

# The key to African e-commerce success

By  Peter Harvey

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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.

## Different risk profiles

Africa's diverse payment methods also come with different risk profiles for merchants. We find some merchants are wary of MPESA, for example, because mobile money is such a new thing. But in fact, because it's a direct cash transfer system it's incredibly safe for merchants - I haven't 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 you have the option of using 3-D Secure; that's not available for Verve cards, but there are other steps you can take as a merchant to protect yourself.

The bottom line is that any company thinking of doing e-commerce in Africa needs to research its market very carefully.

Assume you will need a different approach for each country, and find a skilled and experienced local payment services provider to advise you.

## 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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