



The PACIFIC ISLANDS FinTech Innovation Challenge

Challenge 5: Enabling E-Commerce and in-person POS merchant payment services

Categories: E-commerce, Payments

Geographic Focus: Fiji, Samoa

Background: In the Pacific, digital payments remain one of the largest obstacles to the growth and uptake of e-commerce. Lack of access to online payment gateways restricts the number of businesses that can conduct online sales, reducing the value proposition of credit and debit cards or mobile wallets that can be used for online purchases.

Access to payment gateways varies significantly across the Pacific, but in general is a major hurdle to overcome for aspiring e-commerce merchants. Many countries in the Pacific Islands do not have any payment gateway. For a bank or payment service provider to offer online payment gateway services, credit card schemes, such as VISA and MasterCard require a guaranteed minimum number of transactions per month to make it a commercially sustainable business model, which has proven to be prohibitive for almost all local banks operating in these relatively small markets.

In addition, many of these local financial institutions do not have physical merchant payment services to allow the use of cards or mobile wallets at the point of sale (POS). Digital POS payments provide convenience and safety for the customer and offer better efficiency and transaction volumes for the merchant.

Problem Statement: Provide a merchant payments solution that enables both online e-commerce payments and in-person POS transaction, settled in an account with local partner banks. It is envisioned that the solution will support all scheme card providers as well as local proprietary cards and eventually allow for the aggregation of e-commerce and POS payments from multiple local banks that operate across the Pacific Island region. This would pool the demand from multiple smaller Pacific banks into a larger pool of transactions to provide a solid foundation for the commercial viability of the solution. Ideally the solution would also enable connectivity into digital wallets and ensure that it is PCI/DSS compliant.

Potential solutions / focuses:

- **E-commerce Payment Orchestration** – An internet payment gateway facilitating international and domestic e-commerce payments in the focus countries that can serve as a basis for future cross-border e-commerce transactions.
- **POS Payment Services** – A solution to enable POS digital payments through cards and ideally digital wallets as well as a management platform to help merchants better understand their transactions.

Implementation partners: Home Finance Company (HFC), National Bank of Samoa (NBS)

For further information, visit: www.uncdf.org/inclusiveinnovation/pacific-islands-fintech-innovation-challenge

Inquiries to this request for applications may be submitted by email to ajay.jagannath@uncdf.org cc uncdf.rfa@uncdf.org. For any email enquiries, please include in your subject line: "The Pacific Islands FinTech Innovation Challenge"