

Money Changer

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Mr. EM wrote me: I would like to put up a money changer business. How do I run such a business? How do I get a business permit? Are there seminars and training for this? Can I establish this business in our barrio beside our sari-sari store because it is expensive to set up an office in the city. I hope you will give me advice.

When I receive questions like this, I feel helpless because I know that the person asking for advice really wants to help himself and just doesn't know how to start. However, it is really difficult to answer specific questions about businesses when I do not know anything about the personal and financial situation of the person asking. Does Mr. EM have a personal financial plan? Is Mr. EM thinking of investing all his money in this business or does he have a lot of money and this is only part of his investment plan? How much risk is Mr. EM capable of taking?

Each business is unique in itself and a business cannot be taught to a person. The person who wants to set up a business has to really want that particular business and learn how to go through it.

As I keep saying, going into business is the one of the most, if not the riskiest investment. It is said that less than 15 out of 100 succeed in start-up businesses in the first five years. Those who succeed are usually the truly passionate ones about the specific business they enter. Their passion makes them really look for ways and means to learn the business on their own. Maybe, even before they go into training, they need to find a way to observe how the business is operated and perhaps look for a way to be an apprentice.

For the money changing business, you will need a license from the Bangko Sentral ng Pilipinas and of course from the SEC o Securities & Exchange Commission. You can also get other permits or clearances from the Department of Trade and Tourism.

Aside from the foregoing, you really need to ask yourself if you have the capability to run this type of business. A money changer has to be very careful in recording transactions. He has to be knowledgeable in foreign exchange trading which is a very difficult to acquire experience in. Even if there is a seminar, experience is most important and that only comes with practice, time and the network of investors and other traders in foreign exchange. The profit is small for every peso exchanged. Thus, it is most important to have a big volume of transaction daily and weekly. It is easy to lose money if you are not experienced. You also have to keep actual cash with you always and this is a big security risk. The capital needed for this type of business could be large depending on what your plans are.

Ref.: <http://goodnewspilipinas.com/2008/04/07/money-changer/>