7 October 2025

Digital Banking and Shifting Consumer Behaviour: Opportunities for Public Finance Institutions

CIGFARO
Chartered Institute of
Government Finance, Audit & Risk Officers

Timothy Matlala
Standard Bank

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Scene Setting

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The Stitch Money Report, specifically the **2025 Consumer Payments Report South Africa**, is an annual publication that provides insights into consumer payment preferences and behaviours in South Africa. It surveys South Africans to understand evolving payment methods and the growing importance of speed and convenience.

Consumers that purchase food and groceries online – 2023 vs 2025

71%

95%

Consumers that purchase clothing and apparel online -2023 vs 2025

60%

97%

Consumers demand faster, safer and more convenient ways to pay and this necessitated the growth of alternative payment methods. Despite the growing trend of online transactions, cash continues to hold its stronghold as access to digital options still presents a barrier to many community members in South Africa. The convenience of cash and lack of fees coupled with continued security concerns are noted as some of the reasons why consumers are not moving to more digital solutions. Credit cards remains the most used payment method.

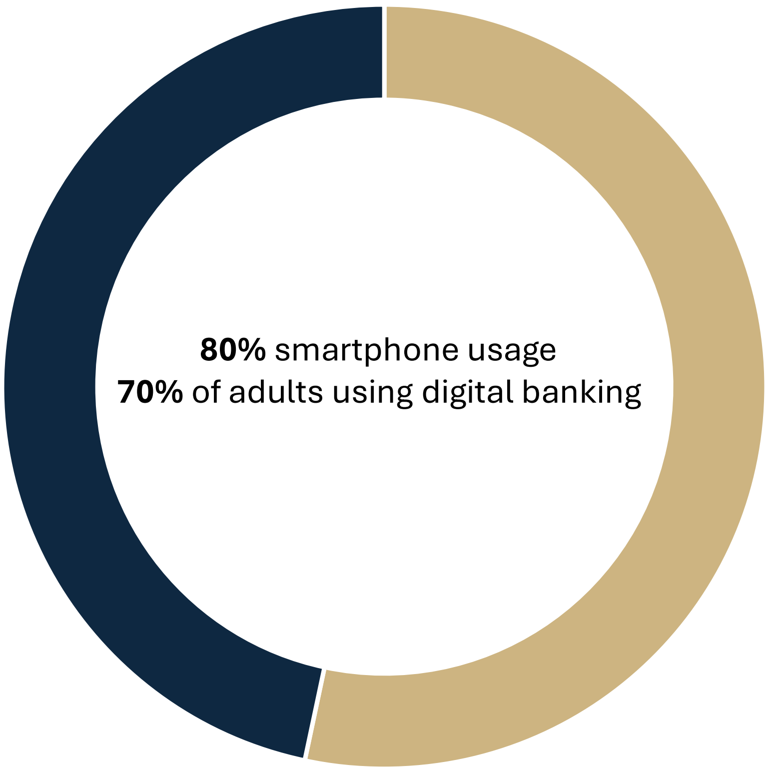
Reasons mentioned which prevents customers from using new payment methods include:

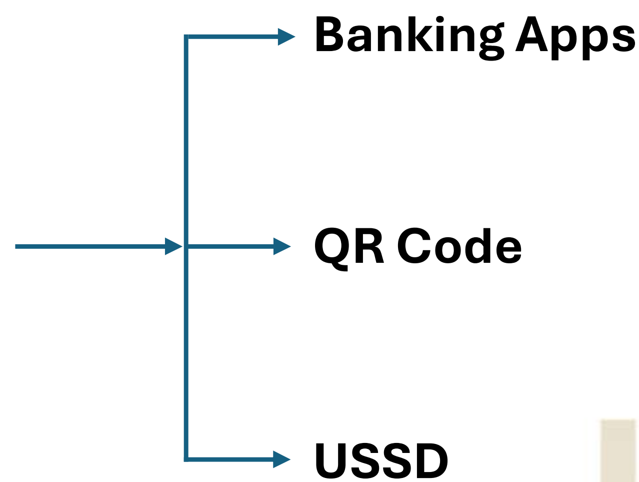
- Afraid of fraud or identify theft
- Worried about security
- Concerned about data privacy
- High transaction costs
- Prefer to pay cash
- Don’t understand how the payment method works
- Don’t trust the payment provider
- Phone doesn’t support them
- Don’t want to use mobile data

Public finance must evolve as the world around us evolves

Source: Stitch.money – Report: The state of consumer payments in South Africa, 2025

Scene Setting



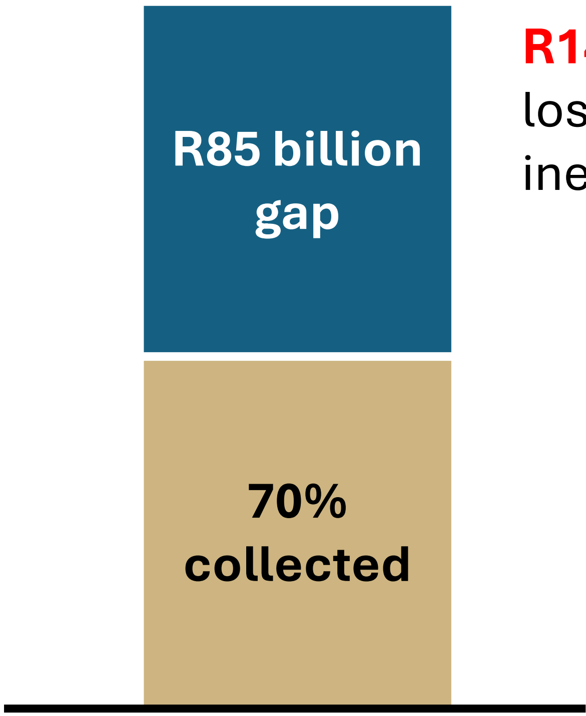


6 in 10 prefer digital payments

South Africans are living digital-first lives – government services must follow suit

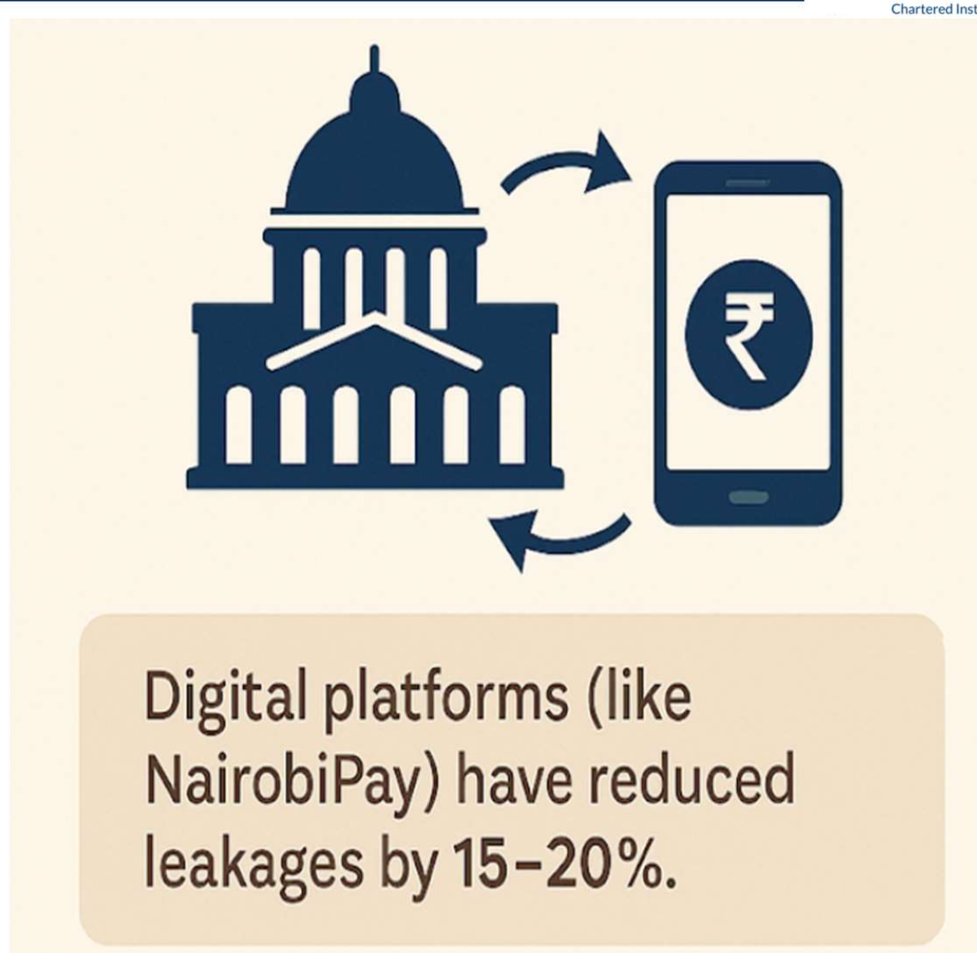
Source: FinMark Trust (2024), SARB Consumer Payments Review

Revenue at Risk, Opportunity at Hand



R 283 billion billed revenue

R14 – R20billion lost annually to inefficiencies



Municipalities lose up to 30% of billed revenue – digital integration can close the gap

Sources: National Treasury, Local Government Report (2024); OHK Consultants (2023). Municipal Services Digitalization

NairobiPay Web Portal

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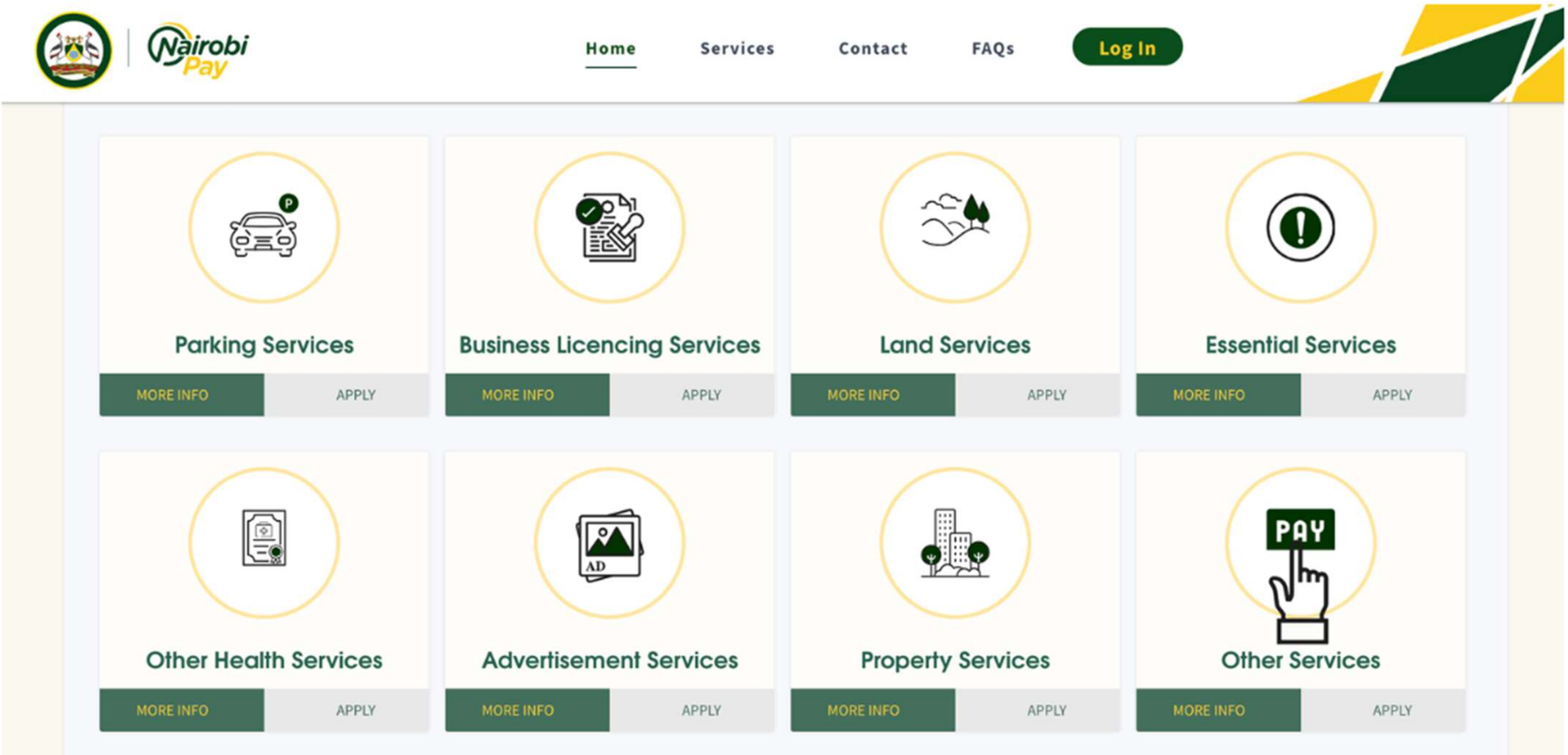

NairobiPay: Seamless Access to County Services Through a Smart, User-Friendly Portal

Source: OHK Consultants (2023). Municipal Services Digitalization

The Role of Banks as Enablers

Banks sit at the intersection of consumers and municipalities, uniquely positioned to enable trust and adoption. By co-branding municipal payment platforms, banks can leverage their credibility to instil confidence, assure users of safety and reliability, and strengthen the overall digital ecosystem.

Website	In-App	Payment Links & E-Invoicing	QR Payments	Recurring Payments
Enable government and institutional websites / portals as secure payment channels. Integrate a simple checkout process for citizens to pay using cards.	Enable payment acceptance on own app by enabling card payments and allowing customers to make in-app purchases. Use cases include online retail apps, event apps, governmental apps, departmental employee apps, etc.	Send secure payment links via SMS or email for instant card payments. Issue e-invoices with embedded “Pay” button for easy settlement. Integrate links and invoices into existing systems/websites for automated billing	Accept QR payments such as SnapScan and ScantoPay (previously Masterpass) by allowing a customers to scan the merchant’s QR code and complete payment.	Collect payments automatically without re-capturing card details. Process fixed amounts at regular intervals. Flexible subscription options for frequency and payment amounts.

Partnering for Progress: Digital Revenue Solutions for Cities

Reimagining Municipal Collections

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Municipalities can strengthen revenue collection by embracing digital technology to make payments seamless, accessible, and inclusive. Key approaches include:

- **Leveraging digital channels** to create consistent and reliable collection avenues.
- **Digitising payments** for outdoor municipal services with fixed or tiered tariffs (e.g., parking, grave sites, swimming facilities).
- **Enhancing municipal websites and social media** to improve accessibility, build digital literacy, and enable ratepayers to pay services online.
- **Bundling municipal accounts** (electricity, water) with retail or subscription services to drive convenience and compliance.
- **Empowering informal traders and township businesses** to act as revenue collection partners, broadening access and supporting local economic participation.

It's not just about balance sheets, but about user experience

Conclusion

In conclusion, let's take a moment to reflect on how we serve our clients in the 21st century by considering the following questions:

- Are municipalities designing for the way citizens live today?
- How might trust improve if revenue collection felt more like the services people already use?
- If the next generation can pay for global services at the click of a button, why should paying for water, electricity, or rates in South Africa still feel like a 20th-century experience?

If we cannot confidently answer "yes" to these questions, then we must ask ourselves: What are we doing to transform the way we approach payment methods for our clients?

It's not just about balance sheets, but about user experience

Thank You!

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