



# Tap on Phone

South African Market Case Study - iKhokha

June 2023

Mastercard partnered with iKhokha to increase contactless acceptance for businesses across Africa with its first pilot in South Africa. By launching Tap on Phone in the market, we are providing a secure and cost-effective acceptance solution for small businesses.

## Context and Challenge

**Market:** The South African market has one of Africa's fastest growing contactless card penetration rates with 25.8M contactless cards making up 62% of all issued cards in the market.



91%

Smartphone penetration in South Africa<sup>1</sup>

**Challenge and Opportunity:** Despite the high contactless card penetration, many SMEs in South Africa are unable to accept digital payments. However, the high smartphone and internet penetration in the country presents a unique opportunity to enable these SMEs to accept contactless payments through their NFC-enabled Android devices.



74%

Household access to internet in South Africa<sup>2</sup>

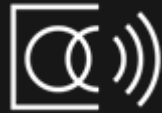
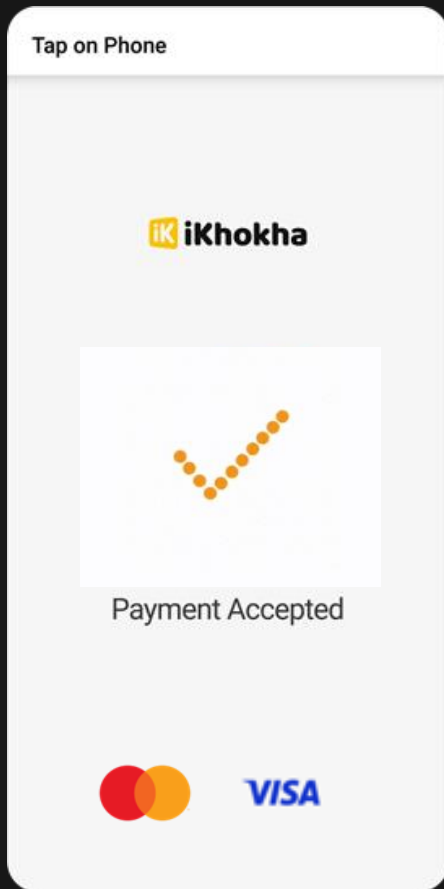
**Partnership:** Mastercard Tap on Phone was included as a payment option in iKhokha's existing Android application. The app already has a large user base and the feature is available for all compatible Android phones. iKhokha is a leading FinTech in EEMEA providing digital tools to help entrepreneurs start, run, and grow their business.



75%

Of South African consumers use contactless payments<sup>3</sup>

# iKhokha Tap on Phone Key Features



## Contactless payments

The iKhokha app allows merchants to enable the Tap on Phone feature, step through a series of screens that explain the feature and test it before presenting their phone to a customer to receive payment. When the merchant is ready to start using Tap on Phone, they can share digital receipts with their customers via SMS or Email.



## Transaction tracking and business analytics

The iKhokha app also gives merchants a view of historical transactions with the ability to share previous receipts with customers via SMS or Email.



## A range of payment methods

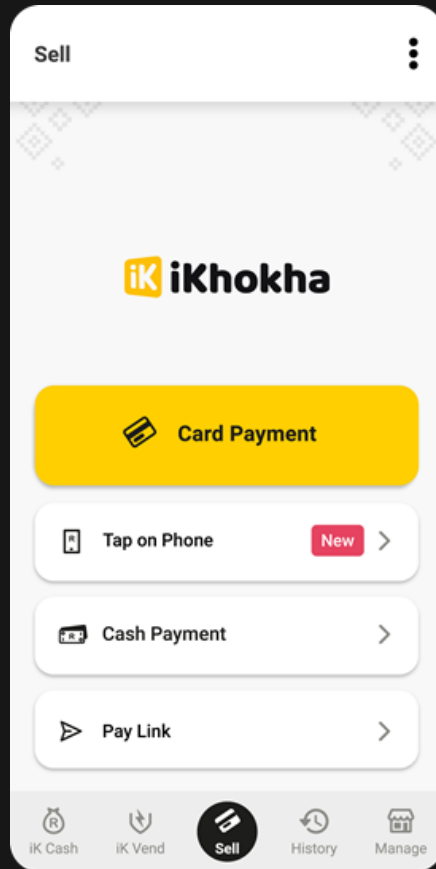
Along with the Tap on Phone feature, merchants have a range of payment options available to them in the app, including the option to connect payment hardware via Bluetooth, keep track of cash payments and connect a cash register via Bluetooth. The app also gives the merchant the ability to use a payment gateway to generate payment links that can be sent to customers to pay remotely.



## Sub user accounts

Merchants also have the ability to create login accounts for staff members to allow them to bring their own device and start accepting payments via Tap on Phone.

# iKhokha Tap on Phone Value Proposition



## Affordable Pricing

Tap on Phone is included in the iKhokha app at no cost. Merchants are not required to pay activation fees or monthly subscription fees. Normal transaction fees are applied on a sliding scale based on monthly trading.



## Easy Onboarding

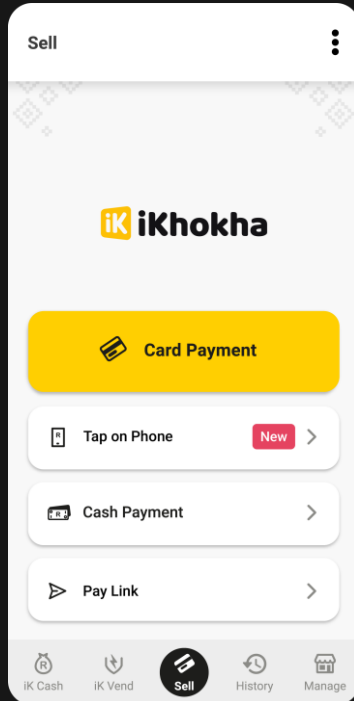
Merchants are able to sign up and onboard themselves via the iKhokha website or when downloading the app by following the digital sign-up process.



## Convenience & Mobility

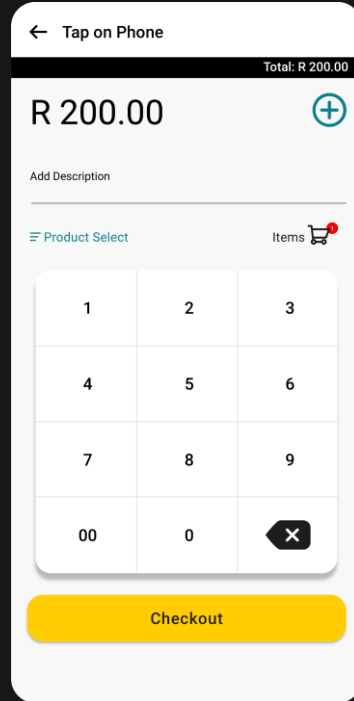
Current merchants who use Bluetooth MPOS hardware devices expressed that Tap on Phone allows them to travel to customers without needing to remember to take their Bluetooth MPOS device. This alleviated them of the need to have their device fully charged. They also found it to be faster than having to always switch on a pair a Bluetooth MPOS device.

# iKhokha Tap on Phone User Interface



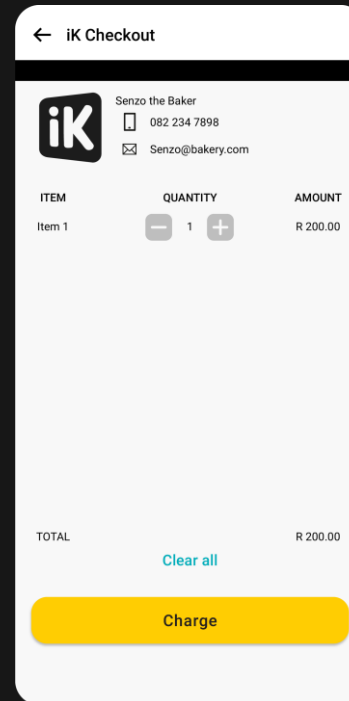
## Step 1

Merchant opens the app and selects Tap on Phone



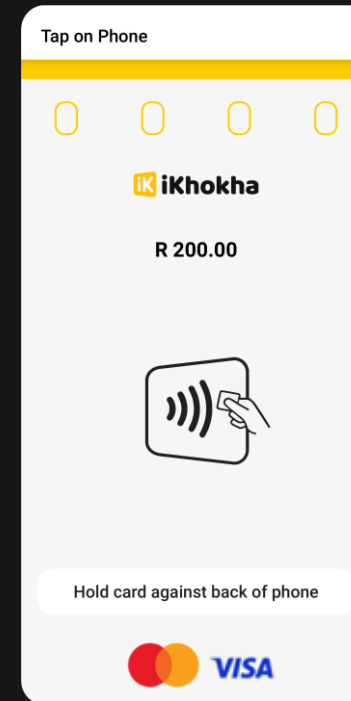
## Step 2

Merchant enters the transaction amount



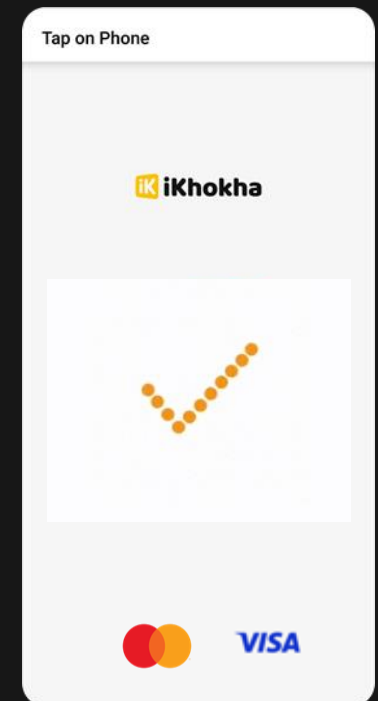
## Step 3

Consumer verifies the amount and selects Charge



## Step 4

The consumer taps their NFC payment device/contactless card on the back of the phone



## Step 5

The app notifies the merchant of a successful transaction

# iKhokha Tap on Phone Pilot Execution



Description: Marketing creative to encourage app download by merchants



## Merchant selection

iKhokha started with a small beta group that could participate by invitation only. The group started with 50 participants which grew to 70 during the course of the beta testing.



## Merchant feedback

Merchant training and education leveraging demos was instrumental in driving excitement and understanding of the solution which eased any product concerns and challenges that the merchants had.



## Promoting awareness

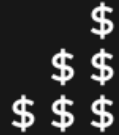
iKhokha led with a targeted marketing campaign for the selected pilot participants providing product education via website landing pages, emails and how-to guides.



## Evaluation

iKhokha asked beta merchants to keep a diary of their experience and then conducted follow-up interviews after the first 2 to 3 weeks of using the product.

# iKhokha Tap on Phone Launch and Customer Support



## Pricing

Free to use the feature, which merchants can access once they download the iKhokha app from the app store.



## Sales & campaigns

To kick-off the launch, a merchant incentive was given where the 3 highest trading merchants would each win a smartphone.



## Customer support

Customer Support was trained in three phases to help merchants activate and start using Tap on Phone effectively.

## Customer Support Training Overview



### Phase 1

Support agents were given an introduction to iKhokha Tap on Phone and overview of how it works.

### Phase 2

The second phase was a hands-on experience. Agents were given the opportunity to use iKhokha Tap on Phone on their own.

### Phase 3

This phase was run during the beta launch phase. Support agents experienced real customer queries and were able to put strategies in place for the larger market launch.

# Timeline of Key Product Activities



## Application

iKhokha applies to Mastercard and Visa to pilot iKhokha Tap on Phone. Research and development starts.

## Development & Testing

iKhokha Tap on Phone development is completed and submitted for rigorous security testing to obtain certification.

## Security Certification

iKhokha achieves all necessary security certification.

## Product Officially Certified

iKhokha completes certification with their acquiring bank and iKhokha Tap on Phone is officially certified as an iKhokha card payment terminal.

## BETA Testing

Selected merchants conduct Beta testing with iKhokha Tap on Phone. Early adopters allowed for comprehensive in-field user research.

## Market Launch

iKhokha Tap on Phone is launched to the market, and anyone can sign up and start accepting card payments on their smartphone.



# Media Broadcast

Play video



Description: Marketing creative to encourage app download by merchants and contactless payments on Tap on Phone by consumers

# Impact

10

Average transactions per day from the top 5% of merchants (2022)

4/5

Of iKhokha Tap on Phone transactions are from the Beauty and Personal Care, Food & Drink and Retail industries (2022)

63%

Of active merchant base where the app has been deployed (2022)

87%

Of actively trading merchants who have enrolled for the feature (2022)

13%

Total MPOS merchants onboarded who did not previously accept card payments (2022)

# NEXT STEPS

For more information on how to use this case study with your account or in case of any questions on launching Tap on Phone, please contact: [MPOSProgram@mastercard.com](mailto:MPOSProgram@mastercard.com)

**LEGAL DISCLAIMER:** The information, including all forecasts, projections, or indications of financial opportunities are provided to you on an "AS IS" basis for use at your own risk. Mastercard will not be responsible for any action you take as a result of this presentation, or any inaccuracies, inconsistencies, formatting errors, or omissions in this presentation. Mastercard makes no representations or warranties of any kind, express or implied, with respect to the contents of this document. Without limitation, Mastercard specifically disclaims all representations and warranties with respect to this document and any intellectual property rights subsisting therein or any part thereof, including but not limited to any and all implied warranties of title, non infringement, or suitability for any purpose (whether or not Mastercard has been advised, has reason to know, or is otherwise in fact aware of any information) or achievement of any particular result. Without limitation, Mastercard specifically disclaims all representations and warranties that any practice or implementation of this document will not infringe any third party patents, copyrights, trade secrets or other rights.

© 2023 Mastercard. Mastercard is a registered trademark, and the circles design is a trademark, of Mastercard International Incorporated