



## Smart Payment Solutions [Pvt] Ltd.

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### Press release

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**Smart Payment Solutions [PVT] Ltd [SmartPay]** which is a smart payment technology firm is set to establish the first unique UNIVERSAL ELECTRONIC PAYMENT SYSTEM [U.E.P.S.] in the country. The new SmartPay system is built around a set of hardware and software that together forms a contiguous transaction and payment control mechanism. The new system which is set to revolutionize the financial services sector in Zimbabwe is primarily a universal product encompassing all the cash transacting public.

SmartPay's electronic banking concept is targeted at the unbanked, under banked and facilitation of cashless transactions market with a prepaid smart card/ debit card issued via retail and community agents thus creating "a branchless banking model Offered via the smart card, which becomes the physical bank account under-written by various financial institutions that will join SmartPay's electronic banking concept. The system is expected to link the payment systems of all banks, savings and loans companies and Building Societies in Zimbabwe.

Services offered via the smart card will range from wage payments, pension payments, social grant payments, cash deposits, cash withdrawals, balance enquiries [directly from the card], transaction lists [directly from the card], deposit without card, wallet to wallet transfers (from primary to savings & vice versa), money transfers between smart cards, bank accounts & unbanked people, third party bill payments to registered, linked & once-off merchants amongst others. Smart card technology is fast becoming an everyday thing in our culture and daily lives.

The system is based on the world-renowned U.E.P.S smart card transaction and settlement switching system that uses the NET-1's patented FTS [Funds Transfer System]. The FTS patent describes a method by which funds can be transferred from one smart card to another in a secure and off-line manner. The term "off-line" refers to transactions that are effected without the need to contact or communicate with the issuer when the transactions occur, as the smart cards themselves perform the authorizations required. The FTS patent also describes how smart cards can be loaded or re-loaded with funds and how these can be redeemed for value in either banking or non-banking environments.

The system software principally runs on three devices: the smart card, the Point Of Sale Terminal [POS] device and the back-end system host. When a system is sold to a customer we provide all of the software required to operate the U.E.P.S, including smartcard functionality, POS devices that allow our smart cards to transact with each other in an off-line manner, and also our back-end system that primarily stores an audit trail of all transactions effected. The solution is a fully integrated method of transacting with electronic money, with all the benefits of using cash but without any of the attendant risks. It can replace all of the current financial delivery systems such as paper money and coins, credit and debit cards, cheques and passbooks.



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The U.E.P.S is a simple delivery mechanism that manages the flow of funds between financial service providers [usually a bank], clients and merchants.

The multiple wallet feature of the U.E.P.S of the new SmartPay product allows cardholders to use their smart cards to help manage their budgets. Up to 155 wallets can be configured and activated per cardholder depending on the electronically erasable programmable read-only memory [EEPROM], available on the particular smart card. The U.E.P.S embodies a branchless banking model [bank without banking halls]. SmartPay's smart card has 155 wallets and presently the country utilising the most wallets in Africa is Ghana, which is utilising eight. The successful implementation of SmartPay's electronic banking concept could be a major stride towards the country becoming a cashless society.

This SmartPay product is going to be indeed the solution to all challenges the banking sector is facing. Looking at the technology, each of the wallets on the U.E.P.S. can be configured to meet the specific requirements of the cardholder, and can be used for interest-generating savings, pre-paid utilities, medication management, credit and debit orders, and for many other purposes.

Since the audit trail of all transactions performed by the active wallets is stored on the smart card's history file, cardholders can provide third parties with a comprehensive record of their transaction histories, which can help evidence payments, such as insurance premiums and demonstrate a regular income stream from wages or other sources. Wallets can also be restricted. Restricted wallets allow transactions to be performed only at specific merchants. For example, if an employer desires to subsidize an employee's transportation costs, a wallet can be configured that permits the holder to spend the value loaded into that wallet only at specified transportation points. Restricted wallets can also be used by governments to prevent social welfare grant recipients from using payment for particular goods or services.

Financial experts argue that cash is expensive - a cost on society - and should be replaced by a cashless society as processing a transaction on a card is cheaper than handling cash. In a report, The European Commission last year calculated that the total cost to society of all payment methods including cash, cheques and payment cards equates to between 2-3 percent of Gross Domestic Product [GDP]. To put this figure into context, the entire European Union agricultural sector equates to 2,1pc of GDP, which means the EU member states spend more on payment costs than it does to produce food.

In Ghana, Net1's Universal Electronic Payment System was endorsed by the Bank of Ghana [Central Bank] leading to the formation of Ghana Interbank Payment & Settlement System [GhIPSS], a subsidiary of Bank of Ghana, was established to manage the National Switch [e-Zwich]. All banks in Ghana run on the e-Zwich system, and Barclays Bank runs what are known as Susu bank accounts on the back of the system for market vendors such as those of Mupedzanhamo, Mbare Musika and *makorokoza* in the mining sector.

In Botswana, the system is used to provide insurance to the villagers and social grants through Choppies Supermarkets, while in Malawi the system is used for the distribution of Anti-Retro



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Viral drugs, inputs and payments for agro inputs and produce. It is also used for fuel by BP Malawi and trades as MalSwitch under the custody of the Malawi central bank. In South Africa four million pensioners use the smartcard as an account and need not travel further than their local areas.

It is SmartPay's wish to see all banks on the switch to provide a convenient and secure form of banking to every Zimbabwean citizen. Net-1's integrated switching, settlement, clearing and smart card payment system is rapidly attracting central banks, banks and governments worldwide.

<http://www.smartpay.co.zw/>

