
Ghana to Make Leap to Cashless Payments Network

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A smart-card system introduced in Ghana last month is making headway but nevertheless faces frustrations often associated with ambitious projects in developing economies.

The electronic payment and settlement platform, dubbed "e-zwich," is aimed at bringing a new lease on life to financial institutions including savings and loans companies.

The e-zwich is the maiden national electronic business-transaction card introduced by the Central Bank of Ghana. It is being managed by the Ghana Interbank Payment and Settlement System (GhIPSS).

Most of the banks that said they would embrace the new technology, however, are now developing cold feet because of infrastructure problems and the high cost of equipment. Since the introduction of the e-zwich in April, inquiries to program participants indicate that only five out of more than 25 banks have so far met the criteria to offer the card service and have begun registering customers.

The operations of the five banks form part of a two-week pilot phase that began on April 28, and is now scheduled to be extended to merchants and selected customers.

The e-zwich system calls for the establishment of point-of-sale (POS) terminals and the training of bank and merchant staff to manage daily transactions and operate facilities linked to the platform. Interested banks must have local connectivity to the platform and pay a membership fee of US\$150,000.

Emily Yorke, IT manager of Trust Bank Ghana, says the bank used both GPRS (General Packet Radio Service) and dial-up connectivity provided by MTN and Ghana Telecommunications.

Services on the e-zwich platform are being provided by a Stratus server running South Africa-based Net1's Universal Electronic Payment System (UEPS). Service providers for banks using applications other than those provided on the Stratus server have to link up with the main platform.

Both the software and the hardware for the e-zwich platform were provided by Net1, but POS devices are being provided by Sagem.

Officials at GhIPSS are tight-lipped about the list of banks that have met the criteria, but said the innovative project has not faced any serious hitches. However, the CEO of GhIPSS, Frederick France, said the outfit would undertake a consumer campaign to publicize the safety and convenience of smart cards to a largely skeptical general public.

Benefits of e-zwich include card inquiries, cash advance collections, money transfers and third-party bill payments. The introduction of the smart card is expected to provide for secure payment of goods and services based on biometric (fingerprint) identification.

Ghana hopes to be part of the cashless community in a bid to reduce fraud often associated with large business transactions.

Initially, however, the cards are expected to be used for local business transactions.

Last year, Ghana changed the value of the national currency -- the cedi -- by dropping four zeros from the old cedi notes. Thus 10,000 old cedi bills are now worth one new Ghana cedi. The introduction of the e-zwich also aims at injecting more confidence in the cedi.

The e-zwich system also is expected to eventually support a check-clearing system, a real-time gross settlement system and an automated clearinghouse system.

So far Nigeria, Malawi and South Africa have implemented the project successfully. Other electronic payment systems are also being introduced on the continent. For example, in Sierra Leone, the SBTS Group recently announced plans to introduce an electronic payment network that allows for the transfer of money over various channels.

Source: Emily Aggrey, IDG News Service