

Debit cards payments go online as MTN launches payD

E-commerce in South Africa has been taken to 'another level', with the launch by MTN MobileMoney of payD, a payment mechanism that allows people to buy online - securely - using their debit cards. The launch function took place yesterday, Thursday 28 July 2011, at the Hyat Regency Hotel in Rosebank, Johannesburg.

 By Issa Sikiti da Silva: @sikitimedia 29 Jul 2011



How the payD payment service works.

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The service, described by MTN MobileMoney head of business development Dave Parratt as quick, easy, simple and painless, will allow 1time airline customers to purchase flight tickets using their Standard Bank and Nedbank pin-based debit cards on the MTN and Vodacom cellular networks.

"The first time you use payD you will be asked to enter your debit card details, while on future purchases you will only be asked for your mobile phone numbers," Parratt explained.

Rodney James, 1time CEO, said: "People willing to travel on board 1time will have to log on the airline website, choose their flights and select the payD payment method - an option that will ask them to enter their cellphone numbers and debit card numbers, and specify whether it is savings or current account."

Founded in 2004, domestic airline 1time carries two million passengers annually, which equates to about 15% of the domestic airline passenger market. MTN is Africa's biggest cellphone service provider with operations in 21 countries, including in Africa and the Middle East.

Parratt said his organisation has worked together with Visa, the Card Association, PASA, Trustwave and MasterCard in this project to ensure that the levels of safety are satisfying.

SA, a country still lagging behind in terms of e-commerce penetration compared to other emerging economies, has recorded R2-billion in 2010 in retail e-commerce revenues, according to a World Wide Worx 2011 report.

"This sounds big, but it's just 0.36% of our country's total revenue sales. Why is it so incredibly low? The answer lies with both the consumer and the merchant. On the consumer side, only 3% of our population has credit cards, and this is generally the only way to transact online. On the merchant side, transaction costs for credit cards cut deep into margins and this reduces the range of products that e-tailers are able to offer online."

As for the future of payments, Parratt said he was hopeful that the world was moving to the direction where cellphones were becoming more and more a major component of payments.

For more information, log on www.payd.net and www.1time.co.za.

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