

A challenging year lies ahead as digital economy evolves

By [Gerhard Oosthuizen](#)

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New banking regulations, digital consumers, the eradication of passwords, contactless technology - these are just some of the trends that will shape financial services and payments in 2021.



Gerhard Oosthuizen, Entersekt CTO | Source: supplied

The past year has fundamentally reshaped all sectors of the economy by accelerating the move to digital and this will define the banking, transacting and payment trends that will continue into 2021.

As a result of Covid-19, consumers have been homebound which has pushed many traditional businesses further into becoming digital entities in order to service them – we estimate a 30% growth in digital. We have also seen a lot of digital first-timers, people signing up for online banking and e-commerce, moving away from traditional channels.

Many businesses with a strong presence in the real world have had to acknowledge that online transactions are now fully mainstream and realign themselves accordingly. That has provided some challenges. In the old days, registering a customer for a service would happen in a branch, shop or kiosk – but remote digital registration of customers is now an essential component of any business plan.

Even work behaviour has been significantly altered. People don't give a second thought to working remotely and many

businesses have reconfigured their operations to make this a permanent arrangement for employees.

This has set the scene for 2021 – working from home and transacting from home is now expected – it has moved from concept to reality.

Contactless tech and passwordless systems

The use of contactless technology is growing. More people are tapping with their cards but there's also a lot more engagement with QR payments. We know that QR can work – it already does in Asia. Consumers like the idea of having complete control of transactions from their own device. They can authenticate themselves when transacting without the need to use a PIN pad. This year, we expect to see significant developments in QR and NFC-enabled tap and go payments because they do provide a richer experience for users.

Also, expect the emergence of completely passwordless systems. With the roll-out of Fast Identity Online (Fido) and the expanding network of Fido-compliant solutions, we think organisations will start to do away with passwords. They'll sign up customers by using biometric authentication through devices and digital identities people already have – like those enabled through banking apps, for example. You'll never again have to worry about remembering or resetting passwords. That's the promise, at least.

We will see accelerated uptake of delegated authentication in 2021 – the new banking specification that allows merchants to provide their customers with a vastly improved online shopping experience. Delegated authentication regulations mean merchants – instead of the traditional issuing banks – will take control of authenticating e-commerce payments, giving consumers a simple, intuitive checkout experience that looks and feels like an extension of the retail brand.

Simply, this year is going to be about change – and managing that change without alienating already unsettled consumers. Organisations that put the customer experience front of mind will be the winners in 2021, but they must nonetheless expect additional pressure from regulators, new competition, ever more digitally-demanding consumers, and no slowdown in technological innovation.

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