There were many complementary business aspects that made this new venture ideal, he notes. SK Jewellery’s existing expertise in diamonds and gold was crucial. “We know how to value the items. That’s the most important.”

“If you want to open a pawnshop, you need reliable staff,” he adds. This includes not just staff with expertise in the jewellery trade, but also those in customer service. The group’s experience in retail also meant they were well-equipped to handle unredeemed pledges or items sold directly to MoneyMax. The rate of unclaimed pledges is low, at under 3 per cent, but “not everyone wants to pawn and redeem, some just want to dispose of the items”. This meant adequate scope for a business model that incorporates a retail marketplace.

The pre-owned market has one important advantage that makes it attractive, particularly for collectors: “It allows you to get items that are no longer available.” These might include limited edition luxury watches, or models that are simply no longer in production.

However, “it was hard at first” to go from jewellery retailing into pawnbroking. “You are totally new to this business.” But MoneyMax found ways to set itself apart. It offered a one per cent interest rate – lower than the prevailing 1.5 per cent rate. It opened multiple branches, and obtained approval from the authorities to offer longer hours than the norm, staying open till 8pm so customers could visit after office hours.

And of course, its image was a far cry from that of the traditional pawn business. The stores have a “three-in-one concept”, says the group chairman. From the outside, the clean-cut, brightly-lit signage aims to resemble that of financial institutions: a professional, established look, to give customers confidence. Step inside, and one is surrounded by a familiar retail environment, with attentive staff and attractive jewellery displays. The pawnbroking window is placed at the back of the outlet, to provide “maximum privacy for customers”. Instead of unfriendly metal bars, only a clear glass panel separates the customer from the staff. This is in contrast with traditional pawnbrokers who “stand on a platform behind the screen and look down at you”, in an intimidating display that reduces the customer’s bargaining power. “We want to act like a consultant, a friend,” he says. The friendly approach is also in line with the
more optimistic gloss that he puts on the act of pawnning items. “Going to a pawnshop isn’t always because the customer has fallen on hard times.”

Customers could be seeking funds for investment or business opportunities, for contributing towards the cost of a property, or even for a travel holiday, he says.

GOING FURTHER
MoneyMax has done some travelling of its own. In 2014, it expanded to Malaysia with the help of a partner there, and now has 28 outlets in the country. To make this move possible, it was important to first “create a proven business model” in Singapore. Then, given the limited nature of the Singapore market, it made sense to go overseas. “Once we have a proven model, we search for new markets.”

In pawnbroking, a trade so reliant on reliability, the squeaky-clean Singapore brand is an asset, he adds. "The Singapore brand has a reputation for honesty, especially within the other ASEAN markets.”

Another new frontier that MoneyMax explored was cyberspace. This began in 2015, when it started offering online valuation services. On MoneyMax’s website, customers can submit a photograph of their items for an initial estimate.

The same year, MoneyMax opened an online store for its retail items. In April 2018, this was rebranded to look more like an upmarket e-commerce site for fashion accessories, under the brand Love Luxury by MoneyMax – the same brand used at the physical stores.

The next step, he says, is to link the SG e-Auction on May 9, 2018. Aimed at traders in ASEAN, the site focuses on areas where MoneyMax has expertise: luxury goods, and gold and diamond items.

MoneyMax and Aucnet partnered to launch SG e-Auction on May 9, 2018. Aimed at traders in ASEAN, the site focuses on areas where MoneyMax has expertise: luxury goods, and gold and diamond items.

Besides serving as an auction platform, it provides inspection and evaluation services.

The next step, he says, is to link the SG e-Auction to Aucnet by the start of the third quarter of 2018, giving traders on both sites access to the other side’s offerings.

Compared to a business-to-customer model where there is a need to actively woo customers, one advantage of going B2B is that as long as your offerings are good, firms “will come and buy from you”.

Indeed, at the launch on May 9, many congratulatory flower arrangements were sent by trustworthy pawnshop rivals. “Blazing a trail, MoneyMax might well be helping the whole industry move forward.”

Going online is also part of MoneyMax’s efforts to appeal to younger customers. Another major move to woo that demographic was taken in 2016, when the company entered territory that was relatively unheard of for pawnshops: branded luxury goods such as handbags.

In pawnbroking, a trade so reliant on reliability, the squeaky-clean Singapore brand is an asset, he adds. “The Singapore brand has a reputation for honesty, especially within the other ASEAN markets.”

Another new frontier that MoneyMax explored was cyberspace. This began in 2015, when it started offering online valuation services. On MoneyMax’s website, customers can submit a photograph of their items for an initial estimate.

The same year, MoneyMax opened an online store for its retail items. In April 2018, this was rebranded to look more like an upmarket e-commerce site for fashion accessories, under the brand Love Luxury by MoneyMax – the same brand used at the physical stores.

The next step, he says, is to link the SG e-Auction on May 9, 2018. Aimed at traders in ASEAN, the site focuses on areas where MoneyMax has expertise: luxury goods, and gold and diamond items.

Besides serving as an auction platform, it provides inspection and evaluation services.

The next step, he says, is to link the SG e-Auction to Aucnet by the start of the third quarter of 2018, giving traders on both sites access to the other side’s offerings.

Compared to a business-to-customer model where there is a need to actively woo customers, one advantage of going B2B is that as long as your offerings are good, firms “will come and buy from you”.

Indeed, at the launch on May 9, many congratulatory flower arrangements were sent by trustworthy pawnshop rivals. “Blazing a trail, MoneyMax might well be helping the whole industry move forward.”

Going online is also part of MoneyMax’s efforts to appeal to younger customers. Another major move to woo that demographic was taken in 2016, when the company entered territory that was relatively unheard of for pawnshops: branded luxury goods such as handbags.