

Mr Moneybags: Cash is still king for those who don't trust fintech upstarts

Richard Wazacz of Travelex is banking on people who want to pay the traditional way, writes **Ben Martin**

We have all the cash," Richard Wazacz said lightheartedly. A day earlier, when the Travelex chief executive hosted a visit to the foreign exchange company's British vault — at a secret location — it certainly may have seemed that way.

Processing more than £1 billion in cash every year and filled with orderly stacks of money in different currencies, the high-security site is one of eleven such vaults operated by Travelex internationally and is among the largest cash-processing facilities in the world.

At a time when the rise of contactless card payments and online banking has led to a slide in the use of physical money for everyday domestic transactions, Travelex's focus on cash may seem outdated. Yet many Britons want to carry at least some cash when they are overseas. "There is still a lack of confidence and comfort that your domestic payment methods will work when you travel," Wazacz said. "Cash is still a stalwart of travel. In the UK, 70 per cent of British consumers still say cash is their most trusted form of payment when they travel."

He is betting on the longevity of cash to power his turnaround of Travelex. Founded in 1976 by Sir Lloyd Dorfman, the business grew from a single currency shop in London to become the world's biggest retail foreign exchange company. A ubiquitous presence in airports with branches and ATMs worldwide, it was acquired by Bavaguthu Raghuram Shetty, an Indian-born businessman, in 2015 and later became part of his Finabl payments group, which was listed on the London Stock Exchange with a £1.2 billion valuation in 2019.

Three blows in quick succession brought Travelex to its knees. The first was a cyberattack on New Year's Eve in 2019 that crippled its computer systems and forced staff to use pen and paper. Then came an accounting scandal. Investors' confidence had been rattled that year by allegations of fraud against NMC Health, a London-listed private healthcare business also founded by Shetty. Finabl's share price tumbled as investors fled Shetty's businesses.

Soon Finabl was facing questions of its own when, in March 2020, it revealed that it had uncovered \$100 million of undisclosed cheques that may have benefited third parties, prompting the suspension of its shares from trading. The scandal intensified the following month when Finabl found that about \$1 billion of debt had been hidden from its board. Travelex was also hit by Covid-19, which in effect shut down the travel industry and forced the foreign exchange business to close its shops.

By August 2020, Travelex had fallen into administration in a pre-pack deal that involved the immediate loss of 1,300 jobs and resulted in the company's bondholders taking control.



Richard Wazacz at the foreign exchange group's high-security UK vault, which processes more than £1 billion in cash a year. "Cash is still a stalwart of travel," he said

Q&A

Who is your mentor? Throughout my career I've worked for some great people. There's literally too many people to name that I've learnt from

Does money motivate you? I think it lets you have the freedom to do stuff and look after your family but it's not why I work. It's one of the benefits of it

What was the most important event in your working life? Moving from big corporates to Octopus, I just realised what I liked doing

What does leadership mean to you? Creating

an environment and setting up all colleagues within a business for success

How do you relax? I do karate, I'm attempting my black-belt grading after Easter. I also coach under-12s rugby

What is your favourite TV programme? I'm watching *Slow Horses*. It's very good

Which person do you most admire? I admire lots of people for different things

CV

Age: 49
Education: chemical engineering at the University of Cambridge; MBA from

Columbia Business School
Career: 1997: engineer at Shell; 2001: studied for MBA; 2004: helped to build Heathrow Terminal 5 for BAA, ran baggage and logistics; 2007: worked at HBOS, which was later taken over by Lloyds Banking Group, where he was a director in UK private banking and wealth; 2011: started a life business for Prudential in Poland, then became strategy and corporate development director for assurance business in the UK and Europe; 2014: set up financial services businesses for Octopus; 2020: chief executive of BrickVest; 2022: Travelex chief
Family: Married with three sons

A painful restructuring, including further redundancies, ensued.

By the time Wazacz, 49, took charge in June 2022, however, the travel industry was having a post-pandemic rebound. He insists that it has left the scandals of the recent past behind: "We've taken the brand and we've taken the heritage, but all the stuff that we were tarnished by, that's all left behind in old Travelex. None of those actors have any involvement with the business today."

Its recent results are testament to its recovery. Net revenues at the

group, which employs about 6,000 staff, climbed by 24 per cent year-on-year to £534.2 million in 2023. It made a statutory, pre-tax loss of £34 million, but its adjusted earnings before interest, taxes and other charges increased to £58.8 million from £23 million in 2022.

It has a wholesale business, which supplies banknotes in bulk to customers including central banks and commercial lenders and its network of 11 vaults is key to this division. It makes most of its money from its retail operations, which

include pre-paid money cards and an outsourcing business that supplies cash and cards to partners including travel agents and supermarkets.

Although the industry faces disruption from financial technology upstarts such as Revolut and Wise, which provide international cards aimed at frequent travellers, Wazacz is bullish. These younger rivals "have created a proposition that serves a particular segment of consumers" who are "digitally savvy" and comfortable sharing their personal information on a smartphone or tablet. Travelex, which supplies more than 80 currencies, aims to serve those who are not.

Furthermore, although the business stretches from Brazil to New Zealand, he sees opportunities to expand it further in Asia and the Middle East.

Wazacz says, too, that there has been "huge investment" in improving the resilience of Travelex's IT systems. And he has focused Travelex on "going back to our roots" as a retail business that solves customers' travel money problems. Whereas before it may have taken a Travelex employee up to fifteen minutes to set up and sell one of its pre-paid cards, improvements have brought this down to less than five minutes. "My job is to set my colleagues up for success, that's it. And if I'm not doing that then I'm just a cost."

Wazacz originally was destined for a career in oil and gas. He is the son of Polish political refugees who fled to London in the 1970s and studied chemical engineering at Cambridge before taking a job at Shell. After five years there and unsure whether he wanted to spend his entire career in the oil industry, he left to do an MBA

at Columbia Business School in the United States. He ended up taking a job at BAA and helping to build Heathrow's Terminal 5. In 2007 he switched to retail banking and joined HBOS a year before its collapse and rescue by Lloyds Banking Group, where he stayed until 2011, when he left for Prudential.

He views his decision in 2014 to move to Octopus Group, the fund manager and venture capital business, as a turning point. Here he discovered a taste for entrepreneurialism.

While Greg Jackson built up Octopus Energy, Wazacz led the group's ventures in peer-to-peer lending and wealth management. Hit partly by the pandemic, these financial services initiatives faltered and Wazacz had to oversee job cuts. "I found it hard because I had to admit that it didn't work out as I'd hoped."

He then spent just over a year and a half running BrickVest, a financial technology company focused on debt financing in the commercial property sector, before joining Travelex.

He may next lead the currencies business through a change of ownership. Its shareholders are funds that took control as a result of its restructuring and are not natural long-term backers. "Once a business is recovered, they naturally want to redeploy that capital."

There was speculation last autumn that the shareholders were preparing to find a buyer. Wazacz said there was no process under way, but conceded a sale was likely soon. "It's quite natural that over the next 12 to 24 months our shareholders will be looking at strategic options to find longer-term equity investors that will invest in the long-term growth of the business."