

## Consumer markets are prepared for pre-paid

The market for pre-paid cards is growing at 22% annually and is expected to reach US\$822 billion by 2017, indicating a consumer demand. These cards are loaded with a certain amount of money at purchase and can be used either in a specific store or mall (the typical gift card) or to pay for a specific type of service (eg transport systems such as Johannesburg's ReaVaya or Cape Town's MyCiti). These cards can be set up to use a PIN, giving them much more security than cash.



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Pre-paid cards are increasingly being used at events, such as the recent St John's Easter Rugby Festival in 2015. At the festival, Tap & Go contactless pre-paid cards enabled a cash-free environment for some 10,000 people, thus enhancing security for visitors and vendors alike. Other uses include foreign currency for travel, receiving corporate allowances and even salaries-particularly useful for those without formal bank accounts.

Increasingly, pre-paid cards are EMV chip based and backed by Visa or MasterCard, thus ensuring that they can be used at virtually any point-of-sale device. All the cards used on the various South African rapid transit systems fall into this category, so the cards can be used to make payments anywhere-not just on the transport system.

"Crime is a growing problem in our daily lives, and people are increasingly averse to carrying cash in any quantity around with them - it's a vulnerability," says Paul Opie, Marketing Manager for banking solutions in Africa at Gemalto. "However, we all value the ease and anonymity of cash transactions for so many products and services. Pre-paid cards offer that convenience but with the security of a PIN and so complement other modern banking products such as credit and debit cards, making them a real alternative to cash.

"Payment via a pre-paid card also matches the anonymity of cash as well-something that many people value. It is also a great way to retain tight control of expenditure. Many parents are seeing pre-paid cards as a way to give teenagers a secure way to spend monthly allowances, but also one that allows a certain amount of monitoring. It's just like cash, only better," he concludes.

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