

Meet Volume, rethinking the ecommerce payment infrastructure

As part of our quick fire questions series – or QFQs – we spoke to Simone Martinelli, cofounder of Volume about one-click checkouts, challenging legacy methodologies and the conviction and determination needed for success.

My co-founder, Krzysztof Tarnawski and I both come from a strong payments background. I was at Mastercard for several years and then moved to WorldRemit, where I met Kris. He had been at HSBC previously working on Open Banking.

WorldRemit is a money transfer app that enables immigrants like me to send money to friends and family wherever they are in the world. We were both highly motivated by its mission to create a more transparent financial ecosystem. But we knew that there was even more to be done.

From my time at Mastercard, I could see that the modern checkout experience is completely broken. Merchants fork out an extortionate amount in fees to accept payments. That's a cost that is ultimately passed on to the consumer under hidden fees. So, we started Volume, with the intention to kill internet payment fees, using open banking to bypass traditional payment middlemen and save money for both merchants and consumers.

Tell me about the business – what it is, what it aims to achieve, who you work with, how you reach customers and so on?

Can you believe that payment cards add \$800B extra to shopping bills annually? To give you a sense the scale, it would pay off the UK's entire £2.6T national debt in just over three years. It's like ecommerce has a 'hidden tax' in the form of payment commissions to cards and ewallets, often as high as 8%. And consumers don't realise this ultimately impacts on the prices they pay.

We want to make payments work for both merchants and consumers alike. Especially now that we're facing the threat of rapidly rising inflation, we want to finally bring transparency to this enormous market and remove any unnecessary spending from people's budgets.

How has the business evolved since its launch? When was this?

We founded *Volume* in May 2021, and bolstered its growth with a \$2.4M pre-seed round in April 2022 and we are piloting with the 50 most promising businesses in the UK

In November the same year we announced our “one click checkout” offering, openly targeting the billion-dollar payment providers like Stripe and Adyen, along with disrupting the consumer-end of the checkout experience in the Open Banking industry. The headline proposition is to checkout in just 1-click, exchanging money directly between ecommerce merchants and online shoppers – without intermediaries. That’s where we save consumers all those fees, as well as making for a better, faster, more secure transaction.

And in September 2022 we launched “Pay Now Spend Less”. This is the first payment solution to incentivise shoppers to pay with their banking app by offering an immediate discount at checkout on everything they buy. We reckon that, if all ecommerce intermediary fees were saved, shoppers could save £3.2B annually in the UK alone, with merchants gaining instant settlement and substantial reductions in fraud.

Tell us about the working culture at Volume?

We are an early stage startup, which naturally is not for everyone. That being said, we pride ourselves on our work culture which is created by finding people who hold the same core values:

Be bold. Volumers at all levels of an organisation have hard conversations, bold debate and respectful conflicts. These are necessary to get things done. Being reckless is not necessarily a bad thing in a fast-moving environment. We don’t review slides nor use PowerPoint, we review code base and working prototypes.

Move Fast, Tirelessly. Volumers focus only on problems that matter. Moving quickly and making mistakes is better than moving slowly and missing opportunities. If you want, you can and you will find a way.

Failing fast is the only way to cut losses.

Drive change, Whatever it takes. At Volume, we reach the goal, whatever it takes. We make our customers happy, whatever it takes. We change the world, whatever, it, takes. We don’t give up but we keep trying.

How are you funded?

I mentioned our April 2022 pre-seed earlier. That was \$2.4M in an oversubscribed deal led by *firstminute Capital* and joined by SeedX and Haatch Ventures. We are also lucky to have been supported by amazing angel

investors like Christian Faes (LendInvest) and Russ Carroll (ex-Klarna), who have extensive experience in the fintech and ecommerce industry. We've also been backed by TrueLayer, LendInvest, Klarna, MADE.COM, Mastercard, Visa and American Express.

What has been your biggest challenge so far and how have you overcome this?

We are trying to completely rethink the payment infrastructure and make it free from its hidden fees, but in order to do so, we need banks to collaborate and move quicker than they have done before. We have seen traditional banks starting to increase speed like Natwest for instance but more and more high street banks need to think like a FinTech.

How does Volume answer an unmet need?

The card providers' business model is falling apart. Merchants aren't prepared to put up with their inflated fees anymore. And consumers are getting smart to what's really going on. We are talking about taking out an \$800B annual tax that simply serves no practical purpose that benefits merchants or consumers. It's simply a legacy methodology that continues to tax, only because it has not yet been replaced.

The impact of high transaction fees on merchants became highly visible in a 2021 public dispute, now resolved, when Amazon threatened to stop the use of UK-issued Visa credit cards. Charge fees ranging from about 2% up to 8% on every sale to every business. That means, for every £100 spent on the internet, up to £5 is withheld by payment companies, whether the buyer is booking a taxi, ordering food, or buying a new t-shirt. Most businesses admit to passing these costs on to consumers. You'd think a cut that high would guarantee merchants get good service. But the money due to sellers can still take up to seven days to arrive in their bank accounts.

What's extraordinary is that payment charges are continuing to rise. For example, in October 2021 both Visa and Mastercard increased cross-border interchange fees on purchases in Europe.

Unnecessarily high payment fees are also contributing to consumers hesitating over purchases, with the number one reason for cart abandonment being price. For the average ecommerce store, reducing the price with Volume's Pay Now Spend Less could lead to up to 250% more conversions.

What's in store for the future?

In terms of technology, things move forward and there's always work to do. We are focusing on continuous improvement to make the checkout process even more seamless and transparent, as well as cheaper.

We are also exploring partnerships that extend beyond payments, such as sustainability in areas like carbon footprint reduction, cashback and loyalty programmes, and social network alliances. And we have more in store for 2023.

What one piece of advice would you give other founders or future founders?

Don't do it! Just kidding - go and get it. Conviction and determination are the secret for success. If you mix these with the ability to execute at speed, then you have the perfect ingredients for success.

And finally, a more personal question! What's your daily routine and the rules you're living by at the moment?

As a startup founder, every day is different, and sticking to a specific routine is hard. Although, I understand the importance of starting your day right - as Tim Ferriss says, "win the morning, win the day". So, lately, I have been doing yoga in the morning, which has helped me to feel energized and positive throughout my day.

Simone Martinelli is cofounder of *Volume*.