

Different approaches needed for African e-commerce

By  Peter Harvey

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Global companies wanting to expand their footprint in emerging markets need to understand that Africa is characterised by huge diversity in payment methods and preferences, which means every region or country needs to be approached as a distinct market. Anybody who tries to do e-commerce in Africa offering only global payment methods is setting up for failure.



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For example, MPESA is wildly popular in Kenya, Tanzania and Uganda, where there are more mobile money accounts than bank accounts. But it's never taken off in South Africa and is not even a blip on the radar in Nigeria.

The Nigerian payment method of choice is the Interswitch Verve card issued through 16 of the country's major banks. There are over 10 million Verve cards active in Nigeria, far outnumbering MasterCard and Visa credit cards. Those have a definite presence in the country and will continue to grow, but anybody selling into the Nigerian market who doesn't take Verve payments is going to struggle.

Africa's diverse payment methods also come with different risk profiles for merchants. Some merchants are wary of MPESA, for example, because mobile money is such a new thing. But, because it's a direct cash transfer system it's safe for merchants - one has not yet heard of a way to defraud someone using MPESA.

Card payment systems are more vulnerable, which means merchants need extra protection. In the case of MasterCard and Visa, one has the option of using 3-D Secure, which is not available for Verve cards, but merchants can take other steps to protect themselves.

The bottom line is that any company thinking of doing e-commerce in Africa needs to research its market very carefully. They need to assume they will need a different approach for each country, and need to find a skilled and experienced local payment services provider to advise them.

ABOUT PETER HARVEY

Peter Harvey is the MD of PayGate. Leading through integrity, with more than 26 years in IT and payment processing, Peter is a master when it comes to creating solutions to clients' exact requirements. He is a truly integral member of the PayGate team and works tirelessly to ensure its continuing culture of integrity and quality.

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