

# Six trends in retail payments

Payments technology plays a critical role for retailers, ensuring a fast and smooth shopping experience for consumers, as they transact billions of rand every month. Dave Glass, MD at payments technology provider Electrum, shares six retail payments insights.



Dave Glass, Electrum

## 1. New payment methods

Tech savvy consumers are demanding quicker, more convenient and more engaging ways to pay. It is clear that to stay ahead, South African retailers need to support payment methods other than cash and card. Emerging payment types include QR codes such as SnapScan, Masterpass, Zapper; NFC cards/phones such as Contactless; digital wallets like PayPal and Apple Pay.

## 2. Shoppers love in-store financial services

In the current economic environment, retailers' earnings are increasingly under pressure. They are looking for more reasons for customers to come into the stores whilst also developing new revenue streams. Electrum sees all the major retailers building their financial services offerings. Financial services that are becoming available at the most

progressive retailers include:

- personalised credit offerings,
- FICA registrations,
- domestic and international money transfer services,
- international airtime top ups and
- a wide variety of bill payments (traffic fines, municipal bills, insurance policies, DStv etc.)

The benefits to the retailers are clear in terms of increased footfall, customer loyalty and commission revenue.

## 3. Retailers are stepping up risk and compliance programmes

Retailers must protect customers' bank card information and the Payment Card Industry Data Security Standard (PCI-DSS) must be followed. However, as the ubiquity and complexity of payments technology become ever greater, PCI-DSS compliance is becoming a much bigger headache for retailers. Achieving annual PCI-DSS compliance milestones is a major time and resource cost to retailers when they would rather be focusing on their core business, especially in the high-risk payments environment.



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#### 4. Smart retailers are moving technology to the cloud

Cloud-based technology has many well-known benefits including improved reliability, lower infrastructure costs, faster on-demand technology delivery and high scalability. However, for retailers, the benefits of cloud-based, software-as-a-service payments technology are even greater - it allows them to reduce the scope of the risk and compliance landscape that they need to manage. Cloud-based technology also improves their ability to deliver omni-channel experiences to their customers, across all of their channels (store, online, mobile, kiosks, etc).

#### 5. Online products are coming to the physical store

Retailers have been selling 'virtual products' (also known as Value Added Services) such as airtime and electricity vouchers for quite a while. As they look to find new sources of revenue, they are increasingly offering other products such as e-tickets for travel and events, software licenses, subscriptions to gaming services, and other types of vouchers that were traditionally only sold online. Interestingly, although everyone believes the future of retail is online, there is clearly consumer demand for bricks and mortar stores for products that are normally sold online.



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#### 6. Omni-channel strategies for traditional retailers as they compete with online

Online shopping is still a lot less prevalent in South Africa than in developed economies. However, competition from online retailers such as Takealot is now having a material impact on the sales of traditional brick and mortar retailers. To counteract this, traditional retailers need to ensure that customers can have a consistent shopping experience across channels that include store, online, mobile, and kiosks – known as omni-channel.

The hurdle to this is that many retailers rely on legacy technology that is built for in-store only and cannot support an omni-channel strategy. Amazon has been experimenting with physical stores since 2015 and it is easy to imagine that we might see the same here in South Africa.

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