

Nigerian start-up, Mastercard deliver cashless online shopping payment

Within an African e-commerce sector which is plagued by cash, with the majority of payments still being made in cash at the point of delivery, Mastercard has partnered with Nigerian tech start-up NetPlus, to develop an e-commerce solution that will help make cash a thing of the past, for e-retailers and consumers alike.



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The Mastercard e-commerce solution empowers the consumer, the e-retailer as well as the delivery service by providing a simple and secure digital solution. Consumers can pre-authorise the payment when placing their order online, the e-retailer is given a sense of comfort and dispatches the goods via a delivery service who is able to use the Mastercard e-commerce app to authorise the release of the payment once the consumer approves, ensuring the merchant is paid immediately.

A key feature is that if the consumer is dissatisfied with their package the transaction can be voided and the funds immediately released, so there is no delay – one of the biggest points of frustration for consumers buying online in Africa.

This is a giant leap forward for the online sector, which is predicted to generate yearly e-commerce sales in Africa of \$75bn by 2025. In Nigeria alone the sector generates over \$1bn every year and continues to grow exponentially. The biggest challenge facing online retailers is cash, as it poses logistical issues and puts the consumer, merchant and delivery service at risk. Digitising the sector will ensure efficiency, transparency and security.

“Cash has held the sector back from reaching its full potential in Africa,” says Omokehinde Adebajo, vice president and area business head for West Africa at Mastercard. “We have invested a great deal of energy and resources to develop a workable solution that will meet the diverse needs of merchants and consumers across the continent, and world. It is fitting that our partnership with NetPlus, an African-born tech company, has resulted in us achieving our goal of digitizing the e-commerce sector.”

Wole Faroun, founder and CEO of NetPlus explains that the solution reduces the online purchasing process to a few simple steps:

Step 1: The buyer (consumer) completes an online purchase and pre-authorisation is placed on the funds until the goods or service is delivered. The money is not taken out of their bank account, but is simply held until delivery is made.

Step 2: The seller (e-retailer) will dispatch the goods with help of a delivery service, the delivery service will have access to the Mastercard e-commerce app on either their mobile or tablet. This allows them to complete the transaction on behalf of the e-retailer once the delivery has been completed. This ensures the funds flow directly to the e-retailer and that the delivery service does not handle cash unnecessarily.

Step 3: On delivery the consumer is able to inspect their goods and confirm if they are satisfied. The transaction is then verified on the app by the delivery service representative, and as an extra security measure the consumer will enter the last four digits of their bank card to complete the transaction. If the consumer is not happy with their package, because they received the wrong size for example, the transaction is immediately voided on the app and the money immediately reflects back in their bank account.

“The solution comes with extensive benefits for merchants and consumers,” says Faroun. “For e-retailers, the pre-authentication reflects commitment on the part of the consumer to the purchase, as well as guarantees real time payment and improved liquidity. Consumers benefit from renewed confidence in online shopping, peace of mind as the payment is only processed on delivery without the need for cash.”

Particularly exciting about the partnership between Mastercard and the tech start-up is the fact that NetPlus is the first African start-up to be selected by the Mastercard Start Path programme. The initiative is open to start-ups from Africa and across the world who are rethinking banking and payments and who are well established already, having secured significant investment. During a six-month virtual programme, Start Path provides start-ups with the operational support, mentorship and investment they need to develop the next generation of commerce solutions and grow their operations.

NetPlus was one of five start-ups chosen globally for the last programme of 2016, and Faroun along with his team have already benefited from knowledge sharing and mentorship sessions in New York, London and Singapore where they were able to meet with other start-ups and Mastercard customers. The Nigerian tech company proves that there is tremendous talent on the continent and that start-ups are contributing significantly to the growth of Africa.

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