

Understanding payment trends to ensure customers get what they want

 By [Brendon Williamson](#)

12 Jul 2018

Startup companies are faced with a number of challenges before they even begin trading. Market research and designing an excellent customer journey are, of course, important, but ensuring your customer has a payment option that engenders confidence is critical.



Cash and cards still count

Although South Africa has made strides in financial inclusion, we still have a large informal sector who rely on cash. More than 90% of the informal market is cash-based with a large portion (around 40%) of our workforce still receive their wages in cash.

That said, the number of bank cards has grown exponentially and is now the biggest payment method. What is interesting is that we have seen the type of card payments are seasonal. Towards the end of year, people tend to have money in their cheque accounts and so opt for instant EFT or debit card payment, while in leaner months people tend to buy using their credit cards.

For retailers, enabling fast checkouts is an important part of a good shopping experience. In Europe, contactless card payments are everywhere and Mastercard has said that 15% of all in-store payments globally make use of the 'tap and go'

payment method. In South Africa, however, there seems to be much slower uptake. We believe what may be required is more staff education from the merchants and a broader uptake from the major retailers.

Another barrier has been the very low-value limit before a pin code is required to validate the transaction. The move to increase the limit from R200 to R500 by some acquirers could boost the number of contactless payments, especially in larger retailers where the checkout value is generally higher.



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Brendon Williamson 18 May 2018



It's mobile and it's immediate

There are in excess of 80 million mobile subscribers in South Africa (across all networks). The mere size of this market will drive the usage of mobile-driven payments and it's vital that merchants offer a range of mobile payment options.

Looking at the uptake of mobile app payments like Zapper, SnapScan, MasterPass and others, we can see that this is the future of payments.

The importance of mobile payments is borne out by what we are seeing on the e-commerce front. At least 50% of the sites we work with either have an app through which customers can transact or they offer app-based payment options, and we expect this to grow in the year ahead.

Unfortunately, there is still a perception that your phone is not secure, when in reality, it is more secure than the card in your physical wallet. If someone had to steal your wallet they have access to all your bank cards with CVV numbers, and they could immediately start using these for online purchases.

However, should they steal your phone, they would first need to get access to the phone which is passcode protected. Then, the banking app you are using on the phone is also password protected. Cards that are stored in mobile payment apps are tokenized and there are no true card numbers stored in the application. What's more, users still need to input their CVV number in order to transact. Finally, if your phone is stolen all it takes is one phone call to disable the app and all the cards associated with it. If your physical wallet is stolen, each card needs to be cancelled individually, giving the thief extra time to shop up a storm.



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How to handle all the options

The pace of payment advancements can be overwhelming for businesses of every size, but most especially for the small business owners, who often don't have the luxury of an in-house technical expert. This is exacerbated when it comes to busy shopping times like Black Friday and Cyber Monday. In preparation for Black Friday last year, we tripled the amount of transactional processing servers to handle the increased volumes and merchants also need to prepare for these peak transactional times.

The best way for a business owner to attract and retain customers is to offer as many payment options as possible – ensuring that their customer will find the payment mechanism they are most comfortable using.

The most efficient way of implementing all these options is to work with payment gateway that supports a comprehensive bouquet of card, app and Instant EFT choices. While many focus on card payments, instant EFT should not be overlooked. It fills the gap between card purchases and other app payments such as SnapScan, Zappar and e-wallets. Working with a payment gateway takes away the pain of multiple integrations and ensures you are on the right side of all the payment regulations. It's difficult enough to attract customers, limiting their choice when it comes time to pay is simply bad for business.

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ABOUT BRENDON WILLIAMSON

Brendon Williamson is the Managing Director at PayFast and PayGate. A veteran of the payments and e-commerce industry, Williamson has over 20 years' experience in sales, marketing, and online fraud management - with a background in online gaming and e-commerce transaction management. He has been part of the DPO Group for more than 10 years as Chief Sales Officer, Chief Marketing Officer, and most recently, Head of Commercial. Looking ahead, his goal is to take digitalisation to the next level.

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