

## **South Africa Real Time Payments - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

Market Report | 2024-02-17 | 120 pages | Mordor Intelligence

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### **Report description:**

The South Africa Real Time Payments Market size is estimated at USD 0.41 billion in 2024, and is expected to reach USD 2.04 billion by 2029, growing at a CAGR of 37.97% during the forecast period (2024-2029).

Real-time payments typically focus on low-value retail payment systems (RPS); they differ from real-time gross settlement systems (RTGS) and distributed ledger payment systems.

#### Key Highlights

- In addition to meeting the demands and expectations, real-time payments have generated interest from regulators, competition authorities, and payment service providers. Regulators believe that instant payments will likely expand access to banking services, support economic growth, provide alternatives to Visa/Mastercard networks, and reduce the use of cash and cheques.
- Financial inclusion is one of the main objectives of the South African Reserve Bank's (SARB) Vision 2025, particularly in digital inclusion. Although 80% of South Africans have a bank account, most consumer transactions are still cash-based. However, progress has been made to broaden and deepen financial inclusion in the country.
- Vision 2025 sets out the imperative for the public and private sectors to collaborate for in-depth financial inclusion, reduce the reliance on cash, and encourage digital payment methods to achieve more inclusive and sustainable economic growth. This is expected to increase the rate of real-time payments in the country.
- Additionally, the growing regulatory trends toward a fintech-friendly payments environment signify that the country is moving in a digital direction, with the local payments landscape expanding rapidly to include fintech, telecom companies, and even retailers.
- Accepting digital payment methods is expected to improve post-COVID-19 and play a more vital role in the long term. With cash being seen as a potential carrier for the virus, governments and regulatory bodies discourage its use. These developments are expected to boost the overall market.

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## South Africa Real Time Payments Market Trends

### BFSI is Expected to Drive the Market

- The BFSI sector has been tremendously scaling up in the country. The landscape of payments is changing rapidly in the country, owing to the growing enterprises and consumer propensity toward digital transformation and the proliferation of smartphones. The technological advancements in smartphones, digital payment cards, and POS at retail terminals fuel the market's growth.
- Looking at the growing demand for real-time payment in the country in January 2023, BankservAfrica is testing a new rapid payments program (RPP) platform in South Africa.
- Many vendors in the market are innovating their payment gateway. For instance, Mastercard, a prominent player in the global payments industry, and Network International of Digital Commerce in the Middle East & Africa (MEA) region announced a partnership to launch a new digital platform across the region.
- Moreover, Ozow raised a USD 48 million Series B to provide more alternative payment solutions to millions of merchants and consumers. Such developments are expected to drive the market forward.
- Furthermore, the Project is testing DLT with trading and settlement in a PoC environment. There are several names from the industry as a part of the Project: FirstRand, JSE Limited, Absa, Standard Bank, and Nedbank together formed the Intergovernmental Fintech Working Group (IFWG). Such developments are also expected to drive more demand in the market.

### Retail Sector is Expected to Hold a Significant Market Share.

- The payment market is changing in line with consumer behavior. The cashless economy, mobile banking, instant payments, digital commerce, and the growing impact of regulatory agencies are a few trends affecting the payment market.
- The country has been witnessing increased real-time payments in the retail sector. More people are increasingly shifting from cash transactions to cashless. According to Worldpay, the share of cash transactions in the retail industry was 57% in 2017. This significantly decreased to 35% in 2022. This suggests an increased demand for real-time payments in the country.
- This has influenced many global players to provide payment services in the country. For instance, in June 2022, Payment solutions firm PayU revealed its plan to boost its footprint in Africa. In South Africa, PayU is updating its product through its partnership with Payflex.
- Brick-and-mortar retailers are all set to change in-store experience to compete with the e-commerce industry by adopting mobile pay-and-go shopping. Mobile pay-and-go solution is gaining momentum across the country, as retailers can increase their average revenue per user (ARPU), enhance customer experience, boost loyalty, and increase operational efficiencies. There is significant competition among digital payment providers in the e-commerce industry. Competitors include incumbents like PayPal, tech giants like Google and Apple, traditional institutions like banks and card companies, and a rising number of tech start-ups in South Africa.

### South Africa Real Time Payments Industry Overview

With consumer preferences changing rapidly, the market has become a lucrative option and, thus, has attracted huge investments. Due to the huge growth potential, the market is moving towards fragmentation due to the new entrants. The service providers are engaging in partnerships to promote product innovation.

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In February 2023, Real-time payment software provider ACI Worldwide announced extending its real-time payment software offerings. In addition, the company is now the driving force behind 25 domestic and pan-regional real-time schemes on six continents, including nine central infrastructures, and offers solutions to central banks, participating banks, fintechs, and other payment service providers.

In May 2022, South African mobile pay platform Zapper announced that merchants could accept tap-on-phone payments. This was expected to give them access to almost all digital payments without needing other point-of-sale (POS) hardware, and it won't matter whether customers have the Zapper app.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

## **Table of Contents:**

### 1 INTRODUCTION

#### 1.1 Study Assumptions and Market Definition

#### 1.2 Scope of the Study

### 2 RESEARCH METHODOLOGY

### 3 EXECUTIVE SUMMARY

### 4 MARKET INSIGHTS

#### 4.1 Market Overview

#### 4.2 Industry Attractiveness - Porter's Five Forces Analysis

##### 4.2.1 Bargaining Power of Suppliers

##### 4.2.2 Bargaining Power of Consumers

##### 4.2.3 Threat of New Entrants

##### 4.2.4 Threat of Substitute Products

##### 4.2.5 Intensity of Competitive Rivalry

#### 4.3 Evolution of the payments landscape in the country

#### 4.4 Key market trends pertaining to the growth of cashless transaction in the country

#### 4.5 Assessment of COVID-19 Impact on the Foodservice Packaging Market

### 5 MARKET DYNAMICS

#### 5.1 Market Drivers

##### 5.1.1 Increased Smartphone Penetration

##### 5.1.2 Falling Reliance on Traditional Banking

##### 5.1.3 Ease of Convenience

#### 5.2 Market Challenges

##### 5.2.1 Payment Fraud

##### 5.2.2 Existing Dependence on Cash

#### 5.3 Market Opportunities

5.3.1 Government Policies Encouraging the Growth of Digital Payment is expected to aid the growth of Real Time Payment methods amongst commoners

#### 5.4 Key Regulations and Standards in the Digital Payments Industry

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- 5.4.1 Regulatory Landscape
- 5.4.2 Business Models with Potential Regulatory Roadblocks
- 5.4.3 Scope for Development in Lieu of Evolving Business Landscape

## 6 MARKET SEGMENTATION

### 6.1 By Type of Payment

- 6.1.1 P2P
- 6.1.2 P2B

## 7 COMPETITIVE LANDSCAPE

### 7.1 Company Profiles\*

- 7.1.1 PayU Payments Private Limited
- 7.1.2 iVeri Payment Technologies
- 7.1.3 Fiserv Inc
- 7.1.4 MyGate (Wirecard South Africa (Pty) Ltd.
- 7.1.5 Volante South Africa Payment Solutions
- 7.1.6 Electrum Payments
- 7.1.7 BankservAfrica
- 7.1.8 Pay4it ApS
- 7.1.9 PayFast (Pty) Ltd (DPO Group)
- 7.1.10 ACI Worldwide
- 7.1.11 Ozow (Pty) Ltd.
- 7.1.12 BankservAfrica

## 8 INVESTMENT ANALYSIS

## 9 FUTURE OUTLOOK OF THE MARKET

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