

Success with Capitec and Open Banking

Safer Online Payments for Consumers with Capitec Pay

Launched in February 2023, Capitec Pay allows customers to make safe and card-free payments using a mobile phone, bank account, or ID number. In order to provide an alternative to 'screen scraping' payment methods, Capitec built this open banking solution to process payments between third-party payment providers (TPPPs) and Capitec's customers.

Capitec Pay is now a well-known and popular payment method in South Africa and is setting the trend for payments processing that is free of screen scraping.

The Challenge

With the establishment of Capitec's open banking API came a large number of business partners who needed to be connected to Capitec's processing engine. Significant security risk is introduced when numerous third parties are integrating with a bank's core system via direct API integrations.

Each of the business partners (TPPPs) needed to be onboarded as quickly as possible, with assistance through the integration and testing process. Historically, banks can take up to several months to onboard a new business partner via an API integration, but for Capitec's open banking solution to be successful, they had to ensure that each business partner could be onboarded and taken live within a matter of weeks.

The Solution

Electrum provided a single platform through which all transaction traffic between business partners and Capitec's systems is processed. This assisted Capitec to:

1. Minimise exposure of Capitec's core banking systems to partners who integrate into the solution.
2. Ensure that any solution or API updates could be seamlessly rolled out to all business partners.
3. Alleviate the burden on Capitec's teams to assist business partners throughout their onboarding journeys.
4. Provide a single view of all transactions.
5. Perform transaction reconciliation with each business partner.
6. Implement a solution that can handle rapid growth in transaction volumes and scale with the addition of business partners.



THE REQUEST

Capitec wanted to establish an open banking solution that provides an alternative to existing 'screen scraping' payment methods for non-bank business partners. These business partners need a safe and easy way to integrate with Capitec's system, as quickly as possible.

THE BENEFIT

Capitec can offer an open banking solution with multiple business partners, and not expose its core banking system.

THE RESULTS

Processed over
130 Million
transactions (in 2023)

28
business partners integrated

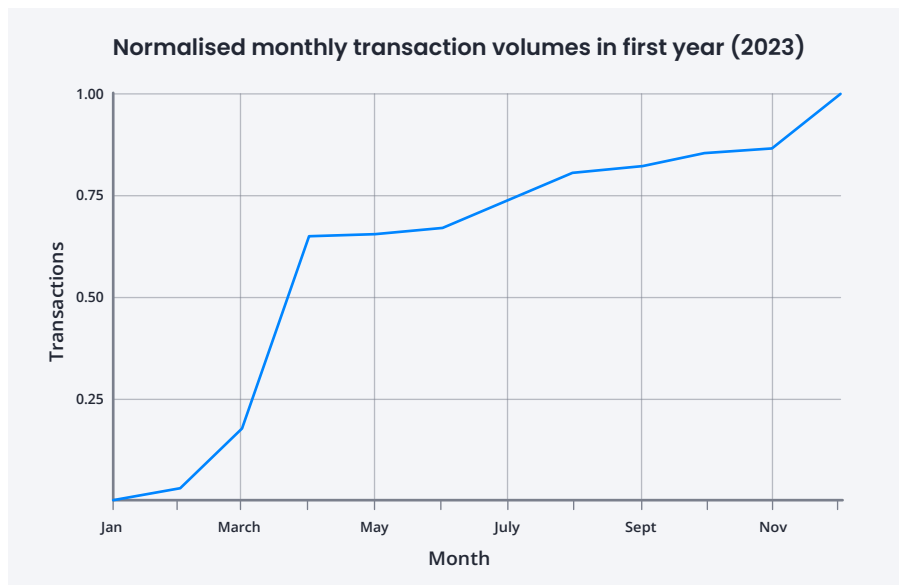
THE SOLUTION

- ✓ Payments Platform
- ✓ Electrum Console
- ✓ Back Office

Electrum's software essentially forms a buffer that protects Capitec's systems from direct exposure to business partners. This layer of robustness ensures that all business partners integrate to Capitec via Electrum and multiple separate integrations do not pose a security risk to the core banking system. In addition, Electrum takes care of all connectivity and infrastructure setup and testing.

A valuable benefit of the single system is that it provides visibility of all open banking transactions, and Capitec operators can use Electrum's Console and dashboards to monitor the solution and easily troubleshoot transactions across all partners.

The uptake in Capitec Pay was rapid, with over 10 million transactions being processed monthly, within the first three months. Electrum provided a solution that can handle the transaction volumes and could scale with user and business partner growth - all while enabling Capitec to have peace of mind while setting the standard for open banking.



Furthermore, the Back Office solution performs system reconciliation with each business partner on behalf of the bank. This means that each business partner receives daily reconciliation reports listing all individual transactions for the respective partner that could or couldn't be matched with the bank's own records.

Electrum also provided a dedicated onboarding and implementation support team that supports business partners to get on-boarded onto the Capitec open banking solution. There was regular communication with each business partner and assistance with their API integration work. The business partners were supported throughout their testing journey to ensure that they were ready for go-live.

ABOUT CAPITEC

Capitec's mission is to make their customer's life easier and empower them to take control of their money, so they can live better. Capitec's core values are simplicity, affordability, accessibility, and personal service - leading them to become South Africa's favourite digital bank.

Capitec has been partnering with Electrum since 2013, in order to offer a range of Value-Added Services, Money Transfer, and USSD services.

"Capitec has revolutionised the way in which South Africans pay online."

Jerome Passmore
Head: Capitec Pay



Book a demo

Book a demo to learn more about how Electrum can help you modernise your Payments offering.