

5 trends driving the future of digital payments

 By [Brendon Williamson](#)

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The future of digital payments can be summarised with one word - convergence. This is the key overall trend heading into 2023 and beyond.



Brendon Williamson, managing director at PayFast and PayGate. Source: Supplied

As cashless transactions become more seamless across online and physical commerce, it is increasingly difficult to separate trends into silos of growth. To get a full picture of the e-commerce and online payments landscape, it is critical to understand not only which areas will undergo an evolution, but also how each innovation will impact and integrate with others.

Currently, more than 50% of transactions in South Africa are made with cash. But with more than 70% of the population accessing the internet through their phones, all the infrastructure that we need to go cashless is already there. The next step is connecting everybody to a payments solution that suits them best, online or in-store.

The natural progression of payments is toward convenience. When you think about it this way, convergence – the integration of payment experiences, shopping platforms, and currency – is almost inevitable. For merchants, this means it is critical to stay up to date on the latest trends, to provide the best, most seamless customer experience. For consumers, it means sitting back and enjoying the ride.

The five trends outlined below demonstrate the growing interoperability of payment technology, highlighting the ways in which digital transactions are influencing all areas of commerce.

1. The omnichannel experience

The boundaries between shopping online and in-store are dissolving, and users are starting to expect the same payment

experience across the board. Instead of swiping a card in-store and then typing card details in online, customers want to be able to pay in the same way, regardless of the context.

Options like Apple Pay and Samsung Pay, which deliver similar payment experiences wherever you shop, are good examples of this. This will also have a positive effect on the growth of classic omnichannel commerce, like click-and-collect and cash payments for online shopping, as payments reach new levels of integration.



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2. Furthering financial inclusion

“ The informal economy is historically underserved when it comes to e-commerce – but this is changing fast. ”

Growing awareness around the importance of financial inclusion has sparked a number of innovations designed to give more people access to digital payments.

From the digitising of township retail, currently being pioneered by grocery delivery platform Yebo Fresh, to the rise of payments and money-sending platforms that don't require bank accounts – more people will have access to digital payments than ever before.

3. The dawn of super apps

If you've ever looked at your phone and wished for a single app where you could order food, buy gifts, and pay for electricity – then you've already predicted this trend. At the moment, the digital industry has worked itself into diversification, offering an overwhelming number of different ways to do the same thing.

Too many choices has started to negatively impact the user experience. To combat this, we're going to see convergence for convenience – the creation of super apps that offer every service, on one platform.

4. Web3 and decentralisation

The next generation of web development, web3 decentralises payment infrastructure to give ownership back to the user. Currently, traditional payment rails are responsible for most online payments, which limits consumers and merchants to existing options.

“ Since it is open source, web3 will liberate the internet's payment infrastructure by making transactions accessible through the blockchain - providing visibility and transparency. ”

This will have the knock-on effect of making things cheaper and freer. It will also open up the number and type of currencies and stores of value that people can use for transactions – such as cryptocurrency and NFTs – as well as where they can use them.



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5. The mainstreaming of cryptocurrency

In 2022, South Africa officially declared that crypto assets are now classified as a financial product, in terms of the Financial Advisory and Intermediary Services Act. As a result, crypto will become more regulated, which is expected to result in less volatility in the market. For the general consumer, this makes crypto more trustworthy.

Additionally, the crossover of crypto, a digital currency, into physical purchases is also propelling this trend forward. In November last year, Pick n Pay enabled Bitcoin payments at 39 stores throughout the country – bringing us back to the omnichannel experience, and paving the way for more seamless transactions.

A by-product of these innovations is the ability for more and more people in South Africa to access non-traditional payments, and participate in the digital economy, on their terms. It all comes down to improving and streamlining the checkout experience – both digitally and in-store. From consolidating the e-commerce ecosystem, to accepting new and alternative forms of currency, the core focus of the payments industry is removing friction.

ABOUT BRENDON WILLIAMSON

Brendon Williamson is the Managing Director at PayFast and PayGate. A veteran of the payments and e-commerce industry, Williamson has over 20 years' experience in sales, marketing, and online fraud management - with a background in online gaming and e-commerce transaction management. He has been part of the DFO Group for more than 10 years as Chief Sales Officer, Chief Marketing Officer, and most recently, Head of Commercial. Looking ahead, his goal is to take digitalisation to the next level.

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