

March

2023



Consumer payments preferences: perspectives on cash

About Stitch

“ Many consumers in South Africa prefer to make payments in cash. Right now, this represents a missed opportunity for businesses. At Stitch, we aim to make it easier for businesses to accept and send money. We recently launched CashPay to offer even more choice for consumers in how they wish to pay, and to enable businesses to reach those customers that wouldn't otherwise have access to their services.”

→ Junaïd Dadan
President at Stitch

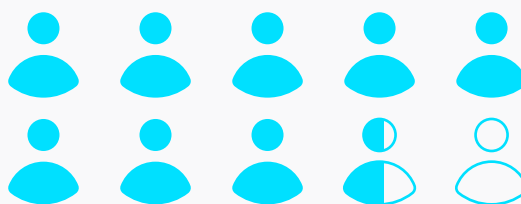
Stitch was created to enable businesses to more easily connect to the financial system – so they can launch and scale more quickly, and operate more efficiently. Today our API enables businesses to accept, send and manage payments across a range of methods, with an experience designed to make it easier for consumers to pay and increase access to digital services and solutions.

Stitch launched in February 2021 and is headquartered in South Africa. Learn more at stitch.money.

Introduction

In South Africa today, cash transactions still represent an overwhelming majority. Even though the banked population technically surpasses 85%, many still take out cash on a regular basis and conduct their regular transactions in cash.

Reasons range from convenience, to speed, to lack of trust in digital financial services. [BankservAfrica](#) states that nine out of ten transactions in South Africa are still made in cash today. A [2020 IFC study](#) further found that 95% of informal small business customers and 63% of formal business customers in South Africa choose to pay in cash.



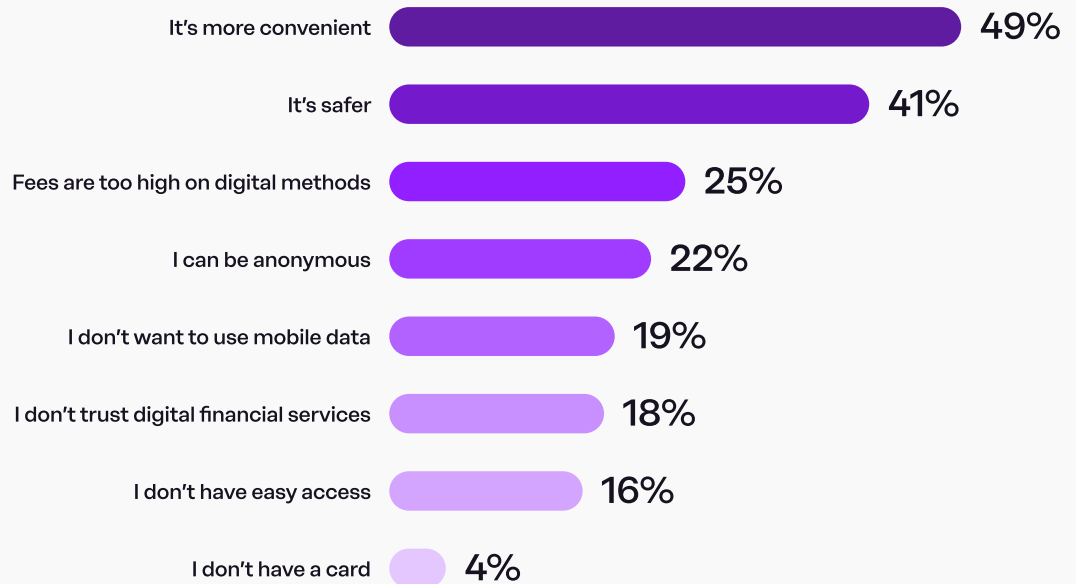
While 86% of people already use digital banking, almost all customers said they still withdraw cash at least once a month to meet various needs*

*According to a survey by BCG and Discovery Bank, via Bloomberg

Stitch launched CashPay to enable businesses to better reach this customer base with an offering that meets their needs, while instantly attributing payments to a digital account on the backend.

We recently surveyed consumers that choose to pay with cash across South Africa to better understand their reasons for choosing this method, whether the ability to pay in cash would influence their adoption of digital solutions and more.

Reasons consumers prefer to pay in cash

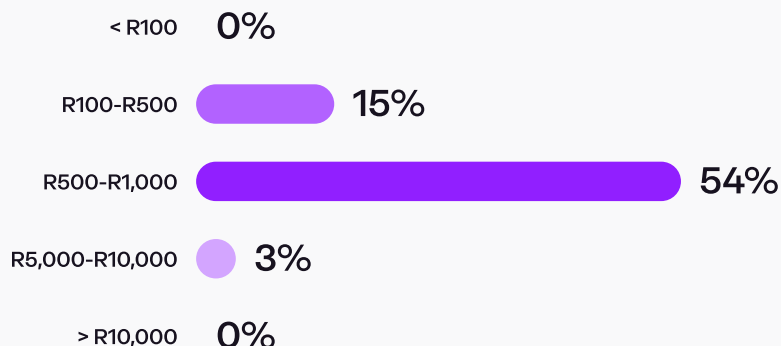


Digital wallets: deep dive

We asked South African consumers how they prefer to make deposits into digital wallets today.

42% of respondents indicated they use crypto wallets, for example. Many who do invest in crypto deposit between R500-999 per month. Of those that deposit into crypto wallets, 35% indicated they prefer to make deposits via Instant EFT.

How much do you currently deposit into crypto wallets per month, on average?



How do you prefer to make deposits into digital wallets?



42%

Card Payment



35%

Instant EFT



31%

Linked account

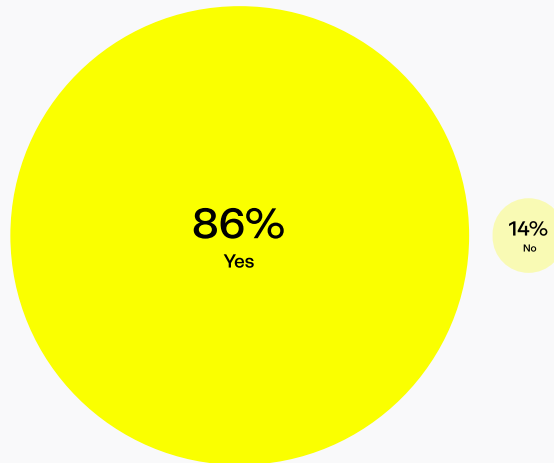


27%

Manual Transfer

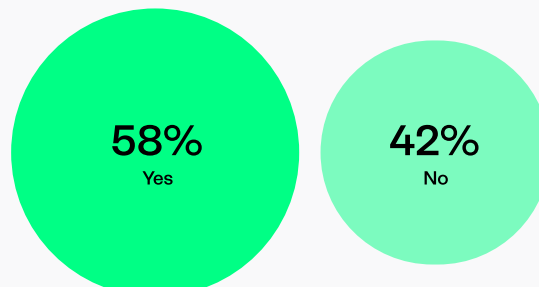
Of those that currently invest in crypto, an overwhelming 86% indicated that if they could make deposits using cash, they would prefer to use that method, indicating there is an opportunity to better serve this market and potentially increase the frequency and rate of deposits.

If you could pay for this service using cash, would you prefer to use that method?



Of those that **do not** currently invest in crypto, we asked whether they would choose to do so if they had the option to make a deposit using cash. 58% responded that they would choose to invest in crypto if they could do so using cash, representing a significant missed opportunity to reach this currently underserved user base.

If you could buy crypto using cash, would you invest in crypto?



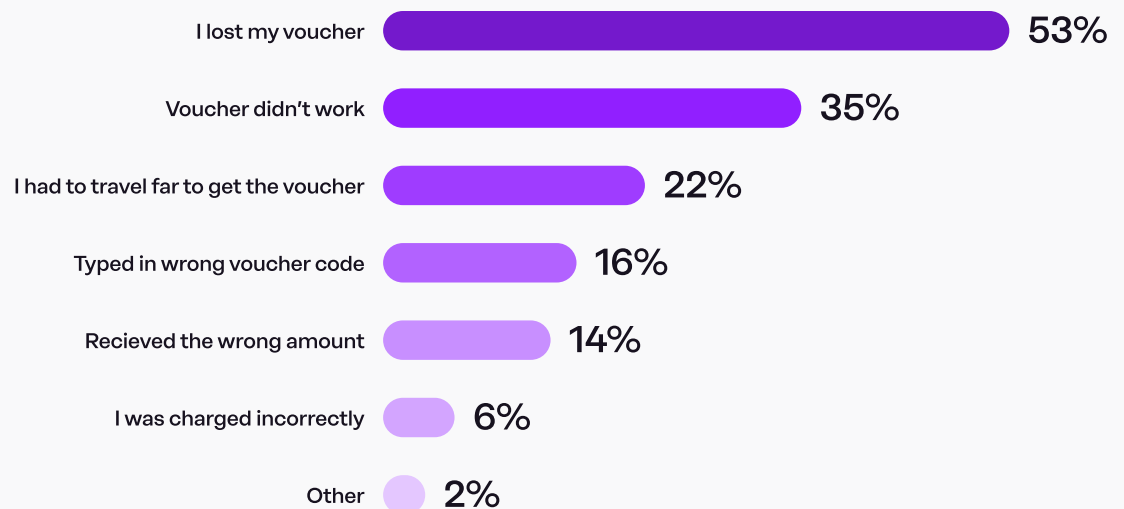
Comparing cash with vouchers

Many of those surveyed have previously used vouchers to top up their wallets or digital accounts, for services such as online gaming.

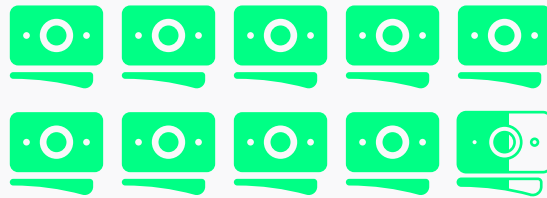
Reasons for using vouchers range from “easy, quick and no digital evidence” to “faster way for payment to reflect”.

Of those that have used vouchers, 57% indicated they’ve had a **negative experience** with voucher top-ups, for reasons ranging from loss of the physical voucher, to technical issues or barriers to access like the need to travel long distances to acquire a voucher.

What made the experience negative?



When asked whether they would prefer to top up their digital accounts using cash if that were an option, **an overwhelming 96% of respondents** said they would prefer this method, indicating a significant opportunity for greater reach and strong demand for access to cash payment options.



96% of respondents agreed

They would prefer to top up their digital accounts using cash if that were an option

Insights + conclusions

Even as digital payment methods continue to grow and consumers become more comfortable making payments digitally, there remains a significant population of South Africans that continue to use cash for many day-to-day transactions.

Today these consumers are excluded from accessing many digital products and services that rely primarily on digital payments, representing a massive missed opportunity for those businesses to expand their reach and enable more customers to access their solutions. This is underlined by the fact that more than half of consumers surveyed indicated they would become users of digital products if they were able to pay for those services in cash.

Stitch launched CashPay to enable businesses to serve these customers, attributing cash payments made at ATMs or at till instantly to a user's digital account, with notifications sent immediately to the business.

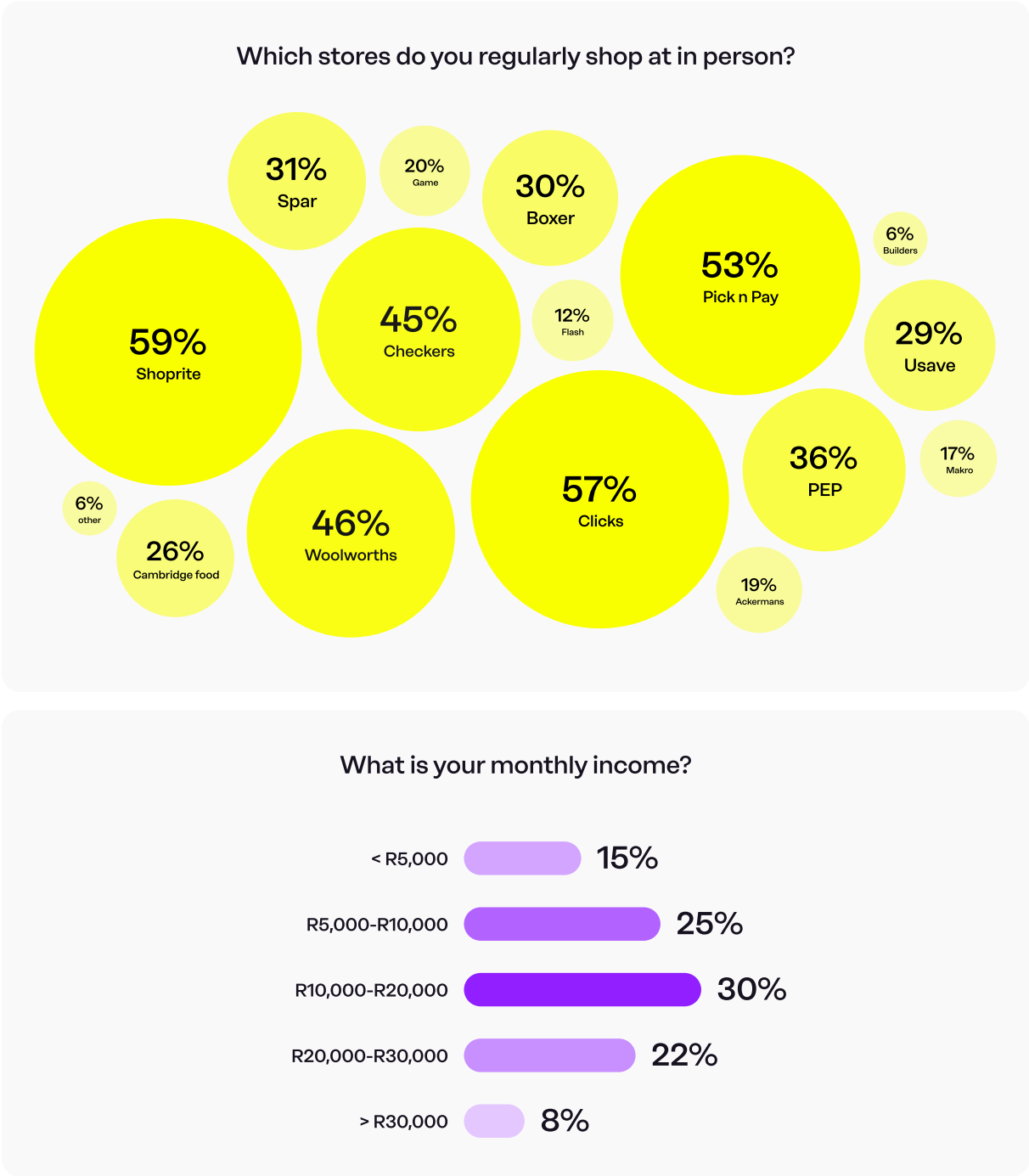
To learn more about how you can access CashPay, reach out at sales@stitch.money.



Appendix

Methodology

We worked with research platform Looka to survey a sample of 300 respondents across major South African markets in October-November 2022. Those surveyed regularly make cash payments and have incomes ranging from under R5,000 / month to more than R30,000.



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