

May

2023



# How to increase subscription payments

+ make collections a non-event

# The rise of South Africa's **subscription economy**

The subscription economy is **described as** "a recurring revenue model in which customers pay a weekly, monthly, or yearly fee in exchange for your products or services."

South Africa's subscription economy **was worth \$530M** last year, and it's predicted to grow 14% per year to reach \$820M by 2025.

# \$820M

South Africa's subscription economy is predicted to predicted to grow 14% per year to reach \$820M by 2025.

More global businesses - from Disney+ to Spotify to Netflix - are taking off in the South African market, while the e-commerce and SaaS sectors continue to grow, bringing even more customers into the subscription-based economy.

**With greater access to the internet, e-commerce and subscription-based goods and services comes greater need for an easy, seamless collections solution that just works - for businesses and the customers they serve.**

Far from the 'set it and forget it' experience consumers and businesses alike expect once a subscription service has been purchased, however, businesses in South Africa that rely on regular, uninterrupted recurring payments continue to struggle with:

- Failed payments, and an alternative recourse to collect when this occurs
- Outstanding payments
- Reaching customers without access to card
- High fraud + chargebacks
- Complicated reconciliation across methods and providers

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**We've looked at ways subscription businesses in South Africa can improve their collections process to minimise failed and missed payments, and how Stitch can help finance teams better manage reconciliation in the backend.**



# How to improve the collections process + **minimise failed transactions**

## 01 Simplify sign-up and checkout

### Challenge

Unnecessary clicks or steps in the sign-up, payments and checkout process pose barriers to completing signup and payment, creating room for drop-off

### Solution

Make it as easy as possible to get from confirmation → payment setup by removing unnecessary steps and confirmations. Stitch offers a seamless UI with pre-built Card, Instant EFT and DebiCheck or Debit Order flows, optimised for conversion

## 02 Leverage DebiCheck for verified recurring payment mandates

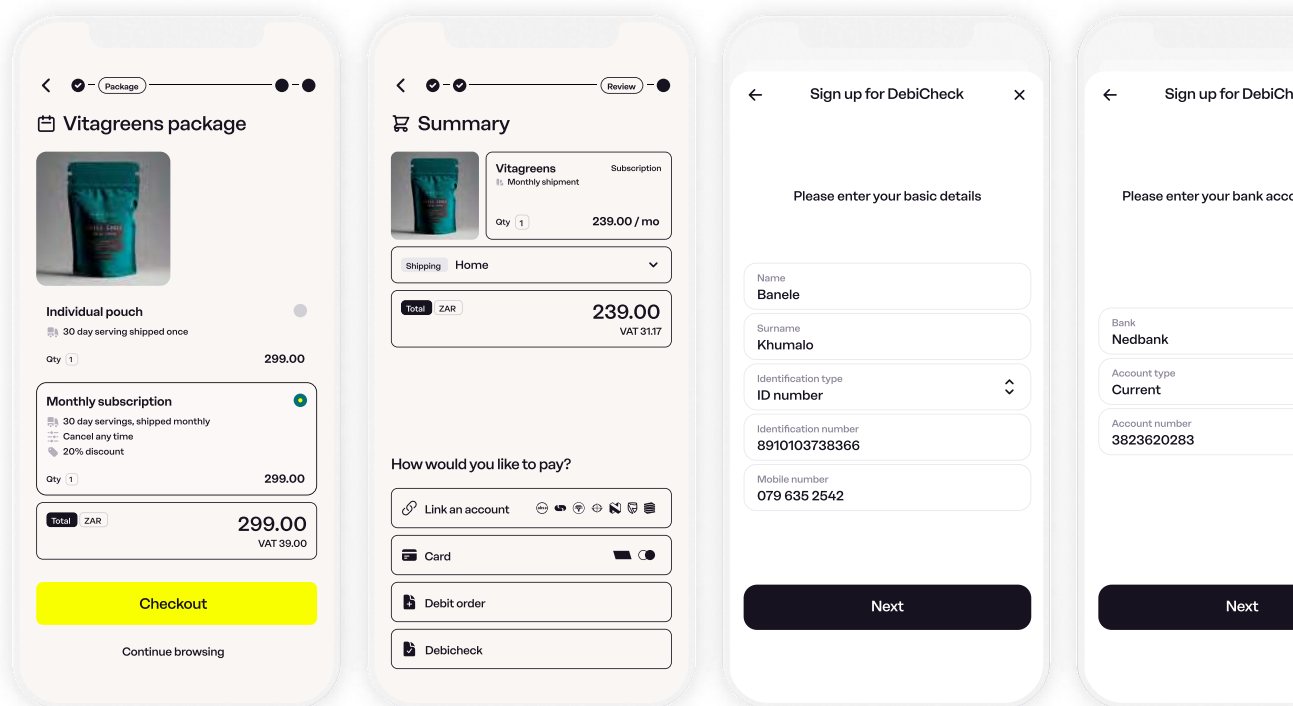
### Challenge

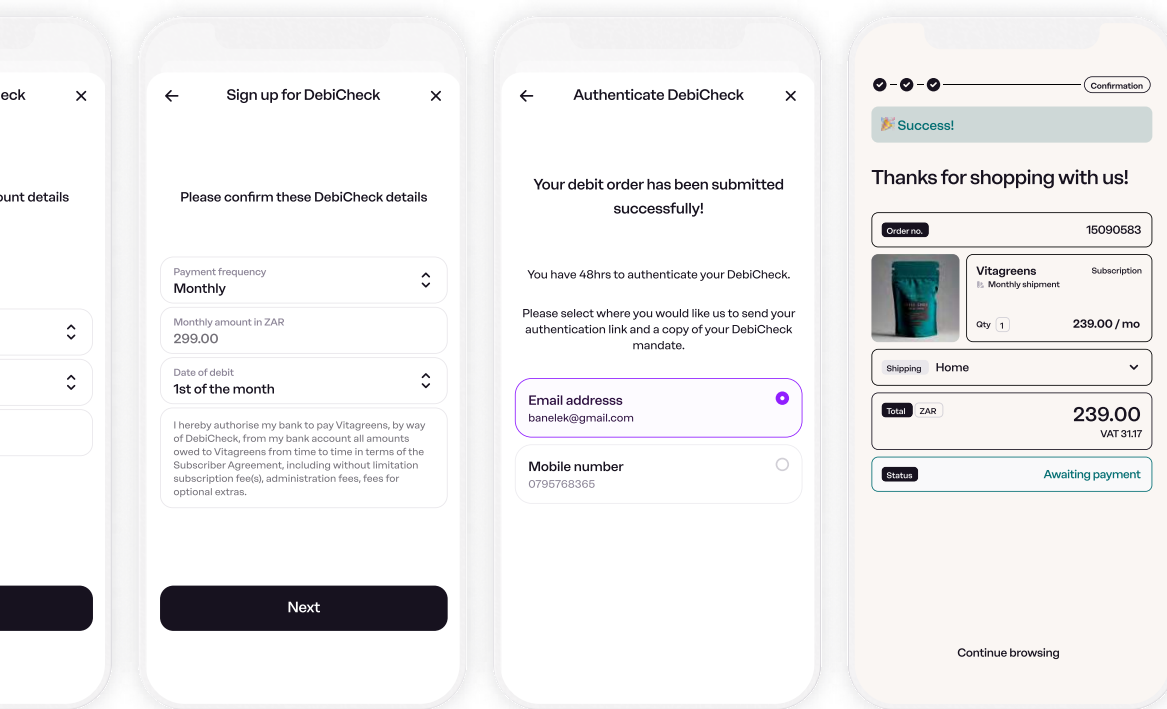
Debit Order payments can be easily disputed or result in failed or fraudulent payments

### Solution

DebiCheck payments require the account holder to authenticate any debits from their bank. With the ability to track bank accounts, the risk of failed payments due to insufficient funds is much lower. DebiCheck payments are also not easily disputable, reducing the risk of fraudulent chargebacks, and these are presented to the bank as a priority ahead of Debit Orders

Stitch offers pre-built, optimized + fully digital flows to enable customers to easily set up DebiCheck mandates, compatible with business' existing checkout flows





### 03 Offer multiple payment methods to ensure you have a fallback

#### Challenge

Payments may fail or may be missed for a variety of reasons. Customers might have lost or expired cards; they may have insufficient funds in the bank account used for signup or their payments preferences may change over time. With only one method available, the risk of failed or missed payments is higher

#### Solution

Tokenise customer details so you can collect funds via [Instant EFT](#), [Card](#), Capitec Pay and [Debit Order](#) or DebiCheck through one integration with Stitch. Manage all methods, across providers, in one place with [PayOS](#)

You can also view user account balances in real-time to know the best dates to collect. Combine Debit Order or DebiCheck with tokenised Card and Instant EFT to offer the most optimal method for a particular user, including automatic retries



## 04 Earn trust + reassure customers their transactions are secure

### Challenge

If a customer sees any indication that they shouldn't trust entering their details during the payments process, or fear their data may be compromised, they may drop off

### Solution

Reassure customers they can trust the payment method they're using, with security indicators, information about how their data will be managed, and helpful FAQs on the site if they have further questions. For brands with a loyal customer base, whitelabeled payments solutions can also go a long way toward increasing retention. All Stitch solutions can be whitelabeled and customised to meet your specific needs

In addition, regular communications can go a long way. Sending customers regular reminders before and when payments are due - even if collections happen automatically - ensures the payment is top of mind and can prompt customers to make sure they have funds available when the collection date approaches.

# How Stitch can help subscription businesses **improve collections + reduce admin burden**

## Manage multiple payment methods and providers, across geographies, in one place

With Stitch payments orchestration and reconciliation system, [PayOS](#), subscription-based businesses can maintain existing commercial agreements with providers and manage all transactions across providers, methods and geographies in one place

This makes it easier to offer customers the methods they expect, while easily tracking transactions and scheduled payments

## Easily manage chargebacks

With [Stitch Card](#), finance teams can submit and manage chargeback disputes digitally, saving time and reducing costs





## Leverage smart routing to automatically retry payment using multiple methods

With Stitch smart routing, you can combine DebiCheck or Debit Order mandates with tokenised bank accounts and card details to ensure there is a fallback if a customer's preferred payment method fails. Stitch will automatically retry payment using another method in the event one fails

Using PayOS, you can also easily track which methods and providers are working best for your customers

## Reduce risk of failed payments

We can automatically update expired or lost cards for customers so there's no interruption on their scheduled payment date

We're directly integrated to multiple banks and card networks, resulting in higher reliability, uptime and performance

## Lean on the Stitch team for localised insights

At Stitch, clients come first. Our team works closely with enterprise clients to help them continually reduce friction, optimise their payments processes and offer customers the latest in payments innovation

### How Stitch can help finance teams Improve payments operations + reduce admin burden



Manage multiple payment methods in one place



Easily manage chargebacks



Leverage smart routing to automatically retry payment



Reduce risk of failed payments



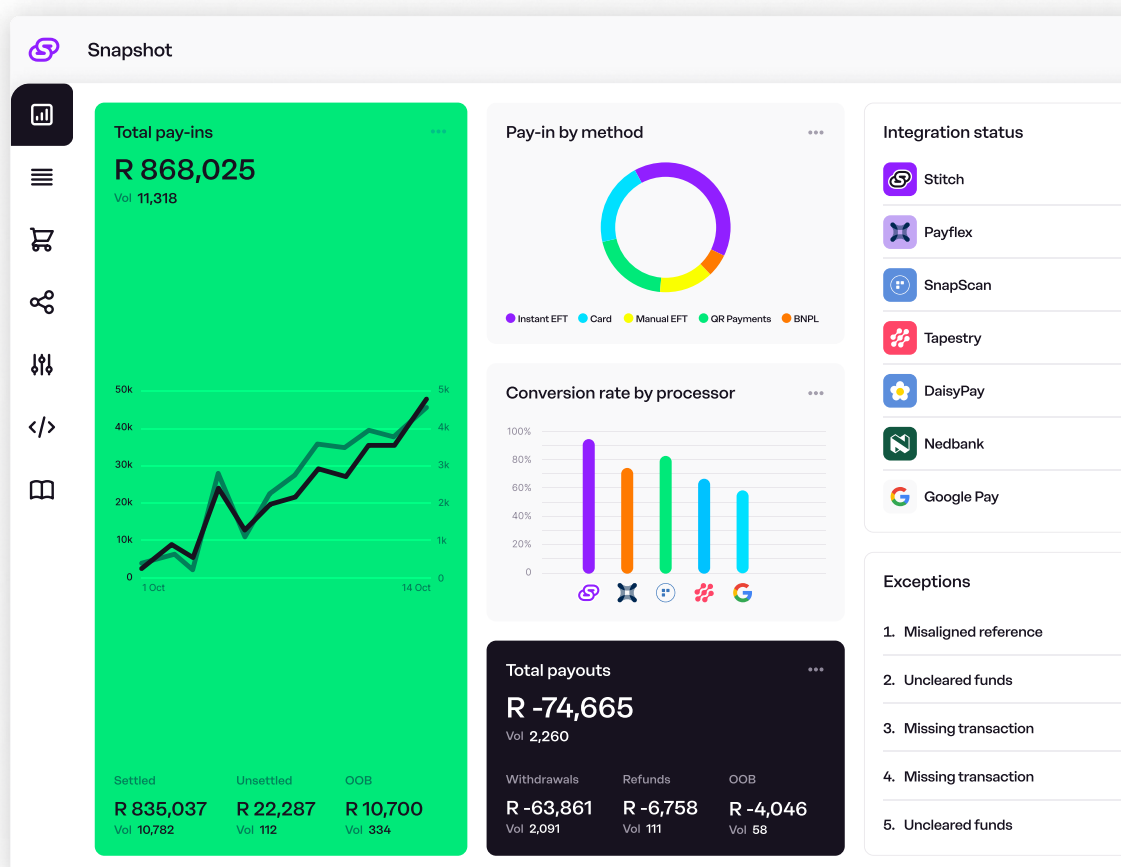
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# Summary

The less your customers have to think about recurring payments, and the more seamless the signup experience, the higher your retention will be.

We built the Stitch API to make it easier than ever for businesses like yours to accept and send payments, ultimately increasing conversion, reducing the cost of payments and reducing the admin burden.

Get in touch to learn more about the Stitch API at [sales@stitch.money](mailto:sales@stitch.money)



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