

How payment technology has revolutionised opportunities for companies

It doesn't matter whether a company is a small to medium-sized enterprise or a large corporation, or where it's based, we are all now operating in a global economy. Irrespective of the size of an enterprise, its location or what its product offering is, with the right payment and transaction mechanisms, it can compete equally alongside other companies worldwide.



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The advent of digital payments and embedded finance has revolutionised the opportunities for companies to offer their products and services via e-commerce websites. From selling clothes, cosmetics, streamed entertainment, accommodation or transport, there is no end to the innovation of app developers, nor to the range of items that can be purchased or acquired from anywhere and delivered anywhere around the globe.

"Innovation on its own is not enough to make a company commercially viable in any market," says Joel Bronkowski, country lead: South Africa at Paystack.

"Today's e-commerce customers require seamless, secure, contactless payment systems and the service providers need the same transactional security," he says.



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As such, payment providers must understand this shifting landscape and stay on top of the latest evolutions in the e-commerce sector. As Bronkowski points out, this means having a thorough understanding of the challenges faced by e-commerce end-customers and the online sellers that those payment providers service.

But what are those challenges? And how is payment technology evolving to meet them?

1. Instant payments benefit consumers and businesses alike

Instant payments are important for consumers and e-commerce businesses alike. For consumers, being able to make payments instantly has many benefits including greater control and visibility over their finances.

Think about it: how irritated do you feel when a payment you made a couple of weeks ago suddenly came off your account a few days before payday? What would it do to your ability to budget effectively for the month?

For businesses, meanwhile, instant payments offer several benefits, including the ability to fulfil orders faster (an important user experience differentiator), enhanced security thanks to the rich range of protective features available in many instant payment offerings, real-time inventory and cashflow management, and reduced costs thanks to lower transaction fees.

2. Transparent pricing helps give sellers certainty

In a period of mass socio-economic uncertainty, the last thing any e-commerce business wants is to be blindsided by unforeseen fees from its payment tech providers. Transparent pricing models can help overcome this worry.

Additionally, they can help build trust and credibility, provide a measure of predictability for businesses, and make it easier for those businesses to be compliant with regulators.

"At Paystack, we know how important this level of transparency is," says Bronkowski. "That's why payments are only levied on successful transactions, with no integration or maintenance fees."

3. Transaction success and completion rates become increasingly vital

Failed transactions can be massively detrimental to any e-commerce business. In fact, research shows that online merchants lose 62% of customers who experience a failed transaction. It's also a much bigger problem than you might imagine.

In the US, for example around 28% of online transactions fail. Similarly, the figure is around 26% for the EU. The numbers are likely similar for Africa. That means that a lot of e-commerce merchants are missing out on a lot of business.

According to Bronkowski, one key to ensuring that transaction completion rates are increased is to focus on integration.

"Paystack is integrated into some of Africa's largest banking organisations which ensures an almost 100% payment success rate with bank cards," he says. "Using different routes and pathways, this kind of integration can help ensure that payments are processed for optimal speed and ease of transaction."



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4. Improved fraud detection helps save businesses' bottom lines and reputations

It's estimated that e-commerce players around the world lost more than \$41bn to fraud in 2022, with that number looking set to increase to \$48bn this year. But fraud doesn't just affect a business's bottom line. It can also do serious reputational damage, affecting the relationship between business and consumer.

As Bronkowski notes, choosing the right payment-tech provider can be critical for reducing fraud risks.

"E-commerce businesses should look for a payment provider that has advanced manual and automated fraud detection systems, which protect merchants from fraudulent payments and any potential chargeback claims," he says.

5. Payment choice drives customer attraction and retention

The days when an e-commerce business could get away with offering just one or two payment methods are long gone. Today's customers, particularly in emerging markets such as South Africa, expect to be able to pay using whichever method they're most comfortable with. That includes everything from traditional credit and debit cards to instant EFTs, digital wallets, mobile money offerings, and even cash on delivery. If you've bought something from a big e-commerce site such as Takealot, you'll have likely already seen how many payment options are now expected as default.

"Providing end users with choices on how to pay gives companies a competitive edge and is an easy way to attract – and retain – new business," says Bronkowski.

Exactly how much of a competitive advantage it offers can be seen in the fact that almost half (48%) of businesses in a global survey reported losing 10% of their international revenue because payment providers don't offer suitable payment options.

6. Borderless payments open up new markets to sellers

Despite what global socio-political ructions might suggest, today's global economy has no borders, especially when it comes to trade. Businesses therefore need to be able to transact internationally from and into any currency from any bank-issued card.

That's especially important in a country like South Africa where, despite significant growth in recent years, the e-commerce market remains comparatively small. Giving merchants the option to accept international payments broadens the number of consumers a business can reach by several orders of magnitude.

As Bronkowski notes, it also opens up options for more niche players.

"Let's say a wine business wanted to start selling its stock internationally," he says. "Previously, it would have had to find third parties to help it do so. But with the right payment technology, it can more easily sell directly to customers, saving costs and providing additional revenue opportunities."

Meeting challenges head-on

Ultimately, says Bronkowski, there is no escaping that business comes with significant challenges for organisations of all sizes.

"While the right payment-tech can't make all of those changes go away on its own, it can be critical for ensuring that

customers have the best possible experience and that businesses are well positioned to adapt to changing demands,” he says.

“Factor in its ability to influence things like customer attraction and retention and reduce incidences of fraud and it should be clear that choosing the right payment-tech provider is vitally important.”

“Above anything else,” he concludes. “Businesses should look for tech payment tech providers which understand the challenges they face and which can help tackle those challenges head-on.”

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