

By Lindo Xulu

Taking on the big payment guns

South African technology company i-Pay operates in a very competitive and highly dynamic industry. Yet, with seed funding of about \$1m recently secured, founder Thomas Pays is optimistic about its future.

for a technology company that's a little over three years old, i-Pay, which bills itself as an online payment gateway for buyers and merchants via smart mobile and desktop devices, has acquired an impressive list of clients.

iStore, takealot.com, Nespresso, Spree, PayU and Sage are some of the many companies **Thomas Pays, serial entrepreneur and founder,** has managed to secure over the last few years.

Despite market access, raising capital proved to be difficult for i-Pay, which also featured in *finweek* in April. It's not easy to raise capital, says Pays. Investors want to see that there will be a return on investment and that the "technology will both be innovative and disruptive".

Yet, in June they have secured their first seed funding for just under \$1m. "Now we're also looking to get into Nigeria, Australia and the European market, which requires us to raise a bit more [funding], this time in euros," he says.

The company's ambition is to grow its footprint across the continent, with a specific focus on Kenya and Nigeria. In SA they are based in Johannesburg, but will be opening a Cape Town office in December. The company's European expansion also excites Pays.

"When we started it wasn't easy, so for the first few years a lot of the project had to be self-funded. But once we started to show some client growth and need, and the value of the technology was recognised by the market, things started to improve."

EFT payment services, which make it possible for buyers and merchants to transact online without the use of a credit card, are hardly new, especially in Europe and the US. Even in South Africa, making payments via QR code or SMS doesn't seem much of a novelty for frequent travelers and savvy tech fundi. So what makes Pays think the South African market will take to a me-too product, when local customers know they can use PayPal?

Pays says the service offering of some of the more established players tend to be both expensive and cumbersome. "Credit card payment technology was developed 25 years ago, but it hasn't kept up with where the market needs it to be. And from a security point of view online is still quite insecure, but when you transact via EFT it's a different story."

Through i-Pay, which is both Thawte and



Thomas Pays
Serial entrepreneur
and founder of i-Pay

EV SSL certified, Pays says his company makes it possible for businesses and shoppers to transact safely. "Through our secure online payment processing service, consumers are able to keep all personal and financial information and data private, both from i-Pay and the merchant, thereby significantly lowering the opportunity for identity theft and fraud to occur online."

Like most other South African fintech start-ups, market education appears to have been the biggest stumbling block. "The challenge with the South African market is that it takes a while for people to understand what we do, and how it can offer value to our clients. So market education tends to take up some of our time," says Pays.

One of the strategies used by Pays to better leverage i-Pay's market penetration was to partner with a re-seller, which helped the company gain momentum. "Using a re-seller definitely helped, but we still rely on word of mouth," says Pays.

So what makes i-Pay, ostensibly just another fintech start-up, more secure than a bank, and can customers and merchants trust its technology with their money? Pays says the i-Pay service can be trusted "because all we are is a conduit between the merchant and the buyer. We don't store sensitive data on our server, so if we were ever compromised there wouldn't be much value in the data." Despite this, Pays is quick to point out that i-Pay is compliant with PCIDSS, the International Payment Card Industry Data Security Standards, which sets out a list of requirements

designed to ensure that all companies that process, store or transmit credit card information maintain a secure environment. The company has created both a business and consumer protection program. For businesses this ensures that they receive funds that have not arrived in their accounts for an amount up to R10 000 once payment processing occurs with i-Pay.

Under their consumer protection program shoppers are guaranteed that unauthorised real-time transactions from the consumer's account of up to R10 000 made through the i-Pay payment processor will be reimbursed. ■

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