

# New payment system offers a solution for unbanked millions in Africa

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No Need for a bank or card.

By Palesa Mofokeng 21 April 2021 • 11:02



‘Pay by phone’ – SendSpend is taking financial services into villages and rural areas. Image: Moneyweb

A new payment system offered by SendSpend aims to become a contender in the race to provide payment solutions for people without bank accounts.

The UK-based platform, a global payment system based on cloud and mobile technology, was officially launched in August 2020. It aims to foster financial inclusion by enabling the unbanked to pay online and remit money instantly to each other using only a smartphone.

## Serial entrepreneurs

Qualified chartered accountant Graham Davies and experienced entrepreneur Tracy Andersson saw fit to launch an app that would cater to the needs of their target market. In 2012, they co-founded Netsurfer, which offered entry-level Android tablets and smartphones that became quite popular in South Africa.

In 2015, they explored the possibility of offering customers various online products and services such as e-books and access to paid online media. Noticing that the vast majority of their customers were buying their tablets and smartphones cash, and were without a payment card or bank account, they realised they would not be able to take advantage of the envisaged online buying experience.

**“The underlying factor was that none of the systems had been developed from the beginning with the sole purpose of providing an online and mobile payment solution for an unbanked customer,” says Andersson.**

“Most existing systems were either modified cellphone networks, extensions of traditional bank offerings or white-labelled credit cards.

“We then undertook to address the need we knew there to be.”

## Huge market

In 2015, there were 350 million people without bank accounts in sub-Saharan Africa, according to [The World Bank’s Global Findex Database](#). The region currently has over 500 million mobile subscribers.

“SendSpend is committed to enhance and uplift the lives of people in underserved local communities. Financial inclusion is a primary focus in achieving one of the UN’s Sustainable Development Goals of eliminating poverty and SendSpend is very proud to be part of this very ambitious goal,” says Andersson.

**These figures were the driving force behind SendSpend, a platform that only needs a smartphone and an internet connection to access.**

“We want to enable economically marginalised consumers to participate in the digital economy by having access to financial services,” she adds.

## Android

all-solutions-in-one platform is entirely digital and consumers can access it within minutes of registering via a downloaded app, exclusive to an Android device.

Andersson explains that “87.9% of unbanked people use Android phones in Southern Africa.” – and the platform was manufactured to accommodate this specific target market.

The platform allows customers to top up a virtual card or withdraw funds at one of many SendSpend ‘Cash In or Out’ agents. Once the virtual card is loaded, funds can be spent at any participating retailer either by scanning a QR Code or by entering the registered mobile number into an online checkout.

Davies says: “Customers can deposit funds at approximately 30 000 SendSpend Kazang Agents across South Africa, including spazas, tuck shops and general stores.”

**All transactions are authorised from within the app, and a two-factor authentication using a one-time password is required for online transactions.**

## Opportunity for retailers

SendSpend also offers opportunities for agents including mass-market retailers and township stores. This means they can generate income for themselves by setting their own cash handling fees.

This creates a competitive ‘market’ economy and matches supply with demand.

“We’re taking financial services right into the villages and rural areas that frequently pose a challenge to financial institutions. Consumers no longer need to travel long distances to access financial services such as insurance,

**Agents can also attract more people to their store by offering this service and can reduce the amount of cash they need to keep in-store.**

money transfers and online buying,” says Andersson.

## Opportunity for online retail

Online shopping has also been made easy and reliable because, unlike many payment services which immediately charge users upon buying items online, SendSpend quickly solves this problem by initially holding the online payment in escrow.

This way, the merchant is assured that the goods will be paid for once the goods are delivered, and likewise, a customer is at liberty to cancel the order and have funds immediately refunded to their SendSpend e-Wallet should the incorrect goods be delivered, or the goods not delivered at all.

### Boiler Plate

SendSpend Limited is a Fintech company headquartered in London, United Kingdom, with operations in United Kingdom, South Africa, India and Zimbabwe. SendSpend promotes financial inclusion of the unbanked through the SendSpend Payment System, a global, multi-currency, peer-to-peer payment system for international and domestic payments, connecting merchants, consumers, and cash in/out services via a series of APIs, Payment Gateways and Smart Phone Apps. SendSpend Limited registered in United Kingdom, is an Electronic Money Institution (EMI) licence from the Financial Conduct Authority (FCA) in the United Kingdom. SendSpend Holdings (Pty) Limited, registered in South Africa, is an authorised Financial Service Provider (FSP). For more information [www.sendspend.com](http://www.sendspend.com) #sendspendfinancialinclusion