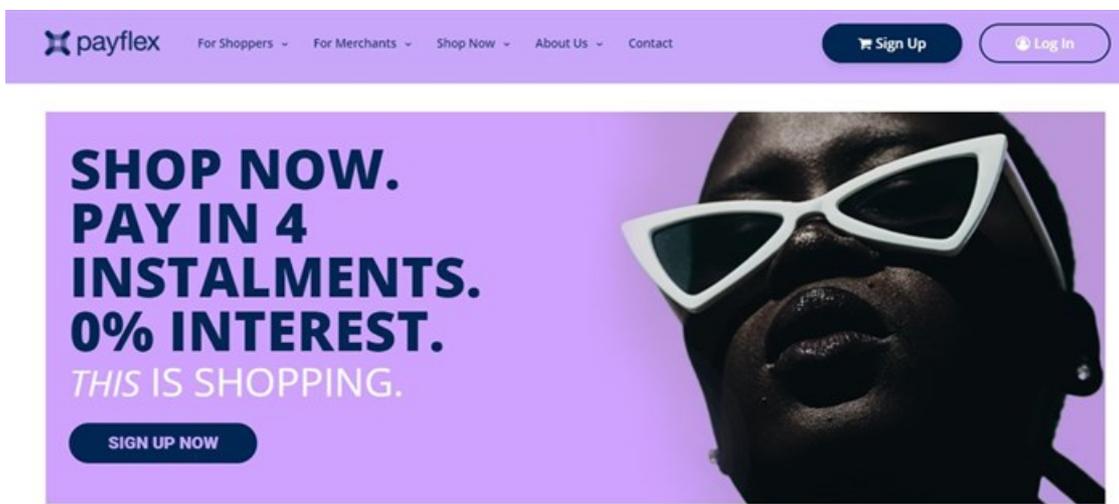


## More SA online shops offer buy now pay later option

Fintech startup and buy now pay later (BNPL) provider Payflex says that its customer base has soared from 70 merchants in 2019 to over 700 active stores this year. The part-payment platform also grew from a shopper base of 2,000 to 80,000 in 12 months.



In addition, online merchants in SA which offer a buy now pay later (BNPL) payment option are achieving significant revenue increases through more sales conversions, larger purchases and up to 30% higher average order values from their customers.

Payflex has seen over 12% month on month rises in new merchants on its platform this year. “The growth in our business, during a pandemic, mirrors e-commerce adoption and expansion,” says Jarred Deacon, head of growth at Payflex.

“With a BNPL payment option, customers tend to convert quicker and since they only pay for a quarter of their purchase right away, they tend to buy more and load their shopping cart. Merchants are settled in full for all purchases next business day, which increases cash flow and lowers fraud and chargeback risks. It’s a no-brainer,” Deacon explains.

Payflex’s BNPL model allows customers to shop at over 700 well-known online stores. Payments are split over four interest-free instalments. The process is simple and quick for customers - the assessment is done in seconds and customers only pay a fee if they miss a scheduled instalment. Payflex accepts any Visa, Mastercard or American Express cards (debit, credit or cheque).



## How the e-commerce share of retail soared over the last year in SA

Payflex 20 May 2021



There are an estimated two million online shoppers in South Africa and Payflex has over 80,000 signed up on its platform. BNPL payment options don't affect the disposable income of customers, and free up cash flow over a six-week period.

### Costs and benefits

Merchants that offer the Payflex BNPL option pay no set-up fees. Low transaction fees on successful orders are tailored per business after a consultation with the Payflex onboarding team.

Payflex's online digital mall allows customers to search different categories and shops that allow them to buy now and pay later. In Australia, BNPL providers are second only to Google as lead generators for their merchant partners.

"A leading tech retailer in South Africa which offers Payflex confirmed that Payflex generates the highest number of referral leads, indicating that Payflex is following the global BNPL trends," says Deacon.

BNPL also seems to be acquiring a greater portion of the transaction payments ecosystem, with a Payflex client - another leading local e-commerce business - indicating that its Payflex BNPL payment gateway is in the top three payment options for customers, up from ninth position a year ago.

Charlton Maseko, e-commerce director at KaryKase, says that with increased traffic attributed to the Payflex online store directory, the company has made Payflex its exclusive payment method for card payment processing.

Merchants are finding that BNPL significantly expands their customer base. The impact is especially powerful if the BNPL option is promoted while the customer is still browsing rather than just at checkout through the innovative product widget which drives shoppers to check out, for less upfront cost.

Ally Cohen, from owner of 4Akid.co.za, says that Payflex is a complete game-changer for e-commerce stores. "Cart order size is higher, as customers know they can pay off the order."

According to McKinsey, two out of three of consumers who seek financing decide to do so early in the purchasing journey. "Data suggests that BNPL is most effective when promoted throughout a merchant's site, including on the homepage, category, product, shopping cart and checkout pages. The message reinforcement throughout the buying journey can help convert browsers into buyers," says Deacon.

Around 75.5% of BNPL shoppers are repeat customers - the highest among payment gateways. The ongoing transition to online spending during a time when cash flow and budgeting is crucial has helped to drive the popularity of BNPL as it lets shoppers easily budget and plan for purchases without expensive credit.

Support and integration are important. Says Ursula Hunter of Zia-Luh, "I am not really technical, but the technical support is quick and personal. The integration was really 1, 2, 3... business."