the process in terms of how an individual, I'm going to come to the event for sure, but how do I actually make a purchase and then can you talk me through the whole process of how do I get the card, how do I use it, what do I receive?

Zac Cheah: So, getting the card, there's two ways. One is to purchase it online through our website. The second way is to acquire from the merchant itself. So you can actually get the card through the merchant. Yeah, so we do have a card here. So you can actually get the card and then, this activated card at the merchant itself. So once you activate it in say for example, a restaurant in central area. So then you can also use that car anywhere you want with the support of our POS device. Our motto is to make it as open as possible. So we don't look at ourselves as crypto card company, but we want to support more crypto card company, more third party crypto wallet. We look at ourselves as infrastructural type of plate to support all of the crypto cards, multiple cards. In fact, also local e-money wallet card, because say for example, in Singapore you have your MRT card. We also want to support those kinds.

Tim Tam: That's interesting. So, you mentioned I can go buy the card online. I can go to a shop, whichever city you'll have a relationship or launching with to purchase a card. What do I actually pay for with the card? Can I pay in crypto, do I have to pay in fiat. How does that work? And then what do I actually get on the card as well?

Zac Cheah: Yeah, so you can actually pay with both crypto and also fiat. So it depends on the different jurisdiction. So in certain jurisdiction where a crypto payment is a very clear and very supportive. So you can then use cryptocurrency as a form of payment.

Tim Tam: For the card.

Zac Cheah: Yeah, using the card for whatever items. So you can use both crypto and also a fiat.

Tim Tam: Okay, got it. And then this is obviously an amazing kind of first step to bring all these merchants into the crypto world. So you can literally walk down the street, go to a coffee shop and use crypto to purchase it, which I'm super excited about because I think it's one step towards more widespread adoption. In the future, do you envision that obviously myself and the firm we hold crypto on exchange and in cold wallets. Do you see at some point and, I guess, when we can use some of that crypto to actually go down the street and for instance buy a television?

Zac Cheah: I think, Tim, you hit a very good point. So I think addressing daily purchases is one thing. Addressing crypto affluent is also a very good angle because the crypto affluent has Bitcoins. I mean he or she will be willing to spend Bitcoin to buy the next house. So I think that is also an angle that we're looking at very seriously, to allow people to just buy a big ticket item. So we hope that you will buy your the next yacht using our POS.

Tim Tam: Cool. I think it's very impressive as a crypto product that I can physically touch. Yes, definitely the first one.

Zac Cheah: Correct. And in fact, there's different kind of likes of payment methods. You can pay with cash, you can pay with a card. You can also pay really future crypto wallet. So it could be imaginary crypto wallet. So it could be imaginary crypto wallet that you can just tap on it and then you can just pay.

Tim Tam: Yeah. Awesome. Great. Well thank you for the demo and very excited to attend the launch and thank you for coming by our offices in Hong Kong and you know, sharing with CoinFi your expertise in the merchant area for crypto. And it's great to see a real live use case in the crypto space.

Zac Cheah: Yeah. Yeah. And we hope that we will be everywhere here.

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Tim Tam: Yeah.

Zac Cheah: Yeah, thank you.

Tim Tam: Thank you.

Nate Tsang: Thanks for listening everyone. We hope you got something out of this conversation looking at Pundi X's mission to bring crypto payments to retail. You can find the show notes for this episode at [coinfi.com](https://www.coinfi.com) including a video demonstration of the point of sale device that Pundi X is currently testing in retail stores. Thanks to Zac from Pundi X for taking time out of his busy day to share his thoughts on the future of crypto and retail. Be sure to hit subscribe and we'll catch you guys next time when the CoinFi Podcast.

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