

Goodbye magstripe; hello EMV mobile... and paying for your coffee in crypto and gold

Soon banking and retail cards with magnetic stripes will long be a thing of the past, with EMV chip cards and EMV mobile already paving the way for a new-generation of payment processing across the banking and retail sector.

 By [Katja Hamilton](#) 24 Jan 2023



David de Coning, chief executive officer of Crossgate Technologies.

Mastercard estimates that already EMV chips are used for 86% of face-to-face card transactions globally, and as chip-card technology is being rapidly adopted, it is estimated that by 2033, Mastercard credit and debit cards with magnetic stripes will no longer be around. Bizcommunity chats to David de Coning, the chief executive officer of Crossgate Technologies about this trend...

 *How do the bank cards that are being printed today differ from cards printed three years ago, and how do you see them evolving?*

In terms of the way digital financial services are evolving and changing, there's been a move globally from the magstripe card. Banks started introducing chip cards called EMV (Europay, Mastercard, and Visa), which is the global standard, driven by the global payment schemes, which Mastercard and Visa use to make all banks, issuers and merchants interoperable and able to accept transactions. Those same standards are

now being deployed into virtual cards and wearable devices. In the future, you could definitely have an implanted chip in the arm.

The principle of getting Unicode - all the data - into the wearable device, is where one effectively takes data and injects it into a real chip which is put onto a card. Card manufacturing is what we do. With the licensing that we've done, it effectively gets us to a point where the next step would just be mobile provisioning, and taking that across a fantastic distribution channel.

Customers could go pick up their new FNB card at a Shoprite, Checkers or Clicks store, or they could go and replace their FNB card at convenient shopping hours at roughly a third of the price of doing it at a bank branch. We are visiting 3,000 retail locations every single month. The next thing is we're going to be extending this out to the more informal sector and to independent traders. We're really taking on agency banking. We've got agents throughout the country.

■ ***Do retail cards also have chips embedded in them?***

There is going to be a definitive move from magstripe retail cards to retail cards with chips, and we will definitely produce them here. All those retail customers are already our customers; it's a natural progression.

■ ***The bank cards on your facility floor all have QR codes. Is this the next payment trend?***

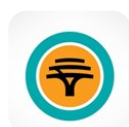
So we often get requests for interesting linking-to-capabilities, so instead of asking the customer to enter their card number into their mobile banking app, merchants can scan the customer's QR code on their card which is unique.

We have tests going on with this, so any person wanting to pay a parking attendant a tip, for example, when they don't have cash, can use a parking attendant's QR reading mechanism.

■ ***Could it be possible that we might have a physical card where you could have your crypto loaded on it and you could transact using this card?***

There is a link between your crypto wallet and real-world payments. Our solution is to effectively convert your crypto into local currency and then it gets moved immediately into settlement rails onto a card, which is on your phone as a virtual card. This way, you can basically use crypto to pay for coffee in all currencies in real time.

We also have a business where we're doing the same with gold bullion. We have a marketplace in which customers purchase physical gold held in a vault. They can purchase the physical gold in small increments or they can purchase a lot. The gold price at the time is the value of the underlying asset. We leave it to Mastercard to convert this on a deck Wallet.



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The role that we will play as a payments business is to provide them with the core capability and all of the data and transaction issuing and processing capability. Customers can then buy the gold, hold it for five years and then sell it against the gold bullion.

It's important to note that the personal data that we do process is done only for our production, and [the personal data] is completely destroyed as per global Payment Card Industry (PCI) standards. If we don't follow these standards we would lose our license to operate.

▣ ***How will you manage with the chip shortage?***

We've been being quite clear with our banking partners that we can expect shortages to continue for some time, but this is a major issue globally. We are sourcing from sources that do not have the same pressures as the Europeans have. We are sourcing out of China and we have very strong control through our Chinese borders, as an example of where those chips are manufactured.

The other players in the market, like big European nationals, rely on outside bodies to provide the silicon for the chips, and many of those bodies are also European; they are all scrambling to try and get parts that are produced in the east. We have a dual approach. We work with our Chinese partners and those effectively Taiwan, but we also work with other international partners like our American partners that might have access to module availability.

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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