

Payfast incorporates bitcoin payment



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PayFast, a leading South African payment processor, on Thursday started offering the digital currency bitcoin as a payment option, making it available to the firm's 30, 000 merchant customers. It becomes the first payment processor in South Africa, to offer the cryptocurrency as an option.

The company is partnering with BitX, a South African digital-currency exchange, for the bitcoin integration, but PayFast founder and managing director Jonathan Smit acknowledged the move was largely exploratory. He noted that consumers and merchants know very little about bitcoin in the young market.

“ We are not really seeing a demand for bitcoin from customers per se, but bitcoin is very much a hot topic on South African lips,” he said in a conversation with MoneyBeat on Wednesday.

Like many other traditional companies that take on cryptocurrencies, Mr. Smit is essentially launching an experiment. “ The position we are taking is not necessarily driven by a clear business case but we are always on the lookout for alternatives and we are always looking for ideas that could become something,” he said.

The subject of Africa and developing markets is a big one in bitcoin circles; the currency is viewed as a solution to the problems of high money-transfer fees, as well as an opportunity to offer banking services to the billions of so-called “ unbanked”.

So far, though, it's all mainly experimental. A Kenyan startup, BitPesa, began offering a remittance service earlier this year, and there are exchanges in Mexico, Argentina, China, and elsewhere trying to spread adoption of bitcoin.

Traditional payments processors are viewing bitcoin – which could potentially usurp their business – warily. Minnesota-based Digital River began accepting bitcoin in June, and eBay's CEO John Donahue has discussed incorporating bitcoin into PayPal.

A strong relationship with BitX made incorporating bitcoin into PayFast's existing options simple and cost effective. Marcus Swanepoel, BitX's CEO, views the partnership in a similarly positive way.

“ We are very excited to partner with PayFast to bring the benefits of cryptocurrency to a much broader market, especially with the very clear value proposition they bring to their merchants.”

During the initial launch period, Bitcoin transactions on PayFast will come cheaper than traditional credit card, Instant EFT and voucher payment methods, but could rise after that period depending on consumer interest.

For the time being, PayFast will stick to its core function of facilitating online payments; it isn't considering a move into the remittance market. “ Under South African law, remittance payments are strictly the business of banks and we take that seriously,” said Mr. Smit.

He is, however, enthusiastic about bitcoin's potential on the continent generally. “ Until now, bitcoin has only been accepted at a handful of online

merchants in South Africa and were very excited to see what effect this large scale enablement will have on the market.”