

# Payments in Africa - the tipping point

In its current format, point of sale (POS) technology stands to exclude the mass market, say FinTech experts from mobile banking innovator, WIZZIT International.



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“Technology is advancing rapidly and, thus far, payment authorisation innovation has been screamingly successful – think Uber, Netflix, Airbnb or Amazon,” says Dirk Bruynse, chief operating officer, WIZZIT International.

“But I’d challenge anyone to attempt using these platforms with cash. They’re simply not built with cash in mind. The problem is, mass markets in emerging countries are still heavily reliant on cash.”

Although POS integration in these formats serves the upper end of the market, making payments safe, convenient and swift, it leaves a vast majority of the population unserved in third world countries.

## Lost in transaction

Bruynse ventures a guess that unless banks and retailers explore alternative POS technology that accommodates the underserved and unbanked, the mass market in Africa will never feel the benefits of this innovation.

Never mind the fact that the majority of these POS systems require expansive and certified hardware, as well as data

connectivity to operate, which isn't realistic in rural parts of Africa.

"In Spain, there are around 3000 POS systems per 100 000 people. In Brazil, around 1500. In Mexico, 450. And in Ghana? There are four POS systems for every 100 000 people. Banks and retailers don't seem to be acutely aware of the opportunity that exists to tap into this market."

Small traders across Africa can't afford the costly investment hardware and software for POS, observes Bruynse. For POS innovation to be adoptable, they need a solution that's operable through two mobile phones – and not necessarily smartphones at that.

## **Making it mobile**

Add to this the fact that if they find the right FinTech partner to implement the solutions, banks and retailers can design POS platforms for which the user doesn't necessarily need a bank account in the traditional format – they can use a money wallet function.

As long as the customer can authorise a payment and a merchant can receive confirmation the money has been transferred, the system serves its purpose. It's a relatively uncomplicated process, if it can be designed and implemented quickly.

"Truly innovative POS technology allows anyone to become a customer or a merchant. It gives the freedom to pay and be paid at any time, from anywhere. It's so much more than paying for coffee, cabs or couture. It has the potential to disrupt emerging markets and change how the masses operate – ultimately driving towards safer, cashless communities."

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