

R25m facility gears up to shake up the banking industry through novel distribution model

By  Katja Hamilton

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The first 100% South African-owned Europay, Mastercard and Visa (EMV) card personalisation facility with Payment Card Industry Card Production (PCI-CP) certification was launched on Thursday, 1 December in Kuilsriver, Cape Town.



Source: Crossgate.

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.

Investors Crossgate Technologies injected R25m into the new Western Cape facility.

"This is the fourth facility built over 25 years," David de Coning, the company's chief executive officer said.

Better known as Crossgate, this is where chip bank cards will be encoded and fulfilled for onward distribution to customers not only at bank branches but through 3,000 mainstream retail outlets a month and through a partner network of 250 independent stores in rural areas where customers will be able to open bank accounts and obtain, replace and activate bank cards.

The cards will also eventually be made available at a further 2,000 community stores and individual agents.

A 250m² vault within the Western Cape facility can hold up to 26 million bank cards and the machinery has been imported from Italy and Germany. The Western Cape facility has the capacity to print 1 million cards a month.

End-to-end card supply and distribution

"We are the only business I know of globally that can take an order from a bank customer or an issuer, and take it through the entire process all the way through from production, personalisation, fulfilment, tracking and tracing and auto-replenishment right down into a retail store or into a bank branch," said de Coning. "We are a complete end-to-end card supply and distribution partner."

"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 de Coning.

"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 1,000km away, should an event unsettle the city, the entire banking card issuing industry could be brought to a standstill."

Advancing digital payments in Africa

Crossgate Technologies has to date supplied more than 300 million cards to clients in its 15-year history to the retail and banking sectors, including some of South Africa's leading financial institutions such as First National Bank, Standard Bank, Old Mutual 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. It will supply countries like Ghana, Zambia and Namibia.



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The production volume of EMV banking cards is expected to rise accordingly, despite South African consumers increasingly exploring digital payment methods such as cryptocurrency, digital cards and biometric payments.

Crossgate Technologies said 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%).

Driving financial inclusion

"We're very excited that we're a South African-born business with international partners backing us to the highest technology and quality standards, de Coning added. This, as we move onward into the last mile of building consumer utilities and - as we issue these much-needed payment products - drive financial inclusion."

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."

Crossgate is a subsidiary of Crossfin Technology Holdings, which aims to be the continent's leading independent fintech group within the next five years.

Crossfin Technology Holdings was acquired by a consortium including African Rainbow Capital and Ethos Mid-Market Fund for R1.5bn.

ABOUT KATJA HAMILTON

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