



Is your Business geared for the changes within the Payments Landscape?

Industry Insights

Author: Leana Hanscomb
Q LINK Executive: Product, Risk & Compliance



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In the dynamic realm of financial transactions, South Africa is witnessing a profound transformation in its payments landscape. Technological advancements, regulatory shifts, and evolving consumer behaviors are reshaping how businesses manage their finances. Let's delve into the key trends driving this change and explore the implications for businesses. Additionally, we'll examine how innovative solutions stand ready to assist businesses in adapting to these shifts seamlessly.

Technology Advancements:

The proliferation of digital technologies has revolutionized payment processes across South Africa. From mobile wallets, contactless payments, and the recent introduction of rapid payments, consumers are embracing convenient and secure methods of transacting.

In a recent article on instant payments, "Instant Payment systems in Africa topped \$1 Trillion in 2022" (Payments Journal, n.d.) detailing the market demand and scale of instant payments on the African continent, where in 2021 the number of transactions processed was 32 billion to the value of \$1.2 trillion U.S. dollars. The number of live domestic and regional Instant Payment Systems (IPS) on the African continent was 32, with the latest three services being launched in Ethiopia, Morocco, and South Africa.

This is testament to the shift in demand for the payment industry to adopt flexible payment solutions that cater to diverse customer preferences and streamline operational efficiency.

When considering the statistics and the introduction of new payment services, it is important to distinguish between consumer driven services, generally focusing on Consumer to Consumer (C2C) and Consumer to Business (C2B) and business driven services focusing on Business to Consumer (B2C) and Business to Business (B2B) payments.

In South Africa our current mature payment services remain fit for purpose, while the introduction of new instant payments, like PayShap (PayShap, n.d.) enhances the overall service capability in the National Payment System (NPS).

Regulatory Changes:

Regulatory bodies are playing a pivotal role in shaping the payments landscape. In 2018, the South African Reserve Bank (SARB) published the "*National Payment System Framework and Strategy – Vision 2025*" setting out 9 industry goals (Reserve Bank, n.d.). The implementation of the vision has come a long way, resulting in initiatives such as Authenticated Collections (DebiCheck) and Open Banking, fostering competition and driving innovation in the financial sector. Compliance with evolving regulations remain imperative for businesses, to ensure data security, transparency, and consumer protection.

Changing Consumer Behaviours:

Consumers are increasingly seeking seamless and personalized payment experience, while Cash remains in high demand and considered as a trusted source of trading. In December 2023 the total value of cash processed through BankServ Africa Integrated Cash Management Services (ICSM) totaled R 81 billion (december-holiday-spend-reflects-annual-growth, n.d.).



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Impact on Business:

The reality is that the cost of managing cash is very expensive from a financial and risk perspective. Businesses must align their payment strategies with evolving consumer expectations. This entails investing in user-friendly interfaces, robust security measures, and efficient customer support systems.

The changing payments landscape presents both challenges and opportunities for businesses in South Africa. Those adept at embracing innovation and adapting to market dynamics stand to gain a competitive edge. However, businesses that fail to modernize their payment infrastructure risk losing market share, facing compliance issues, and compromising customer trust.

How could you gear your business successfully to use the changing landscape of payments to your advantage?

While the instant payment solutions are mainly aimed at Consumer-to-Consumer payments, with limited Consumer to Business solutions, there are several current mature payment solutions available to Businesses for efficient and effective payment management.

One can simplify the payments into two main types. Payments (i.e. paying funds into a bank account) and the second is Collections (i.e. collecting funds from a bank account).

Q LINK specialises in both payment types servicing B2B and B2C markets.

Q LINK's innovative Payment solutions provide affordable and trusted payments processing, via several integration options (API, client facing on-line platforms, SFTP) directly with a client's line of business system, such as Payroll and Accounting Systems. The Payment types are supported by value added processes, including Net Payments to staff, Third party payments (with or without automated schedules), Creditor payments and general payments.

Our collection solutions are designed to optimise client cash flow through innovative and bespoke functionality, including mandate management and strategy management. Clients may package their collection strategy through the effective use of DebiCheck (incl. RMS) (DebiCheck, n.d.), standard debit orders and collection from credit cards.

As the payment landscape in South Africa continues to evolve, businesses must stay proactive and integrate with aggregators to assist should they not have the resources or time to build these infrastructures themselves. Ensure that your business and your employees thrive in this dynamic environment. For more information on some of the above solutions visit www.qlink.co.za