

FINMARK TRUST

MAKING FINANCIAL MARKETS WORK FOR THE POOR

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Cointel Simplus: pay phones

Pay phones supported by CointelSimplus technology are accessible to large numbers of people in South Africa, most of whom are unbanked. One hundred million minutes are dialled by four million callers, from 30 000 pay phones, each month.

Cointel, which started operating in South Africa in 1996 and facilitated the first mobile commerce transaction in 1997, moved into payphones in 1999. The venture started as part of the community service obligation of cellphone company Vodacom, to put telephones into rural areas and townships.

The pay phones are based on cell phones – specifically Global System Mobile (GSM), an international standard for digital mobile telephony. Cointel, a payment service provider, does not provide the pay phones but only the payment, collection and management system. To ensure that the cell phone company received payment from operators, Cointel partnered with Absa to provide bank accounts to franchisees running the payphone points. Customers phone an automated system and select a recharge amount, which is then debited to their account in real time and top up time is allocated.

The venture has given small businesses, which might not otherwise have qualified for a bank account, access to transactional capability.

FinScope™ 2004 shows that 31% of SA's 15,8m unbanked people have access to a cell phone. With Capitec (see Capitec profile) Cointel is exploiting the popularity of this device, which rarely leaves a consumer's side, to deliver low cost access to banking services.