

# Acceleration of digital payments

By [Jonathan Smit](#)

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2020 blurred conventional lines of ecommerce, with sectors that historically had low digital payment penetration experiencing higher demand, as more people shopped online.



Jonathan Smit, PayFast

PayFast saw unprecedented growth in industries that previously had a limited need for digital payments. These included a 1,787% year-on-year increase for online liquor stores; a 683% uptake in telecommunications services and a 512% increase in restaurant orders.

These figures are based on total payment volumes processed in 2020 compared to 2019.

2021 will continue to see the digitisation of payments across various industries including retail, professional services and e-commerce. From paying for invoices using a QR code to purchasing electricity via your mobile banking app, digital payments are largely expanding beyond shopping online.

Looking ahead, we will continue to see growth in the following ways:

## Keeping it contactless

Accelerated rapidly by the pandemic, contactless payments have become widely accepted and will continue to be a feature in the mainstream payments landscape. Whether it be by smartphone, card or wearable device – tap-and-go has become a convenient staple for South African shoppers. Additionally, many are still wary about the Covid-19 virus spreading through surfaces and cash.

## Mobile-first and seamless integration

Mobile payments accounted for 66% of the transactions we processed on Black Friday 2020. This year we'll see the continued use of smartphones for e-commerce purchases – as well as further penetration of digital wallets such as Apple Pay, Samsung Pay and Huawei Pay into the local market.

“ As more brands make use of social media to build their online stores, consumers will continually look for more seamless payment experiences that are mobile-friendly. ”



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## QR code and app-based payments

Fast-tracked during the pandemic, QR code and app-based payment methods allow buyers to pay without touching any surface other than their own phone. Payments can be made at till points, restaurants, for parking and for online shopping –

as vendors across the country adopt the technology.

Brick-and-mortar retailers are accelerating this trend by offering a reward programme linked to payments made in-store via their app.

## Flexible payment options

As a result of the pandemic, consumers are more financially stretched than ever. Going into 2021, we'll continue to see more flexible payment options for retail brands in their e-commerce stores. Solutions like the Buy Now Pay Later model allow local shoppers to make interest-free repayments over a set amount of time, helping with monthly household cash flow.



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We are noticing a big change from the pre-pandemic era, when businesses did not see digital payments as essential. Following on from last year, this has become a top priority as consumers expect personalised, convenient online payment options from local brands.

“ For many businesses that had previously relied on selling their products or services in person, accepting online payments has been a significant step in digitising their offering to the local market. ”

The [PayFast Ecommerce Performance \(PEP\) Index](#), launched in November, demonstrated that as e-commerce adoption rates continue to soar, digital payment solutions will need to keep pace to ensure that customers continue to shop online. Indicative of the report findings, 2021 will continue to see an uptake in ecommerce use and digital payments being brought further into the mainstream.

## ABOUT THE AUTHOR

Jonathan Smit is the Managing Director and Founder of [\[\[https://www.payfast.co.za/?gclid=Cj0KQGIArvX\\_BR0yARIsAKsnTxMh02wIAZ0nRp4uolHkqVWwQqgnB9oM6F8zAKSSmkDrGx0JlIkxu5LQVbAtINMEALw\\_wcB PayFast\]\]](https://www.payfast.co.za/?gclid=Cj0KQGIArvX_BR0yARIsAKsnTxMh02wIAZ0nRp4uolHkqVWwQqgnB9oM6F8zAKSSmkDrGx0JlIkxu5LQVbAtINMEALw_wcB).

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