

Buying drinks for a band: the birth of payment service Venmo

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In this Feb. 21, 2017, image made from video, Iqram Magdon-Ismael works in his music studio at his new startup, in New York. Magdon-Ismael is the co-founder of Venmo, the payment service that allows people to send each other cash for any purpose whatsoever. (Dave Randag/VERITE via AP)

It only took a few drinks—and a much-younger Iqram Magdon-Ismael forgetting his wallet at home one night—for him and his friends to come up with one of the most popular ways of splitting a bill: Venmo.

Magdon-Ismael is the co-founder of Venmo, the [payment service](#) that

allows people to send each other cash for any purpose whatsoever.

He spoke with the AP about how Venmo got started and how his unique upbringing helped spark the concept for Venmo, which is now owned by PayPal. Below are the highlights of the interview, edited for length and clarity.

Q: How did you and your co-founder come up with the idea for Venmo?

A: We came up with the idea over a series of brainstorming sessions. The first one was at a bar in Philadelphia where my friend was playing with his band. There's a common thing bands do where they pass a tip bucket around, and they were asking for everyone in the audience to give them cash to buy some beers at the end of the night if you enjoyed the show. And (Andrew) Kortina and I, the other co-founder of Venmo, were wondering about ways to tip the band without having to go down and put cash in the bucket, and that's kind of where the original idea for Venmo started.

We kind of let the idea sit for a while. About two or three weeks later I went up to visit him in New York and we were just hanging out. When I left my place I forgot to take my wallet. I had my BlackBerry with me, and then that's kind of when this behavioral concept of people always carrying their phones everywhere they go started to click with us.

Q: As a kid, were you entrepreneurial? Were you into coming up with [business ideas](#)?

A: I was kind of into more of the arts and entertainment than I was in entrepreneurship, actually. I did a lot of theatre and music growing up. I was born and raised in Zimbabwe and then I moved to Zambia and Uganda. It was only when I was 14 that I moved to America. With my time in Africa I didn't really have sort of these aspirations of building

companies. However when I got to America I moved to Virginia—Fairfax County—and eventually I went to Langley High School, and I started to be surrounded by a lot of kids that had parents that were building their companies and starting companies.

Q: When you think about financial transactions, you typically think about this assurance of privacy and security. Do you think that some of the privacy and security issues are less important to millennial customers than they were to maybe an older generation of traditional banking?

A: No, no, no. I think privacy is very, very important, in fact, in Venmo it's also very important. On Venmo you can be completely private. You can make all your payments private. It's just, I do think millennials are more open to sharing things about themselves, however there are millennials that want to be completely private and they should be allowed to do that.

Q: You were acquired by Braintree, who sold you to PayPal. Do you have any regrets about selling the company or that initial acquisition?

A: I have no regrets about selling the company to Braintree or PayPal. I think it was really, really good and a really, really good outcome for the people of Venmo. A lot of people have asked me in the past, 'you think you could've made more money if you just held on to Venmo a little longer?'

The way I tell it, Braintree saved Venmo's life. We were in a very bad financial state right before the acquisition to the point where Braintree actually paid our salaries in advance because we didn't have enough cash in our bank account to cover our expenses, and I think we couldn't have wished for Venmo anything better than that acquisition.

Q: Any advice that you'd give yourself during that period of hardship,

looking back at that experience now?

A: Have faith. I tell myself all the time. Just kind of follow your instinct and your gut and believe in whatever you're working on or doing or thinking about. Sometimes I need to remind myself that that's the best approach to living. That's advice I give myself almost every day.

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