

SA's record e-commerce performance offers hope for battered economy

E-commerce is providing a ray of hope for the local economy with transactions hitting a record high in May and June. And, while there will be some leveling off, SA's largest payment provider, DPO South Africa, says the new love affair with digital commerce is unlikely to fade in coming months, offering some relief in an otherwise grim economy.



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“The last weekend in May saw transactions per minute hit four times that of the busiest minute experienced during Black Friday last year. June was similar to May and we expect our monthly volumes for the rest of the year to settle at around 40% higher than last year,” explains Peter Harvey, MD of DPO South Africa.

According to Harvey, the adoption of e-commerce should be seen as a very positive sign after the depressing financial metrics published over the past weeks.

The BankservAfrica Economic Transaction Index (BETI), calculated by Economists.co.za, which measures transactions between South Africa’s banks, has recently experienced its sharpest decline in history. The three months ending 31 May saw transactional value drop by 20% compared to the same period in 2019.

“Although the latest bank transactions numbers paint a grim picture, we believe the e-commerce transactional numbers prove that South Africans are still spending online and, with some innovative thinking, there is certainly room for optimism for local entrepreneurs,” says Harvey.



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Retail revolution

Harvey acknowledges the Covid-19 lockdown has catapulted digital commerce forward by at least five years, but also says

it is part of a greater retail revolution which has been happening for some time.

“Years back all the focus was placed on the formal retail sector. However, we have seen a marked shift. Our partners in the broader payment space have confirmed that the informal sector, including our spaza shops and informal vendors, are fast approaching the same monthly revenues as the formal sector.

“And, while digital retail currently only accounts for a small percentage of the formal sector’s monthly trade, both the informal and digital sectors are the solid areas of growth opportunity which should be appealing to the savvy entrepreneur,” he says.

Overcoming obstacles

Historically, one of the biggest obstacles to transacting online for many consumers was the trust aspect of e-commerce.

“We think the launch of 3D Secure 2.0 will make a big difference. It offers a much better user experience coupled with a more secure authentication process, both of which will enhance the shopping experience. We also need the full support of all our issuing banks. Most are very happy to promote digital commerce when they issue debit or credit cards, but some, like Capitec, still make their customers jump through too many hoops before they are able to transact online. We hope this will change soon.”



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Harvey believes the stellar performance of South African online businesses this year as well as the signs that there is still room for growth could offer the country an economic lifeline.

“The past three months have shown us that local consumers are ready to embrace digital business. This increased demand for digital offerings must now be met with a good supply. We have every confidence that the innovative and entrepreneurial flair of South Africans will shine through in the months to come.”

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