

# Tap, tap, tap and grow

By [Karen Nadasen](#)

22 Dec 2020

It has been a year of reckoning: a year that lit a fire beneath online payments in South Africa, transforming e-commerce while creating immense economic pressure. As the global pandemic waged war on government process, merchant sales and consumer behaviour, companies were faced with tough decisions and mercurial markets that reshaped how they worked, innovated and delivered services. It was tough and it was brutal, but it was also a year that has taught the retail sector essential lessons in online engagement and created opportunity amid the complexity of a pandemic.



## E-commerce diamonds made under pandemic pressure

South Africa underwent one of the world's most rigorous lockdowns. Essential goods were the only e-commerce items allowed to go on sale, and many companies were put at risk of closure. Some survived, many did not. At this time, the e-commerce Forum South Africa (EFSA) worked with the government to effectively and safely reduce the restrictions on commerce to help ignite the flailing economy and establish a fresh baseline for growth in a pandemic-powered world.

This saw significant innovation and shifts in approach and perspective, particularly in the e-commerce arena. Retailers adapted quickly, with Checkers Sixty60 and Zulzi changing the way that groceries were bought, while Uber shifted people's experience of public transport and the delivery of food and other essential products.

For those retailers that were unable to keep up with the demand, collaboration became the word of the year. Pick 'n Pay, for example, partnered with Bottles to introduce same-day delivery services to its customers – a relationship that was so successful that it saw the retail giant buying the delivery service - while OneCart partnered with Exclusive Books and HP to achieve the same levels of delivery efficiency.

## Move to mobile payments gains momentum

Along with the rise of app-based and online shopping experiences, there was significant growth in mobile transactions, with tap and go becoming increasingly relevant to safety-conscious South Africans looking for seamless cashless payment solutions that are trustworthy and easy to use.

PayU saw an impressive move to mobile payments with up to 85% of transactions completed on a mobile device in 2020, compared to 50% in 2019. This rapid increase in mobile payment usage correlates to the massive increase in smartphone penetration in South Africa, with the Independent Communications Authority of South Africa (ICASA) reporting in the 2020 State of the ICT Sector report that smartphone penetration has risen by 9.5% over the past year.

In addition to increased usage of mobile devices and payments, there has been a shift in how customers approach mobile payment platforms. They want tools that engender trust, that minimise the risk of fraud and theft, and that allow them to do more than just pay for online shopping.

This change in consumer attitude is also changing access to financial services and solutions. From the micro enterprise to the corporate building foundations in a rural community, digital payment solutions offer people access to banking services and cash management tools that previously would have been out of their reach. The more people gain access to digital financial tools that are secure and affordable, the more they are empowered to grow, reach new markets, and improve their financial acumen. Digital payments are tearing down the barriers to financial inclusion and giving SMEs and communities improved opportunities for growth.

## **Cashless payments come into their own**

Of course, in addition to the ongoing pandemic, there are challenges that must be overcome to ensure growth. Merchants need more opportunity to expand online, buoyed by improved access to education and support. With the right information and understanding, they could flourish online if they have access to the right assistance and guidance from the outset.

For consumers, fraud and security remain a high concern and priority. To drive growth in the eCommerce sector, merchants need to invest into payment platforms that showcase their investment into tools such as 3D secure and that put security at the forefront of development.

As the country moves towards 2021 and the ongoing limitations presented by the virus and related restrictions, there are also opportunities among the challenges. The first is to find ways of capitalising on the new African Free Trade Area agreement scheduled to come into effect on 1 January 2021. The agreement allows for impressive business reach into new markets and, as Africa is a significant market for remittances, this is a chance for merchants to expand their eCommerce footprint into cross-border trade with the right infrastructure, regulations and payments in place.

Another development that has seen growth in 2020 and will continue its trajectory in 2021 is QR payments. These have become far more ubiquitous over the past year with many companies investing into QR-powered mobile solutions that make payments simple, quick and accessible. From Samsung to Apple to Snapscan, the scale and use case for QR codes will continue to evolve. It's a digitally-driven solution that capitalises on consumers' need to shop fast and pay even faster, while presenting new ways of selling goods and services across multiple platforms. QR codes are being used by leading payment platforms to expand South African access to alternative payment solutions that suit their needs, lifestyles and business models.

Finally, one of the biggest and most essential changes we need to see in 2021 is reductions in the cost of data and access to affordable connectivity. Already, significant strides have been made in this arena, but data and internet access costs need to fall even further to reduce the barrier to entry, improve e-commerce growth, boost mobile usage, and increase access to inclusive financial services. This will drive growth and economic stability while further allowing for the market to cement its digital foundations and translate the complexities of the pandemic into long-term opportunities.

From digital payment platforms to security innovation to reduced costs and improved payment capabilities, 2021 is the year that will take the card tap to the mobile device and grow the economy in the right direction.



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