

Intervju Ecommerce

1. Payment systems - that you know about from both the user and the service provider point of view - are often a challenge for the online retailer to grow. Where do you see the main reasons?

Online retail is, although growing faster than traditional retail, still a smaller portion of trade in many economies. Shoppers that are “online fluent” are still a minority, and all of us are in the business of educating them – lately using videos. Devices used for online advertising and shopping have been changing quickly in the past decade or two – from PCs to smartphones. Finally, online retailer platforms and their services are changing dramatically with dynamic pricing and “match the best price” models. So the market for payment services is fragmented. The providers of payment services, the online retailers as well as the users need to catch up, and there will at some point be a consolidation. Still, the picture is improving daily, and some payment systems, like PayPal, are becoming the norm.

But it is much different for the credit payment – delayed and installment payment – of medium volume, say up to 5.000 EUR. Here easy and effective services for vendors are not yet massively available, as it is much more difficult for Fintech to establish the needed KYC, credit scoring, liquidity management and other infrastructure, and because the environment, for example in EU, for these services is not at all unified. The banks, on the other hand, mostly lack the flexibility, needed for the development of these services to satisfy the vendor and shopper need for hassle-free simplicity.

2. Fintech has disrupted and shaken up the large banking systems - what can we expect here in the future?

I am not one of those that believe banks will become extinct – they will retain their enormously important role of secure deposit management for the public, as well as offering for example account services and providing liquidity to individuals and companies.

However, I believe in many banks their IT and R&D departments will become extinct, unless they transform drastically, because the bank will first be forced to cooperate with the IT giants (Apple, Google, Amazon, Microsoft) and also learn to cooperate with Fintech (and other providers), who will become their external IT and perhaps in many cases even process optimizers. The financial strain of keeping up with the technological development will push consolidation in the sector. So my expectation is that the smart banks will both buy up the less smart ones, and in addition co-operate with and integrate many Fintech solutions over the next decade.

3. What changes would you emphasize as significant / see in the payment systems in the last few years?

Stage 1: the payment system online must be simple and seamless in order to minimize the abandoned basket effect at the checkout. Stage 2: a payment system, and credit payment (delayed or installments) can actually increase sales and lead conversion.

In order for the online retailer to achieve this, in my opinion the key elements are:

- As we see the movement of the transaction initiation (point of sale or checkout) to social media platforms (Instagram for example), retailers must focus on bringing the checkout there as well. As an ideal, a single click checkout, or better yet, a single click installment payment checkout directly on the social media platform can double online sales for some product categories;

- Clear and transparent display of a delayed payment option or an installment payment option (as well the dynamic recalculation of such as in tune with dynamic pricing) can be a huge conversion tools for the retailer;
 - In order to achieve any of these examples, one has to have in depth understanding of the client user experience, as well as the tech available and integration tools with both the social media and payment providers.
4. When addressing the attendees of the ECommerce day, you will share some insider knowledge of how to increase their sales (check-out basket value) by offering and promoting payments by installments. Can you share a glimpse of those secrets in advance?

One of the experiences we have is that a transparent display of installment payment options, right next to the product at all times, and/or a 0% APR offer by a retailer can significantly increase both sales and the bottom line.

5. Online vendors try hard to change millenials into shoppers - and you might have some answers. What are they?

There are no longer just the millenials to worry about, there are several “younger generations” whose characteristic are different - they are loyal to different platforms and have some different views on the world. Some spend hours on youtube, others on Instagram, Snapchat, or Facebook. I guess if one could, one should try to sell power laptops to software programmers on Jira. Some product categories are more discussed in some social media platforms than in others. Some of these generations detest banks, credit cards and plastic, adminstration and papers, and will always prefer a Fintech checkout option to a bank related one, and might also pay something more for a seamless Fintech process. Bottom line: retailers must try to find their own advertizing, content marketing and checkout mix, in order to maximize their sales to each diffferent generation. And this is today – in a few years the retailers will have the tools (and will need to learn how to use them) to market and sell to a market of one – tailoring their offer to each individual.