

Carat

How COVID-19 Has Impacted the Way We Pay

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The “Normal Next” in the Way We Prefer to Pay

We have witnessed a dramatic shift in how businesses operate in response to the COVID-19 pandemic. With the need to maintain social distance, businesses have adjusted their operating models and people look for new ways to pay and get paid. While the easing of lock down measures and consumers increasingly getting out and about have driven a recovery in retail transactions, we are witnessing some notable trends that are here to stay.

It is essential for businesses to understand how COVID-19 has impacted the way consumers shop, make purchase decisions and pay, especially in terms of digital commerce and cashless payment adoption, particularly considering the rapidly expanding number of connected and digitally active consumers across the region.

Welcome to the “Normal Next”: Cashless Payments

In a region where we have Australia, a country with one of the highest contactless payment adoption rates in the world versus markets that remain the most cash-reliant in the world, the pandemic has given new importance to cashless, contactless payments for retailers at the point of sale. Digital payment options have become even more popular and this has been supported by governments across the region – increasing digital payments transaction limits and waiving or reducing charges related to electronic payments.

Beyond the popular “tap and go” payments, consumers are more familiar with alternatives to cards and cash that limit physical contact. E-wallet providers and QR-enabled solutions continue to accelerate moves away from cash and away from card payment – offering loyalty points and engaging the consumer with offers.

As contactless payments evolve into touchless payments, other non-card payment methods will start to be seen at the point of sale. In addition to QR codes, these include self-checkout through sensors “Scan and Go” or payment through voice command over a phone, which have already taken off in other countries.

Accelerating Digital Experiences to Complement Physical Locations

The consumer landscape is adapting towards a more agile and accessible purchase experience while the lines between digital and physical commerce are being increasingly blurred. During this period, traditional bricks and mortar retailers have complemented their physical retail locations with online stores.

In addition, many industries and verticals found new ways of doing business and new revenue streams by introducing digital commerce and payment options. The most prominent example is restaurants. Many switched to delivery or pick-up only service during lockdown periods in which orders and payments are done online, through marketplaces or over a payment link through virtual terminals.

Going forward, established brands may take additional permanent steps toward more efficient operations, possibly leaving large, high-rent spaces for smaller ones. The future of a business will in many cases depend upon its flexibility and ability to adapt to an omnichannel environment which offers customers a seamless experience regardless if they buy online or in-store.

Conclusion

With challenges also come opportunities. It is encouraging to see how businesses have adapted and technology has enabled safer, faster and more convenient means of payments and shopping experience. As we emerge from the pandemic, being ready to sell and serve the newly evolved consumers will be critical, with cashless digital payment options and the ability to offer a frictionless payment experience to consumers playing an essential role.

To learn more, contact us today:

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