

Mobile payments gaining ground

Mobile payment technologies are gradually beginning to make inroads into both cash and credit card payments in South Africa - mostly because of the convenience they offer to both the customer and the business owner.



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Vuyo Mpako, head of Innovation and Channel Design of Standard Bank, said that the evolving nature of both business and banking, triggered by constant change in technology, makes it essential for banks to find frictionless options for people to send and receive money or make payments.

"Because of social media and other online and mobile facilities, consumers now want equally simple, fast, and easy-to-understand ways of making payments in shops or businesses. Business owners want less complexity in the way they receive, reconcile and account for payments made to them. And, while this is universally true, it is particularly applicable to small and medium-sized enterprises as well as the informal sector, where the cost of installing the technology and infrastructure for card payments," said Mpako.

Many of these businesses opt for cash payments, which constitutes a security risk for their business and reduces convenience for their customers. Most people do not want the hassle of having to draw and carry cash in case they want to buy something.

Happy to download apps

"However, people carry their cellphones wherever they go and are happy to download apps that make their lives easier. This provided an opportunity for us to develop a solution that would enable quick payments via a smartphone app - SnapScan. By downloading the app to their smartphones, consumers are able to simply scan the QR displayed by the merchant/business owner, input their PIN and the payment is completed within seconds."

SnapScan offers a business two avenues for the collection of funds. Informal businesses are able to withdraw their earnings by requesting a voucher that can be redeemed at any Standard Bank ATM or AccessPoint. The business owner does not need to be a Standard Bank customer or have any bank account to sign up for SnapScan. For businesses with bank accounts, SnapScan credits sales directly to the nominated account.

Grant Browning, operations manager of Deluxe CoffeeWorks, a coffee roastery that supplies products nationwide and also has multiple coffee shops in the Western Cape, said that accepting payments from his coffee shop customers via SnapScan has considerably simplified the running of the outlets.

"People can conveniently pay at the bar. We do not need to have someone constantly manning the till. Our customers do not have to wait while we process a card transaction. In fact, many of them make payment based on our menu prices without waiting for us to give them a total for the sale. We get immediate notification that payment has been made and the whole payment process is over within seconds. We can get on with running the business and our customers can get on with enjoying their lives. SnapScan fits very nicely into our business ethos, which is to keep our business operations practical and hassle-free for our customers - and ourselves."

Browning introduced SnapScan at Deluxe CoffeeWorks before it had been extensively marketed to the public by Standard Bank. As a result, he and his staff had to take the time to explain to customers how SnapScan works.

"Because most of our customers have smartphones, they picked up the concept really quickly and quite enjoyed trying something new. Most of the questions we got were about security, but those were easily resolved. Now, 20% of our payments are done with SnapScan."

No operational demands

Grant Ravenscroft, owner of the Croft & Co coffee shop and restaurant in Parkview, Johannesburg, admits to being less technologically savvy than most of his customers. He is delighted that SnapScan not only makes receiving payments easy, but also makes no operational demands on his business or his own time.

"All we need is the QR code and a small cellphone to receive confirmation of payments. It takes no effort to fit into our customers' broader lifestyle, not just in terms of giving them a great meal but supporting their mobile preferences. Best of all, though, SnapScan makes it easy to offer our customers tangible convenience.

You do not have to wait for a card to be swiped or approved. There are no authorisation delays when networks are under pressure, as there so often are with card machines."

Croft & Co customers range from business people and homemakers to schoolchildren. Average spend at the business varies from the price of a cup of coffee to a couple of thousand rand for a dinner party.

"People use SnapScan for any size of purchase," said Ravenscroft. It is not as if people will use cash for the small items and SnapScan for the bigger ones. They seem to be motivated to use it purely for the sake of convenience."

Having SnapScan available has not increased Ravenscroft's customer base. "We do not have new people coming to the restaurant because of SnapScan, but having an additional payment option just gives our customers additional value. And that has value for us."

Substantial uptake

Maseehah Rashid owns Opticien, a business in Parkhurst, Joburg that provides eye care and sells prescription spectacles, contact lenses, and sunglasses. Her business has been using SnapScan for only a few months, but already has substantial uptake from customers.

"About 15% of our clients are currently using it and every day additional clients download the app on our premises. We keep flyers in reception explaining what SnapScan does and how it works, and people will often download the app while they wait to be attended to. People really do want a fast, paperless, card-free lifestyle."

Because many of her payments are received via medical aids or direct deposits, Rashid does not expect SnapScan to become the dominant payment method for her business. "But that was never the point of opting for SnapScan. Our objective as a business is to give great service to our patients and our customers. That includes making it easier for them to pay for our services and products. SnapScan reinforces our image and positioning in the market.

"An additional significant business bonus for me is the fact that SnapScan saves me administrative time and resources by sending me a complete list of all transactions done on any given day and deducting the commission on each transaction as it goes through. This reduces the need for reconciliation of accounts after the fact. SnapScan gives you a real-time view of revenue."

Mpako believes that concepts such as SnapScan are the tip of the iceberg when it comes to innovation in banking. "Part of being a leading bank in the information era is always being aware of how your clients and customers are being innovative with their use of technology and embedding banking into that process. SnapScan is one of a number of solutions that enables us to achieve that."

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