

# The Rise of Digital Goods and Services in South Africa

Visit <https://electrum.co.za/2020-vas-report/> to read the full report

**R27.4 billion**

**96%** mobile phone penetration    **87%** smartphone penetration    **93%** bank account holders    **79%** downloaded banking apps



**Capturing a share of cash**



**Smartphone penetration**

## Factors Influencing the Future of VAS



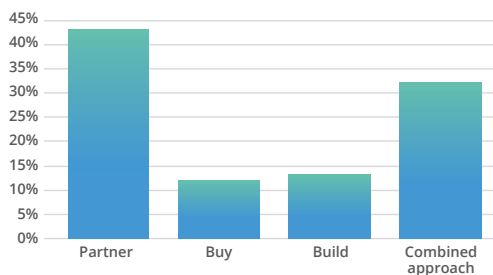
**Digital channel engagement**



**Direct access to funds**

- Most banks expect to grow their VAS business by 15-25% in the next year
- Most retailers expect to grow their VAS business by 5-20% in the next year

### Business Preferences for Partnering, Buying, or Building when Adding VAS Capabilities



### VAS Role Players:

- Banks
- Retailers
- MNOs
- VAS Portals
- Devices
- VAS Processors
- Software Providers
- Fintechs
- VAS Aggregators
- VAS Product Suppliers

Between 2015 & 2018, revenue from prepaid mobile data increased by **25.1%**

Between 2015 & 2018, **88%** of voice subscriptions were prepaid

**72%** of SA households have prepaid electricity meters

**Total estimated monthly market value of VAS in SA for population of 18-55 year olds**

**32%** market share **Airtime & Data**

Consumers who used top channels:  
**POS & Kiosk 71%**    **Bank app 32%**    **USSD 23%**

**4-6%** commissions & fees usage increase expected in the next 6 months  
**6%**

**19%** market share **Electricity**

Consumers who used top channels:  
**POS & Kiosk 67%**    **Bank app 31%**    **USSD 20%**

**2-3%** commissions & fees usage increase expected in the next 6 months  
**11%**

**14%** market share **Money Transfer**

Consumers who used top channels:  
**Bank app 48%**    **EFT 30%**    **USSD 17%**

**R4-R6** commissions & fees usage increase expected in the next 6 months  
**14%**

**13%** market share **Bill Payments**

Consumers who used top channels:  
**POS & Kiosk 77%**    **Bank app 26%**    **EFT 24%**

**R2-R4** commissions & fees usage increase expected in the next 6 months  
**18%**

**10%** market share **Lotto & PowerBall**

Consumers who used top channels:  
**POS & Kiosk 89%**    **Bank app 10%**    **EFT 6%**

**5%** commissions & fees usage increase expected in the next 6 months  
**14%**

**12%** **Other**

Balance of market share for remaining VAS Products

Travel & Ticketing, Betting, Single-use Vouchers, Gift Cards, Traffic Fines, Insurance

**Retailers**  
(POS, Kiosk)

**48%**

Usage share for VAS

Popular because:

- Consumers can combine VAS with other goods & services
- Consumers can pay with card or cash
- High level of consumer trust

**Banking App**

**23%**

Usage share for VAS

Popular because:

- Consumers can buy anywhere, any time
- Custom amounts can be selected

**USSD**

**11%**

Usage share for VAS

Popular because:

- Feature phones can be used (smartphone not required)
- No Internet or data is required
- Consumers can buy anywhere, any time

**Banks**  
(Branch, ATM)

**5%**

Usage share for VAS

**Other App and Online**

**13%**

Usage share for VAS

- Includes product & service apps (e.g. SnapScan), EFT, Online transfers, and WhatsApp