

*diffusetap*  
Virtual Event Series

# How to Kill the Money Transmission Business

*Guest Speakers:*



**Todd Crosland**  
Founder & CEO  
CoinZoom



**Fiona Naughton**  
Chief Marketing Officer  
CoinZoom

*Hosts:*



**Kenny Estes**  
CEO & Founder  
Diffuse



**Ayla Kremb**  
COO & Co-Founder  
Diffuse



## DiffuseTap: How to Kill the Money Transmission Business

Last time on DiffuseTap, Todd Crosland and Fiona Naughton of CoinZoom talked to us about how the concept of zero transaction fees has today become a feasible reality, how CoinZoom makes money without fees through its partnership with Visa, and how Blockchain is promoting equity on a global scale through this innovative new business model.

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### DiffuseTap

This networking session is part of our weekly virtual events series. Networking (you'll bump into at least a dozen high caliber fund managers) meets purposeful (you'll tap into brand-new sources of ideas)... straight from your armchair like a boss.

### Meet the Speakers



TODD CROSLAND is a fintech and blockchain entrepreneur with 20+years of experience in financial services, investment banking, and venture capital. Todd is the Founder of [CoinZoom](#), a global digital currency trading brokerage firm.

Linkedin: [@toddbcrosland](#)



FIONA NAUGHTON is the Chief Marketing Officer of CoinZoom. A marketing veteran of almost 30 years, Fiona has helped build innovative products and created marketing strategies for global brands like PayPal, Robinhood, and Blackberry, among others.

Linkedin: [@fiona-naughton](#)

### About Diffuse

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**KENNY ESTES:** Todd and Fiona, thank you very much for joining us. Todd, do you want to start by telling the good folks a little bit about your background and what you operate over at CoinZoom? And then we can pass it over to Fiona.

**TODD CROSLAND:** Great. So great to be here. Appreciate you for inviting us, Kenny. Todd Crossland, CEO and founder of CoinZoom. I have been in the regulated brokerage firm space for a couple of decades. In 2001, I founded a futures and commodities brokerage firm called Interbank FX. We grew Interbank to be the fourth or fifth largest in the world of our kind, doing about 80 billion a month in trading volume. In 2012, we sold the firm to a large Japanese brokerage firm.

And then, we started a broker dealer in 2014 called CoinZoom Securities. And then in 2018, we incorporated CoinZoom Inc., which is the digital asset exchange. We spent a couple of years going through building the technology, and we had to get the money transmitter licenses in all the various states as a registered money services business. We launched in 2020. A couple of key products we offer are fiat-to-crypto, crypto-to-fiat on and off ramp.

We issue coins on Visa debit cards through a partnership with Visa. You can walk into a Starbucks, swipe your Visa card, and select if you want to spend Bitcoin, Ethereum, or SHIB coin. You're spending crypto out of your wallet, and we convert it automatically for you. And then, another big push for the company right now is we're expanding that partnership with Visa, to not just be in the US. We will have our Visa card available the first of June in 150 countries.

We have created that technology, and we call it ZoomMe which is like Venmo or Cash App, where you can send USD to friends. We also have a global remittance feature in ZoomMe where you can send USD or crypto instantly and free anywhere in the world. If you were reading the World Bank report on money remittances, that is about \$850 billion a year market. Western Union MoneyGram charges around 7% on average to do remittances. We do it for free.

You can send USD or crypto instantly for free to friends and family around the world. They just need to have our app. We view that as our biggest opportunity, and we're really focusing on leveraging blockchain technology, leveraging our experience and our partnership with Visa as well.

**KENNY:** That's great. That sounds interesting, and we look forward to digging more into the dynamics of how that actually works. But first, Fi, please tell us about you.

**FIONA NAUGHTON:** Hey. Thanks, Kenny. Hi everybody, my name is Fi, or Fiona when I'm naughty. I have a rich history in FinTech, most latterly, Paypal from 2015. I guess that was my first flirt with crypto. From there, I went on to Meta's Libra to work on the rebranding to Diem. And we all know how that went. From there, I thought life was too boring. So I joined Robinhood.

We had GameStop and IPOs, and all sorts of things going on there as well. From there, I went on to CoinZoom, where I'm the CMO. The common thread running through all those things is that we need a



better system, and that it's very expensive to be poor. There are so much things that we can do with a blockchain.

CoinZoom, to me, had this embarrassment of riches around the product side. We attach a free remittance product with a Visa debit card, where you can get rewards in crypto for your spending. So rather than your usual cashback, you're instead building up a crypto position with zero risk to you. We can now see that it doesn't matter who you are. The one thing that blockchain does is it unites the billionaire with the refugee, in that it tackles the things that make money difficult – waiting, fees, identity, privacy, security, and all of those things.

What crypto can do is find ways that no matter where you are in the world, we can create some sort of leveling of that unbalanced system. That is why I do what I do every day. And I say that with CoinZoom, we have the ability to create a little personal ATM for everybody, where they can get money instantly. They can spend it on a card instantly.

If you're sending money to mom back home, where you come from, or even across the state, she has the ability to be able to buy food, medicine, whatever she needs that day in an instant. That truly is something that is changing human stories.

**KENNY:** Amazing. I like that inspirational touch as well. We have questions in the chat, which are great and framing questions. Maybe we'll go back to you, Todd. How are we doing this for free exactly? How does the economics work for you guys?

**TODD:** We are not nonprofit. It's a regular Delaware C Corp. But what we do is, through our partnership with Visa, we earn interchange when customers spend on the debit card. Let's say it's about 1.5%. For instance, you have family in Colombia, Mexico City, the Philippines, and you send them \$100 per week. If you're doing that on Western Union Money Gram, or PayPal, you're paying upwards of 7% in fees.

We do it instantly for free when that person spends on the CoinZoom card. With the remittance they received, we do make interchange back from Visa. It's free to the sender, it's free to the receiver, plus the receiver earns crypto rewards. We earn revenue when they spend the remittance on their cards.

**KENNY:** Okay, that actually makes a lot of sense. Fi, anything you want to add to that?

**FIONA:** So obviously, we're an exchange. We also have the core business of commissions and fees on the exchange business. Being US-registered and having done the hard yards, we are also very cautious on the regulation side. We're a very safe place to keep money. We found that as the crypto winter hardened and got colder, we actually had a flight to safety and security where we got more assets under management because of how we do our business.



**KENNY:** I'm a big fan of trying to do crypto in a regulated manner, and RMO as well so you're in good company. Jake has a question. Network fees. Actual on-chain gas fees to do the transactions themselves. Those can add up, certainly if you're doing it on Ethereum. What chains are you currently working with, and how are you managing the Fee Management?

**TODD:** So, what we've built with our system is an off-chain transfer. With the sender and the receiver both having downloaded our app, we avoid gas fees. If you're sending Bitcoin to family in Korea, that can take four confirmations, which can take an hour. That depends on network congestion, etc.

It can be \$40, \$50 for Ethereum. It's getting slightly better. It was quite expensive this morning to send Ethereum. What we've done to make this instant and free is an off-chain transfer with ZoomMe. So, if you send USD or crypto to your family in the Philippines, it's off-chain. It's an instant transfer, and it's basically a ledger transfer. We avoid all gas fees with the way that we've designed our free remittance product.

**KENNY:** But eventually, you have to actually write the transaction on a chain somewhere, right? It sounds like you're doing the off-chain aggregation, but it's only a layer two, so eventually you have to codify it with the actual on-chain ledger. How does that work?

**TODD:** Yeah. So, say you send \$100 in Bitcoin to your family in the Philippines, and then they go spend it at a grocery store in the Philippines on their Visa card, that instantly gets converted to USD. And then, that will be an on-chain transaction. The CoinZoom exchange converts it to USD. That's where that will take place, at the time of the purchase.

**KENNY:** Okay, is the FX conversion another revenue stream for you? Is there a small upcharge on facilitating that last mile?

**TODD:** Yeah. That's a hidden charge of the Western Unions of the world. Holy cow. I mean, you could drive a 747 through the spread that they charge for FX. But Visa has a very competitive FX structure. We just pass on the rate that Visa does, and we think it's much more fair than what you would get from the MoneyGrams of the world.

**KENNY:** Okay, so these things are a little vague on the FX, I'm sure. But you're just passing that straight through, which makes sense. Maybe we will take a couple steps back here. You talked about Western Union MoneyGram, and I think the net in many transactions is 10% to 14% in fees to do international remittance. Why can they do that? What drives that level of spread, to use your term?



**TODD:** Well, I think, these are really big legacy companies. If you look at Merrill Lynch, Charles Schwab 15 or 20 years ago, they were charging 25 to 50 cents per share to trade stocks. And that went away when Robin Hood came in, and it really changed the market. Now, online stock trading is basically free.

And you saw the same thing with AT&T, with the rates they used to charge. And then, competition came in. Also, we know real estate brokers have always been charging 6% on sales commissions. But recently, not anymore.

And so, we think that this is a watershed moment. Our team's goal is that we want to eliminate about \$50 billion a year in remittance fees. And as Fi mentioned, these are the people who are paying 7 to 10% remittance fees. They're the ones that need it the most.

If we can do this instantly for free, and plus they can earn a reward and become, like Fi said, their own ATM where they have both a virtual and physical Visa card, then we think we're giving a leg up to a lot of people around the world. I think it's just a matter of time.

I think within the next three to four years, it's going to change. And we think that what we are offering is already getting traction for us with millions of dollars a month going in remittances via ZoomMe. We think it's just going to do nothing but grow, especially with our debit card going out to 150 countries.

**FIONA:** Kenny, what happens out there as well is that it's so disintermediated, that there is an opportunity to charge it at every step. You walk in to send some money, you get charged. You go to a cash pickup, you get charged. And the fact is that now you know the cash is there, you're in a hostage situation.

So quite often, there are extra charges there, or there is a sense that you have to bring all your important documents to perhaps a sketchy place in town to go and pick up some cash. The whole process itself is one of the most insidious when it comes to delays, waiting, fees, and going to unfamiliar places to walk out with some cash. The vulnerability of that is quite high.

**KENNY:** Okay, you touched on vulnerability and this international play. I think a lot of the promise of crypto is difficult to recognize or appreciate here in the US because we have a financial services system that just works, and it's dirt cheap and efficient. Or, we can use a credit card. So for crypto, I think you have Venezuela and Argentina, where you might have a slightly different perspective on things. Is that the target audience for you here as well? What are the countries you're really targeting, who are really primed for this type of solution?

**FIONA:** Half of our business is in the US, and half is international. And I think it isn't just for the underserved and underbanked. I think the way the financial system can be stacked against hardworking people is ridiculous. It's the sense of when they debit your current account so that you go overdrawn to get the fee, to get the letter, which you also get charged for, etc. Those are first world problems.



They're not just for people who are valuing every single dollar and sending as much home as they can. And so, it's almost a bimodal sense of the customers we have right now. Some of the really savvy, very switched-on people who understand where they want to be in their future self. And then, they're building up a crypto situation and then taking an opportunity to earn crypto at any stage they can.

And often, these people are college-educated with high, \$150,000 or more incomes. And then, there are also the people where that \$20 makes the difference between how many meals you have that weekend, or whether the kids can go to school that week if they pay for school in the country they're in.

I think it's probably a false dilemma to think this is just for the underserved or underbanked. There are actually benefits across the financial system for everybody by using the way that the free movement of money can help people.

That said, we see the same main corridors as everybody else. Mexico, India, Philippines. We do a lot over into Southeast Asia. We have that lovely moment on a Friday afternoon, where we see a lot of ZoomMes go out, where people are just sending money home for the weekend for their families. It is a human story, really.

**KENNY:** Makes sense. Todd, maybe a slightly more technical question for you. How do people actually interface with this? Is there a mobile wallet involved in this? Is the primary on-off ramp the Visa debit card? Or are there other ways where they could actually get physical cash out? How does that actually work?

**TODD:** Right now, there is an [iOS app](#) and an [Android app](#). It's a really straightforward and simple app. There are pro features as well, if you want to do different types of orders. But as far as on-ramp, you can on-ramp with Apple Pay, Google Pay, debit card, credit card, wires, ACH, or crypto than off-ramp.

You can request a wire, you can send crypto, or you can just spend it on your CoinZoom Visa debit card. Or, you can also withdraw to your own debit card. Let's say you're in Munich, Germany. It's Saturday afternoon and you have our app. Do you want to withdraw \$5,000 to your debit card? We have something called CoinZoom Instant, and you can just withdraw it to your own debit card in about five seconds. It's on your card to use that minute. We have really good functionality that way.

Talking about remittances, you mentioned some countries in Latin America like Argentina, where crypto comes into play. Some of these countries have high inflation rates, like Argentina. The inflation rate is about 10% a month. And so, you don't want to hold Argentine pesos for very long.

If you've got a family in the US and you want to send \$100 a week, you can also send them a stable coin USDC or USDT. They can hold it into stable coins so that it's not going to depreciate by the minute, like their Argentine peso. And then, when they spend it on their debit card, they're just spending that current dollar value. We think that crypto and our remittance system checks a lot of boxes like free remittances, ease of use, and it also helps high-inflation countries. It really covers the whole gamut.



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Senior Partner at AgilityIO

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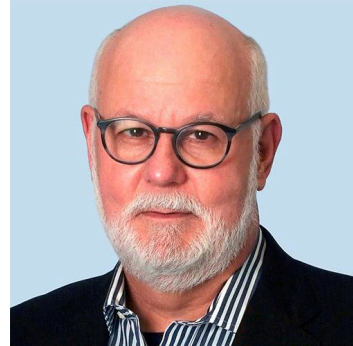


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