

New payment methods accelerating but cash is still king in SA

Despite digital innovation evolving payments solutions at breakneck speeds, cash still dominates as the main payment form for millions of South Africans.



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Unlike developed countries with legacy banking systems, Thomas Pays, CEO and co-founder of Ozow explains that Africa is perfectly primed to leapfrog and quickly adapt to new technology.

“We can see wider adoption because people don’t have to make any significant change from one system to the next.

“Without decades of legacy systems, we have a tremendous advantage in being able to do this,” he says.

Cash still dominant

“The big challenge is to ensure that the millions of South Africans who still use cash are able to access these services,” says Pays.

He cites a lack of access to infrastructure, high data costs, and a general mistrust in financial institutions as factors that prevent many consumers from participating in the digital economy.

“To better serve the needs of low-income communities, it is critical to develop solutions that work for them,” he says.

“For someone in a township, who largely makes peer-to-peer payments, digital payment solutions need to match what they will use them for,” Pays explains.

Popular payment types

A recently published South African Township Marketing Report found that while cash is still the preferred method of payment for many low-income earners, people in townships are open to alternative payment methods.

Mobile payments and digital wallets are two of the most popular payment types globally, eclipsing cash transactions in 2020.

The introduction of e-wallets and invisible payments, like those used by Uber and Amazon Go, are providing people with a way to pay for goods and services without having to take any action.

While traditionally, these often required a credit card on file, this is being eliminated with the introduction of wallets and direct payment links to bank accounts through digital overlay services developed by fintechs.

“With every new technology developed, the goal will always be to simplify people’s lives by making payments even easier, quicker, and more secure.

Driving financial inclusion

“This innovation has one primary goal – to drive financial inclusion and access for everyone,” says Thomas Pays, CEO and co-founder of Ozow.

This is also in line with the South African Reserve Bank’s The National Payment System Framework and Strategy Vision 2025 sets out the goals and strategies for the national payments industry.

It aims at building a world-class national payment system (NPS) that serves the economy and the people of South Africa.

The objectives of Vision 2025 include increased consumer trust and familiarity with electronic payments systems.

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