



How to transition in a world where data is the core ingredient for success.

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The economic landscape

The current macro-economic landscape in South Africa has necessitated companies to dramatically rethink and reengineer their operating environments to ensure their livelihood (cashflow) remains at optimal levels. Not only is the economic growth rate well below the expected growth levels expected by shareholders and investors, but the double whammy of the pandemic regulations and fast changing transition into digitisation has negatively impacted every aspect of cashflow value pools.

Minimising friction

The days of inconveniencing consumers to provide certified copies of their ID's, payslips and bank statements as a prerequisite to "quality" are limited as consumers operating from home do not necessarily have access to the tools to do so (copiers, scanners etc.). At the same time, the vast majority of entrants in the LSM 1-5 probably do not necessarily have easy access to generate these artefacts anyway, regardless if they are operating from home or the office. Therefore, sustainable competitive advantage going forward is indisputably interlinked with the concepts around digitisation, automation and minimal friction.

What is the underlying root cause drivers (and the unintended consequences)

Consumers can now easily and digitally reverse the majority of debit orders already processed on their banking accounts as a result of Banks that are continually digitising their high touch consumer self-service channels (banking apps, internet banking applications etc.). This behaviour is often driven by the consumer's necessity to gain access to cash that would have otherwise been very difficult and cumbersome to achieve. So as one industry is digitising to minimise consumer friction, it is causing unintended consequences for others. At the same time, companies are finding it increasingly difficult to contact and trace their consumers in the event of non-payment, or for matters related to unclaimed benefits.

A practical example

Ensuring accurate, relevant and enriched data that is digitally authenticated by trusted independent sources are absolutely key to digitisation efforts. At the same time it provides innovative new capabilities to ensure

optimised usage of payment instruments, drives frictionless customer onboarding during origination processes and reduces litigation and impairment costs. Practical examples include:

If the consumer payment behaviours (propensity to default), income levels (affordability levels) and timing of income (salary or wage date) are known with a certain degree of confidence (e.g. digitally "authenticated"), then it is highly likely that cashflow (via debit order collections) can be ensured even if the actual debit order instrument is a normal (costs effective) debit order, as opposed to the vastly more expensive debit order instruments (such as NAEDO and DebiCheck) that enables tracking (which is really just a better term for guessing) when the consumer will have available balances in their account to honour their contractual commitments.

In conclusion

The best practises of yesterday to ensure consumers honour their payment commitments is fast becoming obsolete. To simply move up the (more expensive) collection and payment instrument options often does not equal maximum cashflow in the bank, as evidenced from the increasing number of "unpaid and disputes" reported across all sectors and industries. Thus, the need to balance administrative accuracy (data) and punitive measures (litigation) as you possibly alienate future cross and upsell opportunities (critical in times that new origination is dwindling), while ensuring minimal costs and efforts required for maximised cashflow. Few can achieve this as it has become a specialised form of art.

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