

Is SA's proposed Rapid Payments Programme good news?

By [Andrew Springate](#)

7 Jul 2022

The modernisation of the country's inter-banking payment system will not only boost financial inclusion but make it much easier, and less expensive for consumers to pay both merchants and fellow consumers while boosting e-commerce sales.



PAYM's Andrew Springate.

South Africa's Rapid Payments Programme (RPP) is an industry-wide collaboration intended to create a simpler, safer, and less-expensive instant payment environment for all South Africans.

In simple terms, it will give people the ability to make real-time payments using simple identifiers, like mobile numbers or e-mail addresses to make transacting almost instantaneous.

The project is in the implementation stage and, barring unforeseen circumstances, should be launched into pilot later this year.

It supports the South African Reserve Bank's digital-transformation journey and will enable users of the system to request payment from other users digitally in a simple and cost-effective way.

Cash is king in the informal economy

In South Africa, current estimates suggest that 53% of all point-of-sale purchases are still made in cash, while in the informal economy a staggering 89% of transactions are cash-based. Not only is RPP good news for under-banked consumers who still rely on cash as their primary payment method, it also modernises the industry by creating new and exciting opportunities for merchants, SMEs, and e-commerce players alike.

Similar systems have been piloted and launched elsewhere across the globe with massive success. The benefits are numerous and include stimulating economies by replacing cash usage and improving overall security, all while providing a service as quick as cash.

Here at home, arguably the biggest advantage of RPP is that it will provide a truly low-cost digital payment system for consumers.

It has the potential to free South Africans from: high transaction fees, waiting in long bank queues at month-end, and waiting days to receive payments.

RPP will also make paying debt easier with opportunities for instant instalment payments and payment arrangements by means of a mobile phone number.

The more options consumers have at their disposal, the healthier the entire payments ecosystem becomes for all players.

RPP will hopefully bridge several major gaps among South Africa's diverse population, including the rural-urban divide. Ensuring unbanked or under-banked consumers are financially included will increase competition among financial-services providers which is critical for consumers who will, for the first time, enjoy affordable access to convenient payment mechanisms.

Creating a cash-less future means a more equal and inclusive country.

ABOUT THE AUTHOR

Andrew Springate is the chief executive officer of tech and financial gateway service provider, PayMB.

For more, visit: <https://www.bizcommunity.com>