

# Innovative payments ecosystems are changing the game for small businesses

 By [Tish Haridass](#)

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There's a fairly widespread misperception that small businesses somehow need 'saving'. The thinking seems to be that SMEs are small because they haven't quite figured out how to successfully grow their operations; so they need a proverbial knight in shining armour to swoop in and show them the way. However, Yoco's observations on small business trends state otherwise.



Tish Haridass, Yoco brand marketing manager | image supplied

In Yoco's experience with an increasing number of merchants across Africa, nothing could be further from the truth. We know that most small to medium business owners are savvy business people, with a deep understanding of their markets and well-thought-out systems and business processes that work really well, despite often being manual. And many of these small businesses are steadily up-scaling their businesses in the absence of the digital transformation that big banks and other financial services providers believe they must achieve simply to survive.

The truth is that the majority of small businesses don't need a digital 'overhaul', they need digital optimisation. That means business partners and service providers that can help them harness digital to build on the manual processes they already have in place and which have worked very well for them to this point.

Fortunately, there is growing recognition of this reality by many payment services providers that operate within the small business landscape. An increasing number of these vital SME partners are expanding their offerings to deliver far more than just point-of-payment devices, but also to provide SMEs with the means to better leverage their proven systems and processes to capitalise on the array of opportunities for growth that exist on both sides of the moment of payment. It's a paradigm shift largely driven by fintech innovators and evidenced by, or resulting in, several key trends emerging within the SME environment.

## **1. Small businesses are becoming more independently-minded and future-focused**

One of the main advantages that big businesses have always had over their smaller counterparts is autonomy. While any successful business recognises the importance of putting the customer first, for a large organisation with hundreds of thousands of customers, it's possible to make unilateral product, pricing, and organisational decisions, knowing that those customers will adapt where necessary. Small businesses don't have this luxury. The roles are reversed for the SMEs, which typically have a much closer connection with their customers and find themselves having to adapt their businesses to meet changing consumer demands. Having access to data-led market insights and a range of digital business and payment tools is enabling SMEs to shift this reality and make decisions based on their long-term strategic objectives rather than solely pandering to individual customer demands.

## **2. Small businesses are focusing less on survival and more on growth**

Most small businesses grow from the ideas and dreams of individuals. As such, these businesses are often bound by the same financial fears and risk-averse mindsets of the individuals who founded them. This inability to accept the risk of any kind most often manifests as a fear of debt. At Yoco, we see this across much of our customer base as many small businesses decline to make use of our cash advance product, Yoco Capital, for fear of not using the money effectively. Discussions with these merchants revealed fear of indebtedness and concerns about having to repay the cash advance despite not seeing a clear uplift in business.

The good news, however, is that in recent years, we have seen a steady shift in this mindset. Growing numbers of Yoco merchants are utilising their cash advances to make smart investments into their long-term growth. Anecdotal evidence points to this shift in risk understanding taking place on the back of growing confidence as SMEs have gained access to an enabling payments ecosystem that also delivers invaluable market insights to guide their growth strategies.

## **3. Small businesses are starting to realise their potential**

Aligned to point 2 above, there is evidence of a growing understanding amongst SMEs in Africa of their importance as economic contributors and employment creators. Historically, small businesses have been almost apologetic about their existence, with many prepared to exist on the sidelines of mainstream commerce and eke out a living. In many ways, this was symptomatic of a predominantly cash-based SMME landscape, which had the effect of making cash-based merchants believe they were somehow inferior to their bigger business counterparts with their advanced payments platforms. Having access to a digital payments ecosystem has not only levelled the playing fields for these SMEs, but it has also given many small business owners the courage to go out and compete on those playing fields, irrespective of how intimidating their competitors might seem.

While, on the surface, these trends may seem subtle, they are highly significant, and they need to be encouraged. Small businesses really do have the potential to change the socioeconomic fortunes of communities, countries and entire continents – and the growth-enabling business partnerships and integrated payments ecosystems to which they now have access are the cornerstones on which they can continue to realise that potential.

## ABOUT TISH HARIDASS

Tish Haridass is the Brand Marketing Manager for Yoco, an African technology company. In this role, Tish focuses on driving strategy development to build products and solve problems for the self-employed. Tish is equipped with a broad brand skillset enabling her to develop comprehensive and engaging data-based strategies. She has worked on brands across a variety of industries such as fintech, alcohol, automotive, retail, FMCG, insurance, medical/health, travel, tourism and for NGOs.

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