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The Impact of Electronic Payments on Micro, Small, and Medium Enterprises (MSMEs) in Zimbabwe

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The Zimbabwean government's efforts to promote a cashless economy have led to the introduction of electronic payments. Granted, this move aims to increase transparency, reduce corruption, and improve tax collection, yet it has significant implications for Micro, Small, and Medium Enterprises (MSMEs). This article examines the effects of electronic payments on MSMEs and proposes solutions to support small businesses that will struggle to adapt. While the proposed measures are a step in the right direction, they are likely to worsen the already significant challenges faced by MSMEs across Zimbabwe.

The Government should conduct a thorough needs assessment to better understand the challenges faced by MSMEs. It is crucial to engage with MSME stakeholders, including business owners and industry associations, to gather feedback and insights on the proposed measures.

Effects of Electronic Payments on MSMEs

1. MSMEs, particularly those in the informal sector, may not have the financial resources to invest in electronic payment systems, such as point-of-sale machines or mobile payment platforms. The costs of acquiring and maintaining these systems can be prohibitive.
2. Small businesses that cannot afford to adopt electronic payment systems may struggle to compete with larger enterprises that have already made the transition.
3. Many MSMEs in Zimbabwe rely on informal financial systems, such as mobile money or cash-based transactions. Electronic payments may exclude these businesses from the formal financial system, limiting their access to credit, loans, and other financial services.
4. MSMEs may struggle to comply with the regulatory requirements associated with electronic payments, such as data protection and anti-money laundering regulations.

To mitigate the negative effects of electronic payments on MSMEs, the government can:

1. Provide subsidies or grants to help MSMEs acquire and maintain electronic payment systems.
2. Simplify the regulatory requirements associated with electronic payments, making it easier for MSMEs to comply.
3. Work with financial institutions to increase access to financial services for MSMEs, including affordable credit and loans.
4. Provide training and support to help MSMEs adapt to electronic payment systems and navigate the associated regulatory requirements.
5. Implement electronic payments gradually, allowing MSMEs time to adapt and adjust to the new requirements.

The adoption of electronic payments has significant implications for MSMEs in Zimbabwe. While the move aims to promote a cashless economy, it may exacerbate existing challenges faced by small businesses. By providing support and subsidies, simplifying regulatory requirements, increasing access to financial services, and providing training and support, the Zimbabwean government can help MSMEs adapt to the new requirements and thrive in a cashless economy.