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New bill-paying franchise to start operation soon

Sharif Haron

PETALING JAYA, Sun. - A new franchise business concept will be hatched, matched and despatched when The Royal Mint Exchange Sdn Bhd's first outlet opens in SS2 here next month.

It will be a one-stop centre like no other, offering a wide range of services from bill payment to business advisory, merchandising and coin distribution.

By the end of the year, RMEx hopes to have 23 outlets in various parts of the country, operated largely by former employees of financial institutions, and insurance and stockbroking companies.

The idea is to provide a viable business proposition to bank staff who have been laid off following the consolidation of the banking industry, said Datuk Megat Wahab Megat Abu Bakar, managing director of The Royal Mint of Malaysia, which owns 50 per cent of RMEx.

Other shareholders of RMEx, incorporated in January with an authorised and paid-up capital of RM10 million, are public-listed company HeiTech Padu Bhd (20 per cent), Khazanah Malaysia Bhd (10 per cent) and the management (20 per cent).

The RMEx outlets will be run on the owner-operator concept, with RMEx being the franchisor.

Providing the IT system is HeiTech Padu, which also provides IT systems for the likes of Pos Malaysia and the Road Transport Department.

RMEx believes there is room for a network of 2,000 outlets nationwide eventually, and has targeted the opening of 100 to 150 a year. With four partners to an outlet, up to 8,000 new entrepreneurs could be created through the franchise scheme.

"The idea was mooted and put to us by the Prime Minister (Datuk Seri Dr Mahathir Mohamad)," Megat Wahab said.

He said Dr Mahathir was concerned about bank staff losing their jobs following the mergers and consolidation exercise in the financial sector, made necessary after the lessons from the regional economic difficulties of the late 90s.

"With this scheme, those who opted for the voluntary separation scheme (VSS) will have the opportunity to put their specialised skills to better use, than selling nasi lemak, for example," Megat Wahab said.

The RMEx has a database of 2,500 former banking industry staff, obtained from banks which have carried out VSS. Of these, about 500 have been invited to attend briefings on the new franchise scheme.

Megat Wahab said at the same time, there was a need to look into the specific needs of small business people, many of whom had complained that banks had little time to attend to their needs.

These small business operators will soon have the right experts to help them prepare the paperwork for loans, and even guide them on how to develop their ventures further.

RMEx managing director Datuk Nik Mohd Amin Nik Abd Majid said a typical full service outlet (the smaller kiosk outlet is another option), offering the full range of services, would involve a capital investment of RM250,000.

The four partners who form a private limited company, the franchisee, are to come up with the paid-up capital of RM100,000, with the balance coming from CGC or other financing.

A franchise fee is imposed by RMEx, which is a percentage of the

franchisee's monthly gross revenue.

The franchisee, meanwhile, gets a fee on bill payment from the bill principals such as utility companies and local authorities.

It gets revenue from the sale of merchandise such as commemorative coins, stamps, gift items and courier dockets, loan management, and wealth management (sale of unit trusts, insurance and other investment products).

For maximum accessibility of their extensive services, the outlets will be established at high human traffic areas such as shopping malls, office complexes or shophouses.

They should ideally provide services from 10am to 10pm, seven days a week to offer convenience to the customers.

"But we will be flexible," said Nik Mohd Amin. "In shopping malls, the outlets can perhaps operate until 10pm, but in other locations this may not be possible."

New services will be added from time to time at the RMEEx outlets.

Financial planning is expected next year, to help individuals manage their Employees Provident Fund savings upon retirement, for example.

RMEEx also plans to introduce ticketing services next year. Selling prepaid cards (for mobile phones) is also being considered.

In future, the outlets could also become government information centres, collection centres for various government forms and university entry forms, zakat centres or as Formula One ticketing outlets. They can even become voters' registration centres.