

# PayGate embraces unbanked market

Although e-commerce is growing fast in South Africa and across the continent, the majority of the population in African markets is still excluded from buying online.

This is no fault of online retailers or service providers - it is simply because many South Africans (and Africans) do not have their own bank account or a credit card. Research group McKinsey have projected that around 80% of the continent's population is not connected to formal financial services, while MasterCard says only 2% of retail transactions in Africa are electronic.

Without a credit card or access to formal financial services, buying online is near impossible. This will soon change, however, with the imminent introduction of CashPay - a new service offered by payment gateway provider PayGate.

"With CashPay, which represents a first in the market, consumers who need or want to pay by cash can still make the initial transaction and purchase online," explains

Brendon Williamson, general manager of business development at PayGate. "With this service, we are enabling many more people to participate in the e-commerce boom - thereby boosting online retailers who have not previously had access to certain market segments."

He says that consumers will go through exactly the same process online, using the Shopping Cart functions available on e-commerce websites, for example, but they will soon have the ability to select CashPay as the payment method if they don't have a credit card. The CashPay function will generate a bar code for the product or service being purchased, which the consumer can either print or simply present on his mobile device to a participating retailer. After scanning the bar code, the retailer will then require a cash payment - and once the cash payment has been made, the online merchant will receive a secure notification to release the product/goods in question.



Brendon Williamson

According to Williamson, CashPay is supported by some strategic partnerships with large retailers that are able to facilitate the CashPay transactions. With these partnerships in place, PayGate plans to offer CashPay in other African markets - many of which are still 'cash-based' environments.

As more and more consumers look to buy products and services online - and particularly from their mobile devices - services such as CashPay will undoubtedly become indispensable tools in the growing e-commerce ecosystem.

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