

# Top payment trends for 2024

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Consumers will increasingly be demanding choices when it comes to payment options into 2024, with security being high on the agenda and offerings that will be keenly watched as potential growth engines.



Rory Bosman, executive for sales and marketing at Ecentric Payment Systems

Rory Bosman, executive for sales and marketing at Ecentric Payment Systems, adds that shoppers also want value from retailers, physical or online, when it comes to deciding where to spend their hard-earned money, especially in this difficult socio-economic environment.

As payment systems continue to develop, [often building on offerings already in the market](#), Bosman details nine key trends he sees as dominating 2024.

## Buy now, pay later

There will be a continued growth in offerings that allow consumers to purchase goods on interest free credit, paying the item off in tranches of, for example, three months. In this space, where the retailer carries the interest, there are an increasing number of solutions companies such as Float, Pay Just Now, Payflex, Happy Pay, and others.

Merchants are seeing an increase in purchases because of this solution, which allows South Africans access to goods that they usually wouldn't be able to afford if they had to pay cash immediately. Not paying interest is also very attractive for indebted South Africans who may need, for example, a new fridge because of loadshedding, especially if they don't have access to a credit card (which comes with a high interest rate and is not always attractive).

## PayShap

The instant interbank digital payment service, which offers smaller payments at low cost, is set to continue being a growth driver as more banks and participants join the network. While there hasn't been large adoption yet, the addition of more participants such as the mobile network operators with consumers that have wallets, in what could be seen as a PayShap 2.0, will result in a large push forward.

When PayShap launched with only the big four banks, there were high fees that were individually set, which the competitive environment has pushed down, especially as challenger banks such as Tyme and Discovery Bank offer the service at no cost. Delinking the product from the need to have a bank account will also result in more uptake.

Currently consumer-to-consumer, there is also the potential for consumer-to-business, which could bring retailers on board. In China, there is a significant push towards instant payments, and – once that has been refined – could enable an interesting shift in the payments space. This is an area to watch for the fourth quarter of 2024.

## Digital wallets beyond South Africa

Outside of South Africa and across sub-Saharan Africa, digital wallet use dominates as a payment platform or technology, with customers lining up to enable this from the banking space through to cellphone operators. In this region, we see relatively few banking and card transactions, while digital wallet adoption is surpassing that of traditional banking solutions. This is partially because of less population density, which doesn't justify the cost of issuing scheme-accredited cards such

as Visa and MasterCard.

## **Payment orchestration**

This trend is relevant to the merchant, especially in the e-commerce world, where the merchant's goal is to meet consumers at every touchpoint, by offering as many payment methods as possible. However, they can't always get all the required solutions from one payment gateway or a Fintech provider, which means there's a cost imperative that requires them to be able to split their service providers.

Coming into this mix is a growing sub-industry in payment orchestration that pulls various payment methods together for the merchant, helping them grow so consumers don't abandon their basket because they can't check out in their preferred manner. Interestingly, AI is starting to play a role in this solution, intelligently working out routing rules and determining which is the best time of day to transfer money.

## **Last mile deliveries**

The Covid-19 lockdown led to a change in lifestyle in terms of people shopping online and having items delivered to their homes, from bread and milk to dinner. This shift to ecommerce will continue to grow across all economic spheres and there is interest from operators in more cash-based environments such as informal settlements to offer a payment solution. Here, the same economic drivers are in place such as the convenience cost versus that of going to the shop. This area will speed up when it comes to increasing gains in other payment methods with the integration of PayShap and other digital payment methods being enabled.

## **Instant EFTs**

This solution is expected to mature from being a [Regulatory and Oversight Report 2022.pdf screen-grabbing operation](#) – which banks have warned about as being insecure – to one that is safe and offers convenience. Initially, the success rate wasn't high but now the consumer experience rate has improved with deeper integration into banks, which reduces the high rate of decline, or the clunky experience. This method is popular where online transaction values are limited, or people may not be carrying their card when shopping. Merchants may also push this payment system in 2024 because it strips out the cost of card processing fees.

However, it still has a way to go to get to a viable alternative that isn't frowned upon by the banks and offers customers the assurance that they can, for example, charge back a deal if goods or services are not delivered.

## **Card scheme tokenisation**

Most online consumers are familiar and comfortable with having their card details stored by their favourite retailer, speeding up future checkouts while negating the need to physically have the card with them at time of purchase.

Visa, Mastercard and the other card schemes have developed their own card tokenisation mechanisms whereby card details will be updated by the schemes as expired, lost or replaced cards are issued. This means that consumers will never have to recapture card details and online retailers will not have to port their consumers' card tokens, when changing payment service providers.

## **In store**

Retailers are also doing more in shops when it comes to payment devices, such as enabling rewards and loyalty cards that provide information that allows them to operate on an optimised level using enhanced customer knowledge. They can also use the same point-of-sale payment devices to assist with stock take, run delivery applications, and enable pay-at-table/order-at-table, allowing retailers to place just-in-time orders, accept deliveries, and send out ecommerce orders using the same set of technology.

## Security

Perhaps the biggest trend for 2024 will be not only the need for security enhancements but also consumer education. Between 2022 and 2023, there was a 75% increase in cyber fraud across Africa in all respects. Consumers will need to know how to identify secure sites or apps through URLs as well as which security standards should be displayed in terms of logos displayed. At the same time, being redirected to banking apps on phones to approve deals adds another layer of security comfort for consumers.

“Ultimately, the right payment solution for any business is the one consumers demand,” says Bosman. He adds that whatever solution is offered, it must be secure because the loss of reputation if a consumer is defrauded is a potential death knell, especially to SMMEs in South Africa.

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