

Payfast's inaugural 2023 report unveils SA's digital payment landscape

Payfast has launched its 2023 annual [industry report](#), offering a comprehensive look at South Africa's new State of Pay.



Source: Supplied.

Featuring expert insight and statistics from leading industry innovators Capitec, Mukuru, Yebo Fresh, and The Shopaholic, the report unpacks the next frontier in the payments industry within the context of financial inclusion. From open commerce to open banking, all efforts are focused on bringing previously underserved merchants and customers into the digital ecosystem.

“Previously, financial inclusion was linked and limited to an organisation's physical reach – but with the innovations in technology and software, things are changing. The proliferation of digitised cash offerings, digital wallets, and accessible transactions through smartphones, feature phones or even WhatsApp, means there is no excuse to not be planning with financial inclusion in mind,” says David Adams, chief commercial officer at Payfast.

The report also leverages anonymised payment and buyer data sourced from Payfast platforms over the past year to highlight online payment trends as well as key industry findings. For example, open banking solution Capitec Pay has grown to 2% of all Payfast transaction volumes in just six months, since it launched in March 2023. This is a significant growth rate off a zero-base and demonstrates consumer appetite to transact digitally.

“There are 19 million underbanked individuals in the country, and over one-million micro-, small-, and medium-sized enterprises still transacting exclusively in cash. One of the key takeaways of this year’s report is that making online transactions accessible to this market segment is critical, not only for merchants who want to grow their business – but for the growth of the entire South African economy,” says Brendon Williamson, managing director at Payfast.

To understand sentiment towards these concepts and how local businesses are implementing financial inclusion initiatives, Payfast conducted a survey across their merchant database.

While 49% saw open commerce as an opportunity to grow their business, 56% believe it is too early to say what kind of impact it will have on their organisation. In terms of taking steps toward reaching more consumers, only 11% of merchants plan to introduce delivery to informal settlements and rural areas within the next year.

Township economy's staggering value

“The township economy is valued at R260bn, but more than 80% of merchants do not plan to introduce delivery into informal settlements at all in the near future. This tells us that a major part of the drive towards financial inclusion is education around the size of the opportunity it affords those involved. With the launch of this report, we hope to begin the important work of helping all industry players to think bigger and more inclusively,” says Adams.

In terms of other notable data – Payfast reported significant growth in credit and buy now pay later payment methods – with a 96% increase in volume for Mobicred and a 67% increase for MoreTyme, compared to 2022. The average basket size for these types of online credit also increased by 93% this year – coming in at around R1,778. As the cost of living continues to rise in South Africa, this is likely to grow as we enter 2024.

As we head towards Black Friday and the festive season, 61% of merchants are feeling positive about the year ahead.

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