

# Technology offers financial inclusion for the rise of hybrid retail

The adoption of online shopping during the pandemic was limited only by the fact that South Africa remains a predominantly cash-based economy. However, the launch of the 'cash-like' payment system, PayShap, will change this, ushering in a new era for omnichannel retail in South Africa.



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The pandemic years catalysed a shift in the local retail sector, driven by the dramatically accelerated pace of digitalisation. In the wake of Covid-19, greater adoption of online shopping was limited only by the fact that South Africa remains a predominantly cash-based economy. But, with the launch of the 'cash-like' payment system, PayShap, this picture is about to change, ushering in a new era for omnichannel retail in South Africa.

Commenting on these recent developments is Jason Sive, CEO of digital credit service provider Mobicred, which forms part of retail credit group RCS. As he explains: "Claims that brick-and-mortar retail would be rendered all but obsolete by the shift to digital, during the pandemic, were premature. Instead, a new, hybrid model for the sector is taking shape. Physical stores will always have a place in the retail industry of the future, but their operations will be supported and enhanced by digital technology."

Providing evidence for his standpoint, Sive says that: "Recent reports have revealed that footfall volumes in shopping malls across the country are almost back to pre-pandemic levels. But it must be noted that many retailers who had previously only dipped their toe in digital waters have now taken the plunge, bolstering their operations with e-commerce platforms and mobile apps."

## Digital breathes new life into the customer experience

A prime example of how omnichannel retail is gaining traction on the local market is Game's recent launch of its' myVirtual Credit offering. This virtual card option will allow Game customers to make purchases via its online store without having to go in-store or pay using a plastic store card.

With this decision, Game will make credit more accessible, expanding its reach into younger, more digitally savvy markets. The virtual card will work in tandem with its existing, physical store card, giving customers more choice in terms of how they shop and how they choose to pay. Developments such as these reflect an evolving consumer landscape where choice and convenience have become the most important selling points.



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Katja Hamilton 13 Mar 2023



Similarly, Hirsch's, the growing independent furniture and appliance retailer, who previously only enabled Mobicred for online purchases, recently went live with Mobicred in all of their stores nationwide. Customer adoption was immediate even before the option was widely communicated. This is proof of growing customer comfort with the technology and the demand for more flexible options when shopping across store and online channels.

As Sive explains: "Investing in technology that will enable improved user experiences across multiple channels will become the biggest bargaining chip for local retailers."

### **Greater accessibility – a step in the right direction**

Previously, the cost of online shopping, in the form of payment processing and delivery fees, served as an obstacle for growth in the retail sector. But with the recent launch of PayShap, as cash's greatest rival, the barriers to entry which prevented South Africans from shopping online, will fall away.

Although South Africa's traditional banks offer varied processing rates on PayShap transactions, the cost of using digital payment technology has been significantly lowered. Furthermore, technology of this kind answers the biggest pain point that has previously deterred South Africans from transacting digitally – speed. With PayShap providing an instant payment service, transacting digitally now equates to cash in hand.

"The most significant contribution that services of this nature will make to the retail environment," says Sive, "is the democratisation of digital payments."

These developments, in tandem with retailers' investment into innovation in the payments space is evidence of a growing trend towards greater financial inclusion. For Sive, this is an objective that is not only vital to the growth of the local retail industry but an aim that resonates with the pressing need for more South Africans to become financially active members of society.

### **Omnichannel retail in the 'new and improved' normal**

With brick-and-mortar regaining its foothold in the market, powered by digital innovation, the sector is showing positive

signs of recovery.

And, as Sive concludes: “This is only the beginning. The global shift in retail towards hybrid shopping experiences has found its legs in the South African market, offering customers innovative shopping solutions. Going forward, the greater adoption of technology will bring about a ‘new and improved normal’ for the retail sector as a whole.”

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