

Instant EFT shines in local alternative payment methods space

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South Africans are following international trends by embracing alternative payment methods (APMs) when it comes to online purchases. While in-app payments, wallets and QR codes dominate in the mobile payment space, when it comes to bigger ticket items, instant EFT payments are becoming the method of choice.



“The traditional choice of credit or debit card for online payments is beginning to shift. The fragmentation of the payment ecosystem over the last few years has also been given a nudge as a result of the pandemic with more people exploring alternate options,” explains Brendon Williamson, CSO at South Africa’s largest payment service provider, DPO South Africa.

The move towards a cashless society is being boosted by APMs. But they are also having an impact on card-based transactions.

A US report from fellow payments technology company, Paysafe, released in September last year shows how the younger generations are rapidly embracing newer payment methods.

The study showed that only 39% of Generation Z (consumers aged between 16 and 24) make online payments using a credit card, compared to 49% of consumers aged 25 and over.

The report finds 40% of Gen Z consumers have made in-app payments, with 15% making in-app payments on a regular basis. What’s more, 34% of Gen Z consumers have used a mobile wallet in the past, with 14% using them regularly. Meanwhile, only 10% of non-Gen Z consumers use mobile wallets regularly.

“We see a similar trend in South Africa where the younger generation is more comfortable with APMs generally and are especially fond of mobile payment options. It’s important for payment offerings to retain their interest though, because

younger generations are happy to try new things. So keeping your product offering sticky is imperative. Loyalty and rewards schemes are well received amongst all age groups, but the younger demographics are very adept at gamifying these programmes, which makes them particularly attractive” explains Williamson.

The exception to all the rules

While it too is growing in popularity, the one APM that refuses to be confined to a demographic tickbox is instant EFT. Williamson explains that this payment method is widely embraced across all age groups, especially when it comes to bigger-ticket items as well as for those who prefer traditional EFT transactions, but want to do things faster.

“Experience with our SiD Secure EFT, which we have offered for two years now, shows us that it continues to resist being pigeon holed. We can clearly see that both young and old love to use SiD when paying for holiday bookings as well as airline tickets. Working with FlySafair for seven years and more than a decade with both Mango and Kulula clearly shows that people are increasingly opting for instant EFT as a safe way to secure their travel purchases,” he says.

Another retailer which is seeing a steady uptick in instant EFT payments is national bed specialist, Dial-a-Bed.

“A large percentage of our sales have traditionally been manual EFT and the time we lose waiting for confirmation of funds to be cleared has compromised the level of service and speed of delivery we wish to provide. So with faster clearing, the rest of the customer journey continues more seamlessly,” explains Janlo Van Den Heever, head of omnichannel marketing and sales at Dial-a-Bed.

Van Den Heever goes on to say that the retailer has seen a steady gain in instant EFT transactions as trust in the offering increases and says those who choose this method generally receive their orders in half the time compared to shoppers who manually transfer and send proof of payment.

“Making sure you know your users and how they want to transact is imperative for organisations who hope to grow their customer base - and understanding and acting on trends is a big help. However, when it comes to making sure you have your bases covered at the checkout page, including an Instant EFT offering is a no-brainer,” Williamson advises.

About DPO South Africa

DPO South Africa (previously PayGate, PayFast, Setcom/SiD, VCS and PayThru) is a subsidiary of the Pan-African DPO Group. It offers online retailers of all sizes instant access to simple, effective and secure online payment services, including PayGate Plus its newly launched fully managed payments solution. DPO South Africa has connections to multiple acquirers, fully managed relationships with banks, card, and payment networks, and sophisticated risk management with PCI-DSS Level 1 compliance. It processes payments for merchants across SA, Namibia and Botswana. With DPO, local business owners can now accept all major payment methods in 19 African countries through a single integration into the DPO Group. For more information please visit www.paygate.co.za

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