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New multimillion bank card personalisation facility to disrupt banking in Africa

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Pic source: Pic Source: <https://www.crossgate.co.za/>



Africa's banking industry took a leap forward with the launch of the first 100% South African owned, EMV card personalisation facility in Cape Town with Payment Card Industry Card Production (PCI-CP) certification. The R25 million investment will see job creation opportunities and further investment in locally developed IP and technology in addition to more secure supply chains.

EMV is the global standard used by Visa and Mastercard and other payment schemes to drive interoperability between chip-based payment cards which store and encrypt sensitive cardholder information on a microprocessor chip. The new Western Cape personalisation facility, situated just 35km outside of Cape Town, is where these chip cards will be encoded and fulfilled for onward distribution to banking customers and their cardholders.

Crossgate Technologies, the investors behind the facility, have supplied more than 300 million cards to the retail and banking sectors, including some of South Africa's leading financial institutions and Mastercard Middle East Africa. Now, it will leverage its localised facility to expand into the rest of Africa to advance digital payments across the continent and other emerging markets.

Despite South African consumers increasingly exploring digital payment methods such as cryptocurrency, digital cards and biometric payments, traditional bank cards remain king, according to the Mastercard New Payments Index 2022. Reasons include security (79%), ease of use (51%) and the rewards offered (44%). However, until now, three European multinational companies monopolised the local bank card supply chain.

"Crossgate was approached by various banks to provide an alternative local solution for in-country card personalisation and processing as well as last mile distribution," says David de Coning, the company's CEO. "As the Johannesburg-based, foreign owned multinationals are situated in close proximity of one another, this has created a supply chain concentration risk. Without a backup option at least 1000km away, should an event unsettle the city, the entire banking card issuing industry could be brought to a standstill."

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Founded in 2007, Crossgate originally focused on leveraging global partners and their operations and technologies offshore. Fifteen years later, the company is investing in producing locally to diversify its supply chain and provide existing mass production capabilities to deliver payment instruments to bank customers. "We perfected the management of international supply and now we are extending that to local production, on African soil, with global partners in Asia and the USA for contingency."

While Crossgate's core business is to provide banks with secure end-to-end EMV card supply capabilities, including track and trace as well as visibility down to individual card level, this, combined with end-to-end distribution, has also enabled it to pioneer changes in the way banking is done in South Africa.

De Coning continues, "We are changing how consumers obtain, replace and activate bank cards by enabling them to do so at 3,000 mainstream retail outlets. This, in turn, increases the distribution channels available to banks, even as physical branches continue to be rationalised. Moreover, we have a partner network of 250 independent stores in rural areas that will give customers the ability to open bank accounts. We are aiming to work with a further 2,000 community stores and individual agents to assist in advancing financial inclusion in under-served markets."

Looking ahead, the company will be provisioning cards to wearable and mobile devices on behalf of banks and fintech issuers. Three major local banks and two African banks that share Crossgate's vision of taking South Africa and Africa's banking into the future have already finalised agreements. Crossgate has also extended its offering to enable fintech innovation and Banking as a Service capabilities.

"The future of banking will look very different than it does today. Challenged with ever-evolving customer expectations, emerging technologies, and novel business models, banks will need to continue offering access to forward-thinking products to ensure that they aren't left behind by the changing landscape being driven by fintechs," concludes de Coning.



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