

African e-commerce may be about to come of age

E-commerce in Africa has grown dramatically over the past year, says Robin Philip of payment services provider PayGate, and is now in a position to support the massive consumer boom that's happening across the continent.

"A year ago we said e-commerce in Africa wasn't ready for take-off yet, largely because there weren't enough acquiring banks to make the ecosystem work," says Philip. "The lack of business infrastructure was a real brake on development. But things have changed very fast."

Philip says established banks in many African countries now have a much better understanding of e-commerce, and an appetite for it. "There are now many more acquiring banks in key African countries than there were a year ago, especially in Nigeria, Kenya, Mozambique, Tanzania, Rwanda and Namibia."

Gathering momentum

The process is gathering momentum, he says. "A year ago it was about which banks were going to take the lead when it came to accepting online payments, and whether the returns were going to be worth the costs. But we have learned how to make a clear business case for these markets, and the links are coming. Once a bank is open for e-commerce business, they can attract a lot of business."

Establishing direct relationships has been important for PayGate, notes Philip. "You have to do the face-to-face contact - everything changes for us once we've actually visited a country. Now that we've spent the past year growing relationships in Africa, we can offer our clients substantial e-commerce capability."

Philip says payment service providers such as PayGate can help provide a soft landing for e-commerce operations that are new to a particular territory. "You don't have to blaze any trails," he says. "With one integration we can give you access to acquiring banks as well as key alternative payment methods like M-Pesa and the Verge debit cards which are very popular in Nigeria."

East African nations like Kenya, Rwanda and Uganda are countries to watch, says Philip. "They are very closely integrated with their neighbours via the East African Community, as well as with the rest of the global economy. There is strong evidence to suggest this is helping to drive rapid economic growth."