

Alliance brings cashless payments to townships

South African mobile payments start-up, [iKhokha](#), has teamed up with Mastercard to boost payment card acceptance at small businesses in informal settlements, while educating consumers and business owners on the benefits of using electronic payments instead of cash.

Pilot project

In the next six months, iKhokha aims to roll out 700 mobile point-of-sale terminals to cash-based micro enterprises including spaza shops, taverns, food outlets, and hair and beauty salons in KwaMashu, north of Durban and in Ladybrand in the eastern Free State.

This pilot project will act as a blueprint for the direct expansion into other informal settlements nationally.



Very limited card acceptance in informal settlements

The start-up's managing director, Matt Putman, says card acceptance can help small business owners to formalise their enterprise, increase sales and minimise their risks.

"We are focusing on businesses at the main trade and transit points where volumes of people are high and cash-related crime is a serious problem."

Recent iKhokha research reveals that low-income earners who are banked, generally withdraw their entire monthly income from an ATM, and then carry cash for the month as a result of very limited card acceptance in informal settlements.

Where the newly-banked shop

“While the number of South Africans with access to formal financial products has increased significantly over the last five years, the true potential of electronic payments is going to remain dormant unless payment cards are accepted at the stores and outlets where the newly-banked would normally shop,” says Mark Elliott, division president for Mastercard, South Africa.

The World Bank states that micro entrepreneurs need support in basic accounting, record keeping and planning to grow sustainably and that increasing financial inclusion must be done responsibly.

“Consequently the app allows SMEs to track cash, card and mobile transactions and provides unsecured cash advance to these business owners based on trading history. We will also be providing financial literacy materials to consumers and merchants at financial wellbeing workshops which will be facilitated by community representatives.”

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