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Article 18: Online Payment Methods

As technology rapidly enhances and the digitization of more things seems to be imploding, the majority of transactions and engagements are taking place online. The world seems to have become a smaller place, with limited space and time boundaries thanks to the digital realm. If you have not yet taken your business online, you may be missing an enormous opportunity to reach new markets and grow your business. Should you require more information on the e-Commerce space, please click on this link <https://www.westerncape.gov.za/site-page/godigital-articles> to read more related articles in this series. On the other hand, if you are considering evolving your business to an e-Commerce model or have done so already, you will need to consider an online payment system that accepts electronic payments for online transactions.

Some of the preferred payment methods for digital purchases include:

1. Payment by card (credit/debit) and usually conducted through a payment gateway (covered in more detail further in this article).
2. Electronic bank transfers and banking app payment options.
3. An eWallet (digital wallet) system which is an online prepaid account used to store money and transact online when required. Most of the main banking institutions provide an eWallet feature allowing anyone to send money to anyone with a valid South African cellphone number, who can then withdraw the money from an ATM.
4. Direct debit order, typically used for subscriptions to services.
5. Cash on delivery.

It is important to provide your customers with payment methods to match their preference, in other words provide a few options. Understanding how each option works and knowing your target audience (and where they are located and their buying habits) can massively help with this decision. In many cases, if online shoppers can't find their preferred or trusted methods of payment during checkout, they will abandon the purchase. It is notable to know that in 2018,

62% of all payments in the UK were electronic payments, demonstrating that these payment methods have certainly become mainstream, and we can anticipate a similar trend to emerge locally.

Benefits of online payments

Some of the most tangible benefits of offering customers an online payment method includes:

- Reduced labour costs to a business since online payments are usually automatic. This includes direct linkages to your accounting software or service.
- The convenience of promoting online shopping and increasing sales.
- Ease of use and a faster, usually instant, transaction speed.
- The customer can receive an instant notification of the successful transaction (via SMS or email) and most banking institutions provide instant transaction messaging as well.
- Banking apps provide the option to pay certain organisations and services directly, including the eWallet option.
- A lower risk of cash theft from individuals carrying money and businesses transporting money to/from banking institutions.
- Authentication or verification measures do add a layer of security, however cybercriminals can disable online payment methods and exploit the information they steal. Article 15 in this series, [Understanding Cybersecurity](#) provides more information and tips on protecting your business and your customers sensitive and financial information.
- Transacting online is reliant on the telecommunication infrastructure which is largely impacted by the connectivity quality and any technical problems experienced.

Online payment gateways

A payment gateway is an e-Commerce software element that authorizes payments for online purchases and seamlessly connects to credit card processing networks or online banking. It performs the role of processing and authorizing the payment or transaction between customer and business — essentially a virtual equivalent of a physical point-of-sale terminal as located in most retail outlets. Payment gateways use sophisticated encryption to guarantee the secure and sensitive storage of customer information. There are many payment gateway options available and it is advisable to shop around for the one which best meets your business' and customers' needs. Compare the services, the fee structures (sign-up, monthly and transaction rates) and determine whether a contract is required. Some gateways even offer a free portable device/card machine to operate the gateway. The customer will be subject to the fee structure associated with their respective banking account and charged accordingly (if the costs are not for your account).

The table on the next page provides some examples (in no particular order) of the many payment gateways to consider, this is by no means an exhaustive list and we recommend that you do additional research, it will be worth your time.

	https://www.yoco.co.za/za/
	https://www.payfast.co.za/
	https://www.paypal.com/za/webapps/mpp/home
	https://www.2checkout.com/
	https://www.sage.com/en-za/payment-portal/
	https://www.snapscan.co.za/
	https://www.zapper.com/merchant

Train your employees

Once you have selected an online payment method it is essential that your employees are properly trained in how to manage the payment system and keeping customer payment details secure. Share troubleshooting techniques and ideas with your employees should something go wrong e.g. an offline payment system or technical issue. This way the customer has confidence and trust in the transaction and your business retains the sale.

References

<https://www.entrepreneur.com/article/286006>

<https://www.searchenginejournal.com/most-popular-online-payment-solutions/355014/#close>

<https://ecommercestore.co.za/south-african-payment-gateways/>