

The profile of retail payment services and models in South Africa



FINMARK TRUST

Making financial markets work for the poor

Focus note 5: Retail payment system market participation framework

About the focus note series

This is the fifth in a series of six focus notes based on the full FinMark Trust report titled **The Profile of Retail Payment Services and Models in South Africa: Assessing the potential to increase financial inclusion and market participation**, by Insightworx (Colin Donian; Maire Eltringham). The full report can be downloaded from: www.finmark.org.za.

The study aimed to sketch the landscape of retail payment services in South Africa that have a positive impact on financial inclusion and market participation. It also aimed to start to develop a typology of models based on shared characteristics witnessed across various services. The prime inputs to the study were a series of interviews with market participants, desktop research, mystery shopping excursions, as well as feedback received during a stakeholder workshop in March 2011¹. The models are not “final” or cast in stone; rather, they are intended to form the basis for discussion and to identify issues and trends in this market segment.

The focus note series draws out the key findings on a thematic basis. The full list of focus notes are:

- Focus note 1: The SA retail payment services landscape: key findings and issues
- Focus note 2: Towards a common understanding of terms
- Focus note 3: The regulatory framework for retail payment services in South Africa
- Focus note 4: Retail payment system market participation framework
- Focus note 5: The landscape of retail payment services in South Africa
- Focus note 6: Towards retail payment services models in South Africa

This focus note provides a brief profile of a selected portfolio of suppliers of retail payment services. It has been a tradition to categorise the two primary kinds of retail payment services suppliers as either ‘banks’ or ‘non-banks’. The history of this usage is probably founded on the fact that when payment systems originally became regulated, banks enjoyed a monopoly of that space. As the market-place has changed over time, new non-bank suppliers of RPSs and various support functions thereto have become involved. The regulations governing payment systems have provided scope for these new players as they have pushed into the market looking to compete with and/or complement existing players.

We follow this convention by grouping the profiles below into bank and non-bank suppliers and their product offerings. While this overview by no means covers all 25 clearing banks, the 57 third party payment providers and 65 systems operators, it does provide representative coverage of the scope of involvement in the payment system, with a focus on transformational services offered.

¹ Please note that the information contained in the notes was current at the time of research, namely February to March 2011, and therefore does not necessarily account for all recent developments in this rapidly changing market

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1.1 Banks as suppliers of RPS

The South African banking industry is made up of 19 registered banks, 2 mutual banks, 13 local branches of foreign banks and 41 foreign banks with approved local representative offices².

Each of the four major banks (Absa, FirstRand, Nedbank and Standard Bank) offer full-service banking covering personal, commercial and corporate customers. Their services include accepting deposits for transactional, savings and investment purposes and offering lending products both for secured and unsecured assets. Additionally they offer their services, both the aforesaid and more complex solutions to a variety of market segments.

Some smaller banks, such as Capitec, are growing towards full-service banking, at least in the retail context, from being specialist credit banks.

Table 1 gives an overview of each of the four major banks and Capitec's customer base and distribution infrastructure according to their annual reports.

Table 1: Customer base and distribution infrastructure

	Absa ³	Capitec ⁴	FNB ⁵	Nedbank ⁶	Standard Bank ⁷
Client base	12.3 million	2.8 million	7.1 million	4.8 million	8.5 million
Branches	997	455	750 ⁸	452	1 257
ATMs	9 288	479	5 906	2 283	6 816
POS devices	Not reported	Not reported	127 000 ⁹	6 419	Not reported

An element of the South African banking industry that can have a material influence on market inclusion is the level of customer-facing systems interoperability¹⁰. All major retail banks' ATM networks are connected via a local switch called SASWITCH and all merchant PoS devices are VISA, Master Card and increasingly EMV¹¹ compliant. This arrangement offers a wide and deep infrastructure footprint.

This facet of banking channel development has been recognised by the Reserve Bank in the Position Paper on Interoperability (NPS01/2011) and appears to be receiving deserved attention as part of the general debate on supply-side development and innovation¹².

² <http://www.banking.org.za/getdoc/getdoc.aspx?docid=1129>. 11 March 2011.

³ Absa Group Limited. Interim financial results for the six months ended 30 June 2011.

⁴ Capitec. Integrated annual report. 2011

⁵ FirstRand Limited. Annual Report. 2011.

⁶ Nedbank. Annual Results. Presentation. 2010.

⁷ Standard Bank. Annual Financial Results. Presentation 2010.

⁸ FNB. Annual Report. 2010.

¹⁰ "Interoperability is defined as the ease of interlinking different systems on a business and a technology level. A more detailed description of interoperability on a technology level is the ability of different types of computers, networks, operating systems, applications and other infrastructure of different banks and relevant stakeholders to interlink and work in partnership effectively, without interruption, explicit communication or translation prior to each event, in order to enhance the efficiency of the payment system." National Payment System. Vision 2010.

¹¹ "Eurocard, Mastercard and Visa".

¹² SARB. National Payment System Department. Position Paper on Interoperability. NPS 01/2011.



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Below we give a brief overview of the payment services offerings of selected banks:

1.1.1 Absa¹³

The retail division's second top priority for 2011 was to; "...broaden inclusivity in the entry level market". A manifestation of this intention could be the extension of their distribution network by installing fifty so-called '1234' branches, named for the simplicity of the four services they offer, namely, transacting, savings, lending and life assurance. These four service areas are supposedly designed to meet the needs of what Absa defines as the entry-level segment¹⁴. Their intention is to install up to 100 '1234' branches by the end of 2011, all largely in locations much closer to where the target market lives, commutes and works. Noticeably, these branches are following what could be termed 'the Capitec model' of being cashless, keeping costs of infrastructure low, encouraging clients to use Absa's extensive ATM network and focusing on providing financial education services.

Amongst Absa's initiatives has been the launch of their new 'near field communications' (NFC) pre-paid Maestro debit transport-fare card, 'PayPass'. It is contended that this will revolutionise the transport fare industry in South Africa.

In addition to this initiative, several features are to be added to their successful 'Cash Send' product that enables a transactional account holder to send value to a mobile handset, which can be realised as cash at an Absa ATM or Absa outlet without the recipient having a bank account. Material changes are planned for the Absa retail 'sales and service' business model too.

1.1.2 Capitec Bank¹⁵

Capitec is a 'second tier' (i.e., materially smaller and offering a much narrower range of services than the large full-service banks) retail bank that is increasingly expanding its presence in the retail banking market. Although a fairly new entrant in the full service retail banking arena, Capitec has made strides in addressing the entry-level market segment by offering innovative easy-to-use, low-cost banking services largely in micro loans, and by placing its distribution network in easily accessible areas. It does not offer any money transfer services directly (yet), rather than operating in partnership with leading retailers such as Shoprite-Checkers and Pick 'n Pay. In these instances it offers a money transfer service, such as from one Shoprite or Checkers Money Market Counter to another, where neither sender nor recipient requires a bank account and the funds are transferred and available immediately using a reference code and release password that is communicated via SMS.

1.1.3 First National Bank (FNB)¹⁶

FNB's newest contribution to transformational banking is the *eWallet* service launched in late 2009. It is intended to meet the market need to send cash to someone without a bank account, but who has a mobile handset. *eWallet* allows FNB customers to send money to anyone with a valid South African cell number. The money is transferred instantly and can be used to buy prepaid airtime, send the e-money to another cellphone or redeem the *eWallet*

13 ABSA Group Limited. Annual Results. 31 December 2010. Presentation.

14 <http://www.moneyweb.co.za/mw/view/mw/en/page292516?oid=534701&sn=2009+Detail&pid=292654>. 21 April 2011.

15 Capitec. Annual Report. Key Performance Indicators. 2010.

16 FNB. Annual Report 2010.

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funds as cash via any FNB ATM. The eWallet has seen significant growth since its inception from a modest start of 30,000 (January 2010) to more than 500,000 users at the time of writing, a daily average of R2 million being transferred via eWallet¹⁷; bearing in mind the daily limit per eWallet is R1,000¹⁸.

1.1.4 Nedbank¹⁹

M-PESA, a money transfer service, was launched by Nedbank and Vodacom at the end of August 2010. For this service neither the sender nor the recipient requires a bank account, but both parties require mobile handsets. The sender (initiator) needs to be both a Vodacom customer and a registered M-PESA user. Through its two partners, M-PESA combines the financial risk and money management of a bank and a telecom's low unit-cost technology and distribution capability.

The jury is still out whether M-PESA (South Africa) will rival the success it has had in Kenya, as the two countries' financial services markets are vastly different. Cognisant of this, M-PESA South Africa states it has tailored the technology and distribution approach to meet the demands of the South African financial regulatory and technology environments.

As at June 2011, M-PESA had established 3,000 accredited outlets ranging from spaza shops (homestores) and community containers to full service Nedbank banking halls. There is also potential to access Vodacom's existing 4,000 'container' outlets set largely in rural and township areas, as well as a variety of retail and homestore outlets. M-PESA had only 140,000 registrations signed up by mid-year 2011. The initial measure of success has been set at a million registered users. There is scope for significant further growth into the 26.2 million-strong Vodacom subscriber base, using a significantly broadened range of M-PESA financial services and the number of outlets.

1.1.5 Postbank²⁰

Postbank is currently a member of the Post Office Group, but is in a process of corporatisation. With its extensive footprint of 1,539 Post Office branches and 927 agencies, it is well placed to reach under-served markets as many of these points of presence are in commercially underserved areas. Postbank was a participant in the Mzansi Account and Money Transfer initiative with the big four commercial banks. It offers a range of entry level financial services, but lacks new-style leading edge initiatives in the payment services arena, such as mobile platforms and channels.

1.1.6 Standard Bank²¹

Standard Bank was one of the early adopters of large-scale mobile banking, recognising the value and simplicity of accessing banking using a mobile phone. A joint venture, called 'Mobile Money', was set up with mobile network operator MTN in 2005. MTN has the second largest mobile client base in South Africa with 18.8 million clients. The Mobile Money service gained a fairly insignificant number of clients initially, and was largely seen as a failure. This appears to be a consequence of the exclusive nature (closed loop system) of the service. Clients are required to

¹⁷ FirstRand Limited. Annual Report 2011.

¹⁸ <https://www.fnb.co.za/news/archive/2011/20110214ewallet.html> 14 February 2011.

¹⁹ Nedbank. Annual Results. Presentation. 2010.

²⁰ Postbank. Annual Report 2010.

²¹ Standard Bank. Annual Financial Results. Presentation 2010.



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effectively open a Standard Bank account to participate. Customers need to be registered as MTN users, with the mobile number applied as the account number. Coupled with the fact that Mobile Money services offer little more than conventional banking, this explains its limited appeal in South Africa. It has proven far more successful elsewhere in Africa, where the leading success story has been in Ghana, with over 1.8 million customers.

In its 2010 Annual Report, Standard Bank highlights its recently implemented 'dedicated *Inclusive Banking offering*' where it has installed and activated banking infrastructure in 7,500 'bankshops'. The so-called bankshops are community based outlets that are set up as authorised Standard Bank retailers. It is intended that they act as facilitators of financial services, much like the Brazilian-style 'correspondent banks'. All the bankshops offer airtime sales and money transfers where neither party requires a bank account, but the recipient requires a mobile phone.

Apparently, about 1,000 bankshops have been set up as *full-service* shops offering money transfer, airtime sales and basic banking services such as cash-in, cash-out, balance enquiries and purchasing of goods²². Standard Bank also offers a money transfer service in partnership with Spar, akin to that offered by Capitec through Shoprite-Checkers and Pick n Pay.

1.1.7 WIZZIT²³

Wizzit Payment Systems (Pty) Ltd is a division of The South African Bank of Athens Ltd. It is a provider of basic financial banking services for the unbanked and under-banked. Its services are based on the use of mobile phones for accessing bank accounts and conducting transactions such as transfers between Wizzit account holders, third party payments, and the purchase of pre-paid airtime and electricity. Registered users are issued with a Maestro debit card to enable them to make purchases and secure cash back at point of sales terminals. Wizzit has no branch or outlet infrastructure of its own, partnering with Absa and the SA Post Office to enable clients to deposit funds. This provides a branch and agency distribution network of close to 10,000. Clients also have access to all ATMs and PoS devices that accept Maestro Debit Cards.

Wizzit's innovative 'branchless banking' model is achieved through 2,500 "Wizz Kids". Wizz Kids are typically young, formerly unemployed individuals from rural and low-income communities that Wizzit employs, trains, and educates to promote and sell their 'mobile banking' product in their communities. They receive commission for opening an account and further commissions depending on the transactional activity on the accounts opened. This approach of community members recruiting, servicing and educating their peers potentially gives Wizzit a better reach into the unbanked community than a traditional bricks and mortar bank, but from take-up volumes it seems that there are other challenges in reaching a material customer base.

The next section covers a review of the non-bank payment service providers.

²² It must be noted that this information has not been verified by Standard Bank in consultation, but is drawn from their Annual Report. Although Standard Bank representatives attended the stakeholder workshop, they were not in a position to contribute formally; indicating that Standard Bank did not want to compromise its current business initiatives in the domain of entry-level banking.

²³ http://www.bankofathens.co.za/alliancepartners_wizzit.html. 13 March 2011.



1.2 Non-banks: as suppliers of RPS

There are two types of non-bank retail payment service providers in the domain of 'third party payment providers' (TPPPs), namely, beneficiary service providers (BSPs) and payer service providers (PSPs). These TPPPs have been legitimised by SARB Directive I 2007.

Like the banks, the non-banks are not listed in any particular order:

1.2.1 POCit²⁴

POCit is part of the Tradebridge Group and is registered as a payer service provider at PASA. Mercantile Bank Limited South Africa is its sponsor bank. POCit states that its purpose is "[to] transform industries and people's lives by democratising transactions"²⁵.

POCit's primary retail payment service is offered via mobile handsets and mobile networks allowing a person with a bank account at any bank to make and receive payments. Neither sender nor receiver needs to know the other party's bank account details to participate in the transaction. All payments and the virtual value store or 'POCit Money' have an underlying bank or credit card account as their basis. This is different to both FNB's *eWallet* service and Absa's *CashSend*. In the scenario of sending money, all three abovementioned services require the sender to hold a bank account. In the cases of *CashSend* and *eWallet*, however, the recipient does not need to hold a bank account; whereas for POCit the recipient is also required to have a bank account to redeem the cash by accepting the value store on their handset. This is done by registering as a POCit user, in so doing linking their bank account to their POCit 'account', then using their own bank account or card to withdraw the cash. In essence, POCit users elect POCit as their agent to make and receive payments on their behalf.

1.2.2 Flash

Flash Home Shop Savings and Credit Primary Co-operative, markets itself as a 'community co-operative savings bank' and contends that it is close to fulfilling and attaining its cooperative banking licence in terms of the Act. Flash is currently registered as a member of the Savings and Credit Co-operative League of SA (SACCOL) and its intention to register as a cooperative bank is to place itself in a better position to provide financial services to its members.

Flash has its origins in a company called 'Take-it-Eezi' that provided community-service payphones and sold airtime and pre-paid electricity through a network of reportedly over 40,000 homeshops²⁶. The business has evolved and expanded into a form of 'cooperative banking' known as 'Flash Cash' where the homeshop owner enables customers to withdraw cash, to make small deposits into a monthly (collective) savings scheme, or to borrow small amounts of cash based on their membership and access to the community's collective savings schemes. As a collective savings scheme, the co-operative's profits from the community's savings and loans are paid back to the cooperative of homeshop owners and the families who are members of the cooperative.

In addition to its cooperative homeshop community banking service, Flash has an extensive network of community stores and homeshops to market the sale of airtime and cash by registering as a user of Flash.

Flash accounts require the user to acquire a Cell-C SIM card that holds the Flash financial (bank) services application and enables the user to deposit cash (including having funds paid or transferred from other bank accounts) into their Flash account, receive Flash money, send money and realise cash at other Flash outlets. Non-members are able to collect cash at any homeshop using a reference number generated by the Flash banking application at the

24 <http://www.tradebridge.co.za/about-us-purpose.html>. 14 March 2010.

25 *Ibid.*

26 <http://www.mediaupdate.co.za/?idstory=20720> September 2009.



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time the sender and owner of a Flash account requests the 'Pay Now' function. The recipient (payee) is sent an SMS message with the 'Cash Reference' details. The sender then needs to communicate the 4 digit PIN to the recipient. The recipient will have to get a FLASH SIM to redeem the cash that has been sent to them.

The Flash account money transfer is free for the user. Other sales and purchases attract a low fee. The system facilitates and tracks both person to person (P2P) and person to business (P2B) payments. The Flash account is provided in alliance with Absa that holds a bulk account.

1.2.3 **WiredLoop**

'WiredLoop Pre-paid', a subsidiary of Sandulela Telecom, is a virtual prepaid voucher distribution services company focusing on what they refer to as the 'township' market. Spaza shop (homeshop) owners were initially recruited to distribute insurance products and to collect premiums by using a mobile PoS device. Their range of services using a mobile PoS device has since been extended to other pre-paid services such as prepaid electricity, prepaid mobile airtime and national lottery tickets. Choosing not to branch into the money transfer market due to what they term the "uncomfortable prevailing banking regulations", WiredLoop remains purely a third party payment intermediary offering P2B but not P2P transfers or payment services.

1.2.4 **Net1 – Universal Electronic Payment Systems (UEPS) Technologies and EasyPay²⁷**

Net1 is both a third party payment provider (beneficiary service provider), and a provider of alternative payment systems that leverage its so-called Universal Electronic Payment System (UEPS). The latter system makes use of a biometrically secure, real-time electronic transaction processing system, based on a smart card that can function in online or offline environments.

Although Net1 has other key transactional services, for example MediKredit, a health care claim and transaction processing service, only the three seen as pertinent to RPS are summarised below.

Cash PayMaster Services

Net1's 'Cash PayMaster Services' (CPS) distributes social benefits payments on behalf of the South African Social Security Agency (SASSA) to over 3.5 million recipients in five of South Africa's nine provinces. During 2010 CPS processed 18.4 million social grants through Net1 smart-card enabled PoS devices with a total value of ZAR 11.7 billion.

CPS's social benefits payout service offers an unconventional alternative to bank and telecommunication payment service providers. It uses its unique biometric authentication smart-card solution combined with a distribution network of enabled retailers and community stores in rural areas. The system's potential drawback is that it operates in a 'closed loop' eco-system providing mainly services to social grant recipients through participating merchants²⁸.

As at June 2010 the infrastructure comprised 4,794 PoS devices located at 2,513 participating retail locations, largely in extremely rural areas. The value of transactions processed through the PoS devices for Quarter 1 (2010) was ZAR2.9 billion. As part of its expansion programme for 2011, Net1 is to enable their cards to be compliant with international EMV standards which will then allow their cardholder base to purchase goods and services at all merchant PoS devices that currently accept VISA and Master cards. This will significantly improve the range of infrastructure points that Net1 (CPS) customers can access.

27 www.net1.com. Net1 UEPS Technologies, Inc. Second Quarter Results JOHANNESBURG, 3 February 2011.

28 The notion of 'open' and 'closed-loop' systems are relative. There is no real open-loop system. All RPS systems are closed, on a continuum of size of closed. While the Net1 system is closed relative to classic banking systems, it services a material number of customers, significantly larger than many classic banking services.

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Net1's unique card-based service has at its centre the smart card whose characteristics enable payment processing to be moved from a centralised point to the chip embedded on the smart card. Unlike traditional (bank) cards where the transaction processing occurs via a central computer that manages each party's specific details, each Net1 smart card operates as a localised individual 'bank' account. All the relevant client details, funds available and biometric fingerprint identification are stored on the card. At the time of making the financial transaction, e.g., a purchase, cash withdrawal or money transfer, the two smart cards (initiator and retailer or recipient) communicate via a smart card reader-enabled PoS device, exchanging the relevant transaction details between the two smart cards. The transfer of money and information to the host mainframe computer may happen immediately if the device is on-line, or in batch processing at a later stage. When going on-line, a central database of transactions and full audit trail is managed and controlled, enabling full recovery and management of the process. Essentially, the smart card is like having cash, but without the safety and security concerns of physical cash.

Central to Net1's success in serving outlying non-traditional markets is the much lower cost of delivering the technology, the robustness in terms of security and flexibility, and its on-line / off-line ability. The system flexibility also caters for the design of financial services that seem to meet the individual client's financial needs, such as low interest loans, funeral policies and savings/store of value. The benefit for merchants is that they are able to reduce their cash handling costs and administrative overheads of transaction management via the centralised store of auditable transaction logs.

EasyPay

Net1's 'EasyPay' service is the largest bank-independent (non-bank) transaction processing service in South Africa. It is registered as a third party payment provider under the beneficiary service provider label. First Rand Bank is the sponsoring bank.

In addition to its core transaction processing services, EasyPay processes a wide range of value added payment services such as mobile top-up transactions, prepaid utility purchases, bill payments and money transfers. The payment services enable people to settle accounts online (internet), at retailer till-points that are integrated with EasyPay systems, PoS and kiosks (ATM-style devices), using cash or accounts. During 2010, EasyPay processed 655.2 million transactions with a total value of ZAR143.8 billion.

It is reported that the range of EasyPay services is to be extended to include money transfer services from kiosks to mobile handsets and mobile phone-to-mobile phone. During the consultations for this report, EasyPay demonstrated a live pilot of how the proposed money transfer service will work. The sender uses an EasyPay ATM-style device²⁹ to input value (cash) into the system, creating a store of value on the sender's or recipient's mobile phone. The value may be redeemed as cash, used to purchase airtime or pay bills using EasyPay's kiosks or vending machines.

EasyPay has a strong brand presence and Net1 has a highly developed distribution capability to deep rural areas. It is envisaged that the expansion of its services is likely to be well-received and utilised in entry-level markets.

29 <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9ODAYmzd8Q2hpbGRJR0tMXxUeXBIPtM=&t=1>

"In September 2010, the Company launched its EasyPay Kiosk, or EP Kiosk, pilot project at select locations in the Gauteng province of South Africa. The EP Kiosk enables users to purchase prepaid electricity and airtime and perform any post paid bill payment service requirements using the interactive user-friendly touch screen kiosk interface. The user will also be able to transfer prepaid voucher value to other mobile phone users. Users can register their own prepaid voucher wallet on the EP Kiosk, with access to the wallet guaranteed via biometric identification of the user at time of registration. A five digit personal identification number, or PIN, is also required by the user so as to facilitate transactions done via mobile phone or internet."



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NetI FHRST

NetI FHRST Holdings (Proprietary) Limited is the largest provider of third party payroll payments in South Africa. It conducts salary payments for over 750,000 (banked) employees on behalf of approximately 700 employers. In this instance NetI FHRST is sponsored by Standard Bank as a payer service provider third party payment provider.

1.2.5 Blue Label Telecoms Group (BLT)³⁰

BLT operates "...around the premise that any product or service that can be digitised, can be distributed and paid for through its footprint and, according to its mission statement, focuses specifically on the entry level market (middle and bottom of the economic pyramid)³¹. BLT has established a distribution network for processing such transactions through various points-of-presence, including individual merchants, single entity retail outlets, national chain stores and petrol station forecourts. Currently BLT processes approximately 60% of South African prepaid airtime and about 11% of the prepaid electricity market³².

BLT Services

BLT's core business is to provide 'an intelligent switch'. It facilitates the neutral aggregation of products and services, enables open-loop transactions, and is hardware, product and services agnostic, i.e., it is essentially a service wholesaler that enables retailers of every size and shape to on-sell a collection of services that it aggregates. To do so, it uses a range of aggregation points.

Although the primary retail payment service is the sale of airtime and pre-paid vouchers through kiosks, mobile PoS devices and outlets, BLT are intent on broadening their range of "sale of cash and payment services for the goods of community vendors".

BLT owns its switching channel, and in so doing it bypasses the Payment Clearing Houses, and is able to control its costs end-to-end. Although BLT was unable to share service performance data and infrastructure distribution, they confirmed that they have over 140,000 points of presence, from side-of-the-road vendors, to spaza shop owners and Pick 'n Pay stores. For large retail outlets, each store rather than each point of sale device is referred to as one point of presence. This implies that the individual number of infrastructure points of presence is significantly larger than the 140,000 mentioned.

Hardware options at points of presence are diverse and can be as easy as having a standard mobile handset to more bulky integrated and costly till points with cash drawers and printers. BLT's core transactional switch processes 400 million transactions per month, mostly airtime, electricity and taxi fares. BLT recognises that there are ultra low margins to be made on micro payments, which translates into their business model that has "three key vectors, namely, (high) velocity, (high) volume and (low) value" (David Fraser, CTO).

³⁰ Blue Label Telecoms (BLT). Annual Report. Presentation. 2010.

³¹ BLT Annual Report 2010.

³² *Ibid.*



1.2.6 Fundamo³³

Fundamo is a specialist technology company. It develops and provides a range of mobile financial services platforms for third party financial services entities.

Fundamo's technology solutions cover four areas, namely:

- i. An **'Enterprise Edition'**, which is a mobile financial services enterprise platform that enables clients to leverage their activity in the mobile financial services arena. This is done through a set of transactional and payment capabilities conducted via a mobile phone. Other Fundamo products can be integrated onto the Enterprise Platform;
- ii. A **'Mobile Wallet'**, which according to Fundamo, offers 'transformational banking' capability to mobile network operators and financial services providers that want to service market segments with differentiated offerings. The Mobile Wallet offers a typical transactional account system. The Mobile Wallet is a stand-alone banking solution that caters for a range of transactions conducted from their mobile handset; such as local and international money transfers, airtime purchases (own and third party), bill payments, and account management options such as balance enquiries, and card and pin management;
- iii. A **'Mobile Banking Package'** that provides banks and other financial institutions with a mobile banking channel as an additional access point to existing accounts; and
- iv. A **'Mobile Money Transfer'** platform, used by Enterprise Platform enabled vendors, which enables the transfer of value between consumers.

³³ Note. Fundamo was not originally covered in the report. This was not an omission; it was merely an instance of not including the universe of retail payment services providers in the report. However, the recent acquisition of Fundamo by VISA (http://www.fundamo.com/in_the_media.html, 30 June 2011.) has provided a new rationale for providing an overview of the business and its product portfolio. This discussion was therefore added ex post, though no Fundamo services are explicitly included in the models

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