



# Meeting the need for fast refunds and payouts.

The way people transact has fundamentally changed. Everyone has started moving online.

The shift has meant more than just how people shop. It's changed the way people engage with brands and what they expect in return.



# Contents

A change in expectations .....	03
The rise of eCommerce .....	04
Refunds .....	05
The need for faster systems .....	06
Planning for peak season trading .....	07
The impact of a poor refund process .....	08
The cost-saving opportunity .....	09

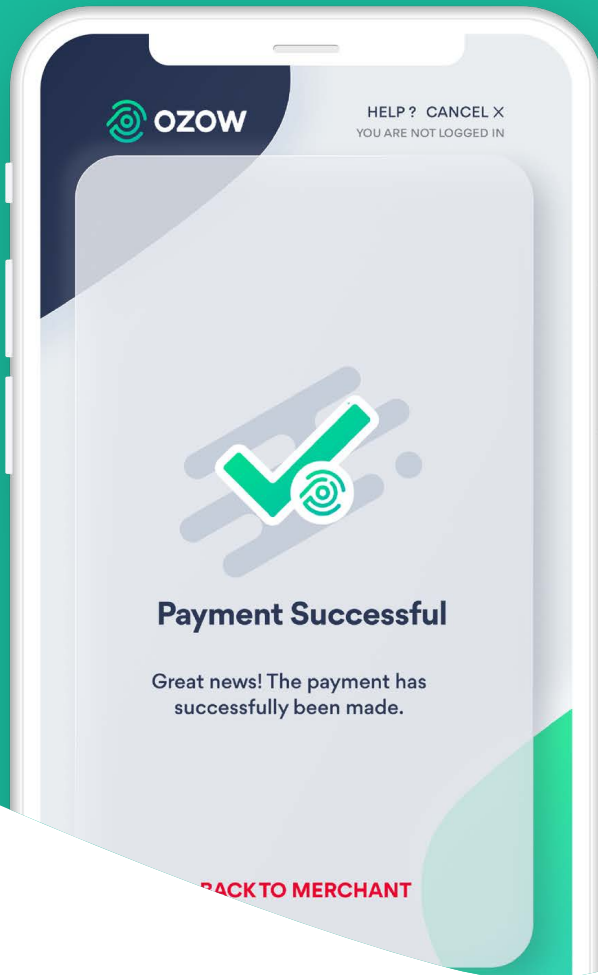
Ozow Refunds .....	10
Improving the returns experience .....	11
Payouts .....	12
Ozow Payouts .....	13
Where payouts and refunds matter .....	14
Glossary .....	15

## A change in expectations

Largely driven by a rapid uptake of digital services and a shift away from brick-and-mortar stores, consumers' expectations have increased. This is especially true for the speed at which brands work. From delivery right through to managing any refunds, consumers want things to happen as quickly as possible.

More importantly, people expect payments to be even quicker, simpler, more secure and be made in real-time. This is especially true for any refunds that need to be made.

The result of this shift has meant that businesses need to ensure that they have efficient processes and systems in place so that refunds and payouts are processed fast.





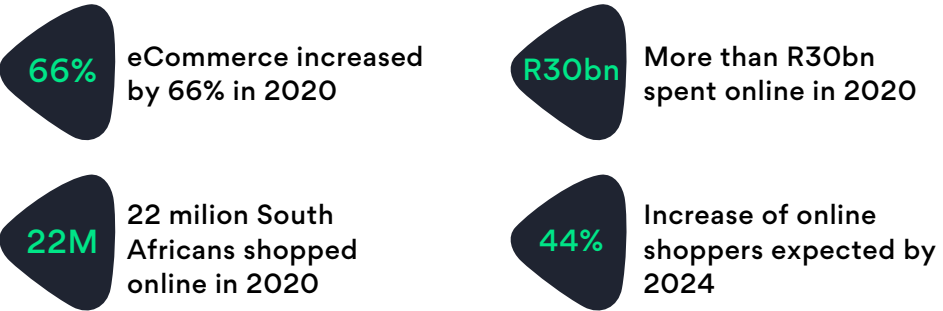
## The rise of eCommerce

The Covid19 pandemic caused an explosion in eCommerce. A lockdown-fuelled online shopping boom lifted South Africa's e-commerce sales by **66%** last year to more than **R30-billion**, from reaching R14.1-billion in 2018<sup>1</sup>.

It is also 50% higher than the total forecast for 2020 three years ago, when online retail in South Africa was expected to reach R20 billion.

According to a report released by Deloitte, it found that approximately **22 million** consumers in South Africa shopped online in 2020<sup>2</sup>. More importantly, this number is expected to grow by **44%** to 32 million users by 2024.

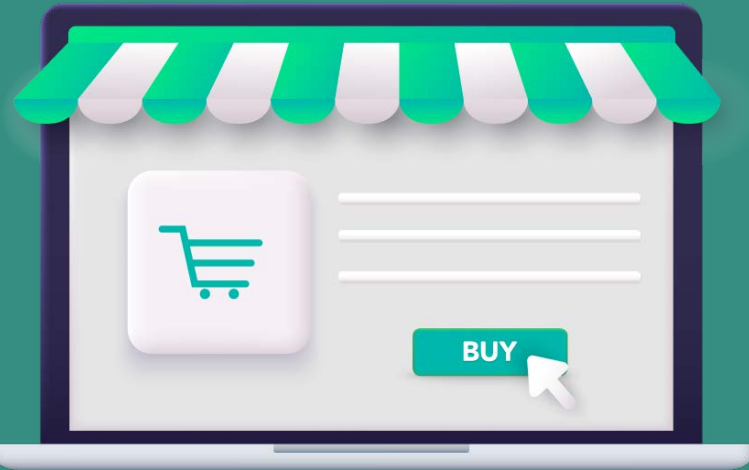
Over the last year, consumers have adapted using digital payment channels such as tap-to-pay, eCommerce and digital wallets to avoid any contact during the payment process. In fact, mobile payments and digital wallets were two of the most popular payment types eclipsing cash transactions globally in 2020<sup>3</sup>.



<sup>1</sup> <http://www.worldwideworx.com/online-retail-in-sa-2021/>

<sup>2</sup> <https://www2.deloitte.com/content/dam/Deloitte/za/Documents/strategy/za-Digital-Commerce-Acceleration-2021-Digital.pdf>

<sup>3</sup> <https://www.paymentsdive.com/news/payment-trends-2021/597764/>



## Refunds

For consumers shopping online, their expectations aren't limited to just the checkout experience – it extends to the refund process too.

Returns happen across all industries. More importantly, at least 30% of all products ordered online are returned as compared to 9% in brick-and-mortar stores<sup>4</sup>. In fact, a quarter of all consumers return between 5% and 15% of the items they buy online.

In a study on online shopping behaviour<sup>5</sup>, it found that 19% of shoppers order multiple versions of the same item so they could make their choice when the items are delivered, with 30% of shoppers deliberately over-purchasing items with the intent of returning unwanted items.

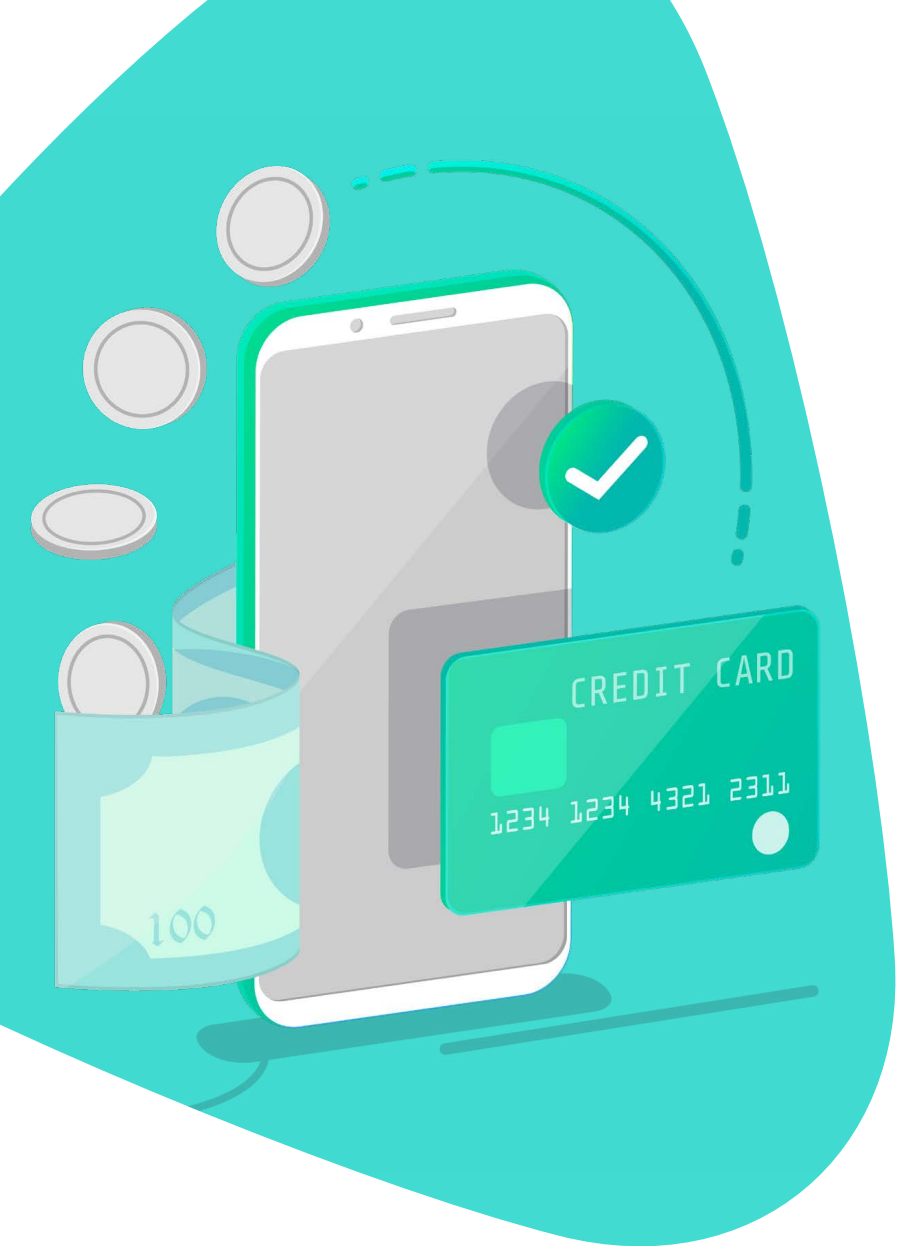
When online shoppers make a return, they want their money refunded as quickly as possible. How this is done influences how shoppers feel about a brand.

Not only does this affect consumer's initial engagement but their long-term loyalty is impacted too. Increasing the speed of refunds has a direct impact on spending uplift and returning customers.

**At least 30% of all products ordered online are returned**

<sup>4</sup> <https://www.fisglobal.com/en/insights/merchant-solutions-worldpay/article/are-online-returns-really-killing-ecommerce#:~:text=We're%20talking%20about%20eCommerce,consumers%20want%20free%20return%20shipping.>

<sup>5</sup> <https://re-turns.com/research-from-barclaycard/>



## The need for faster systems

Delays and outdated systems for refunds has a significant impact on the customer experience.

In a UK study to better understand shopper behaviour during the pandemic<sup>6</sup>, the research found that 84% of consumers would lose all loyalty to a retailer if they had a bad returns or refund experience. This was also supported by data from a US-based digital marketing company, which found that approximately 67% of shoppers check the returns/refunds page of a brand before making a purchase<sup>7</sup>.

Historically, one of the biggest challenges with paying money out is that it is cumbersome, expensive and often a very manual process. They are also resource intensive, slow, and require considerable effort. All of this affects brand loyalty.

With an increased expectation of a better refunds experience, there is tremendous value and need to have robust and automated refunds and payouts systems integrated into businesses.

<sup>6</sup> <https://internetretailing.net/selling/the-state-of-returns-in-2021-insights-from-klarnas-latest-research-report>

<sup>7</sup> <https://www.invespcro.com/blog/ecommerce-product-return-rate-statistics/>

## Planning for peak season trading

Ahead of this year's peak season trading periods, upgrading refunds systems will become even more important as people will want a faster returns experience when shopping online.

Global trends have unsurprisingly shown that most returns take place during post peak trading periods like Black Friday and the festive season.

According to data from Shopify, its eCommerce merchants noted that more than **80%** of their returns took place in January of each year alone. A key finding was that not only was there an increase in returns post these periods, but it is now also coupled with an increased expectation for quick turnaround times on refunds.

**80% of all returns  
take place in  
January each year**



## The impact of a poor refund process

By not ensuring that refunds systems are properly enabled, it easily leads to a bad experience all round for **customers**.

Poorly managed returns journeys present numerous opportunities to disappoint consumers and limited potential to strengthen relationships if not managed carefully.

Traditionally, returning funds via cards has had several restrictions. In most cases, funds are not typically credited to a customer's account in real-time but take time to appear on statements. The knock-on effect is that customers often land up having to wait several days for their money.

Regardless of how and what retailers offer in the form of a refund, there are strong customer expectations to compete with.

Expectations of improved service delivery, faster turnaround times and a better system to manage payouts and returns continue to increase. Therefore, businesses need to ensure that they are matching these expectations with robust systems to handle the uptake of digital transactions.

Ensuring that this happens is incredibly important - especially during peak trading periods.

**Did you know?  
Research has  
shown that 59% of  
customers don't  
return after a bad  
customer service  
experience<sup>8</sup>**

<sup>8</sup> <https://www.business2community.com/customer-experience/59-of-customers-dont-return-after-a-bad-customer-service-experience-01306480>



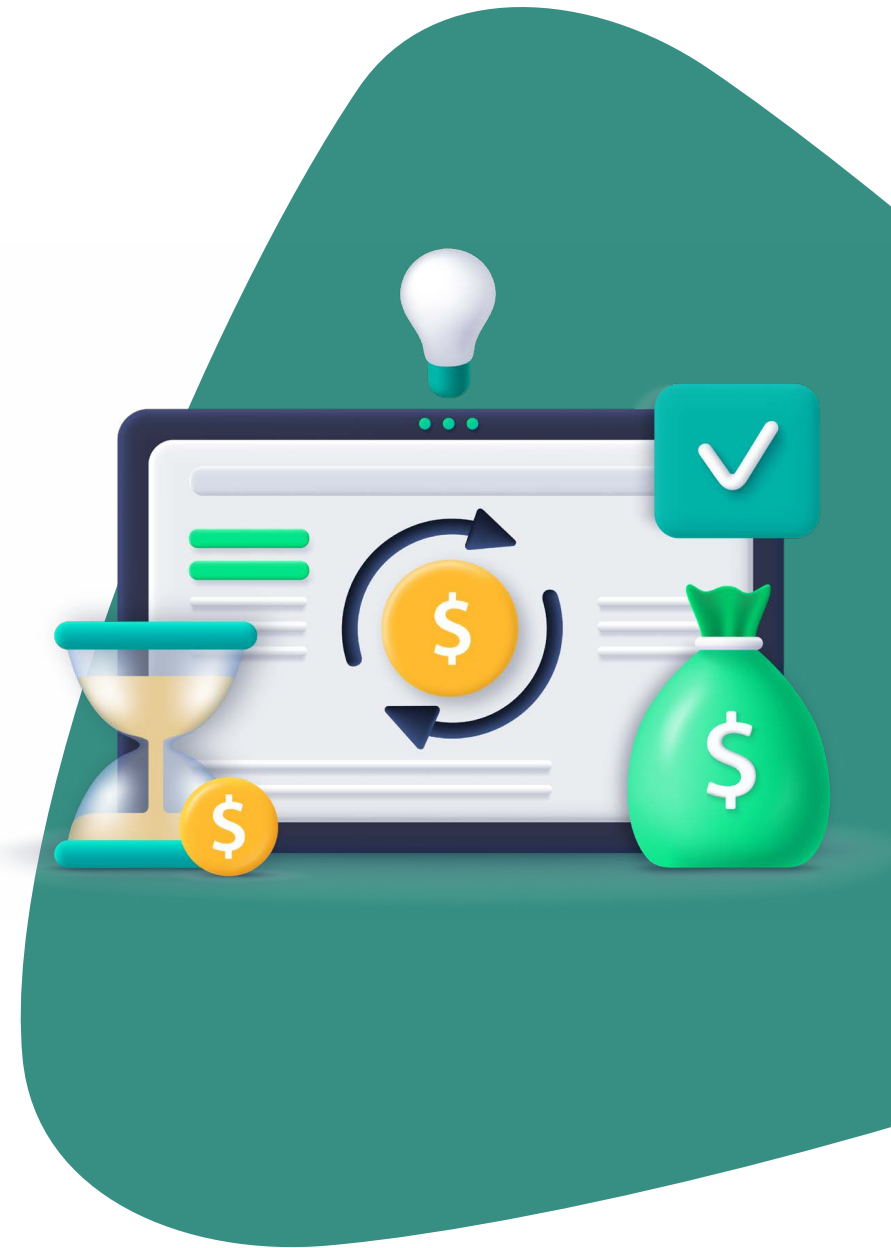
## The cost-saving opportunity

Despite the opportunity to uplift customer acquisition, spend value, and loyalty, most merchants do not yet offer same-day refunds. Not only is this a lost revenue opportunity, but it is costing merchants more to handle slower refunds. This is because the process often involves collecting manual information and the long lead-time causes so many consumers to contact customer services to chase up their refund.

Shoppers are becoming increasingly intolerant of delayed refunds – expecting to get their money back as quickly as possible – and having no issues in chasing the refund within just a few days.

Slow, manual refunds are a drain on merchants' resources and cause customer friction. Automated, instant refunds present a real opportunity to reduce customer support costs – by shortening the time it takes for a refund to clear into a customer's account, they are far less likely to call merchant helplines.

The refund experience has huge untapped potential, and improving this experience through instant refunds could positively impact merchant profitability by increasing sales.



## Ozow Refunds

Consumers are constantly looking for seamless online shopping experiences that offer convenience and speed. They want the same when making a return, expecting their money to be refunded as quickly as possible.

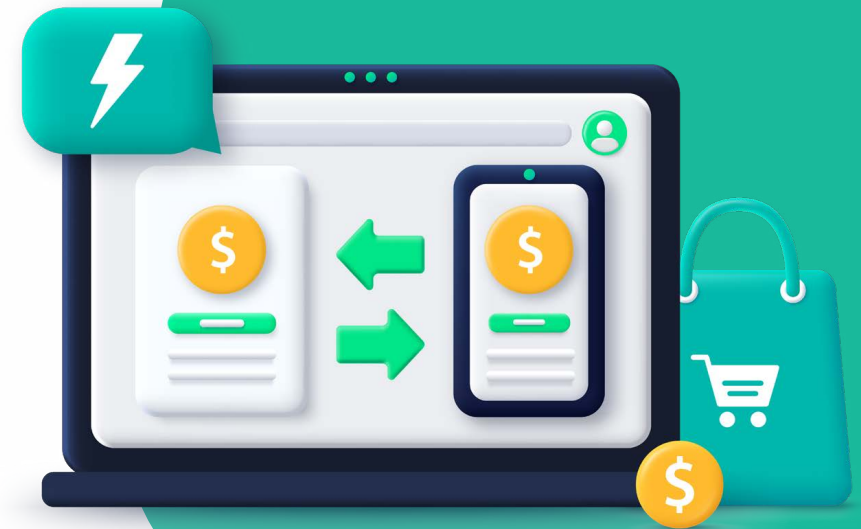
Ozow Refunds take the hassle out of the refund process, allowing merchants to process instant refunds for their customers with a few simple clicks off the Ozow dashboard.

Using the same platform that the purchase was made on, Ozow Refunds provides a seamless and quicker payment process without the need to request any customer or banking information.

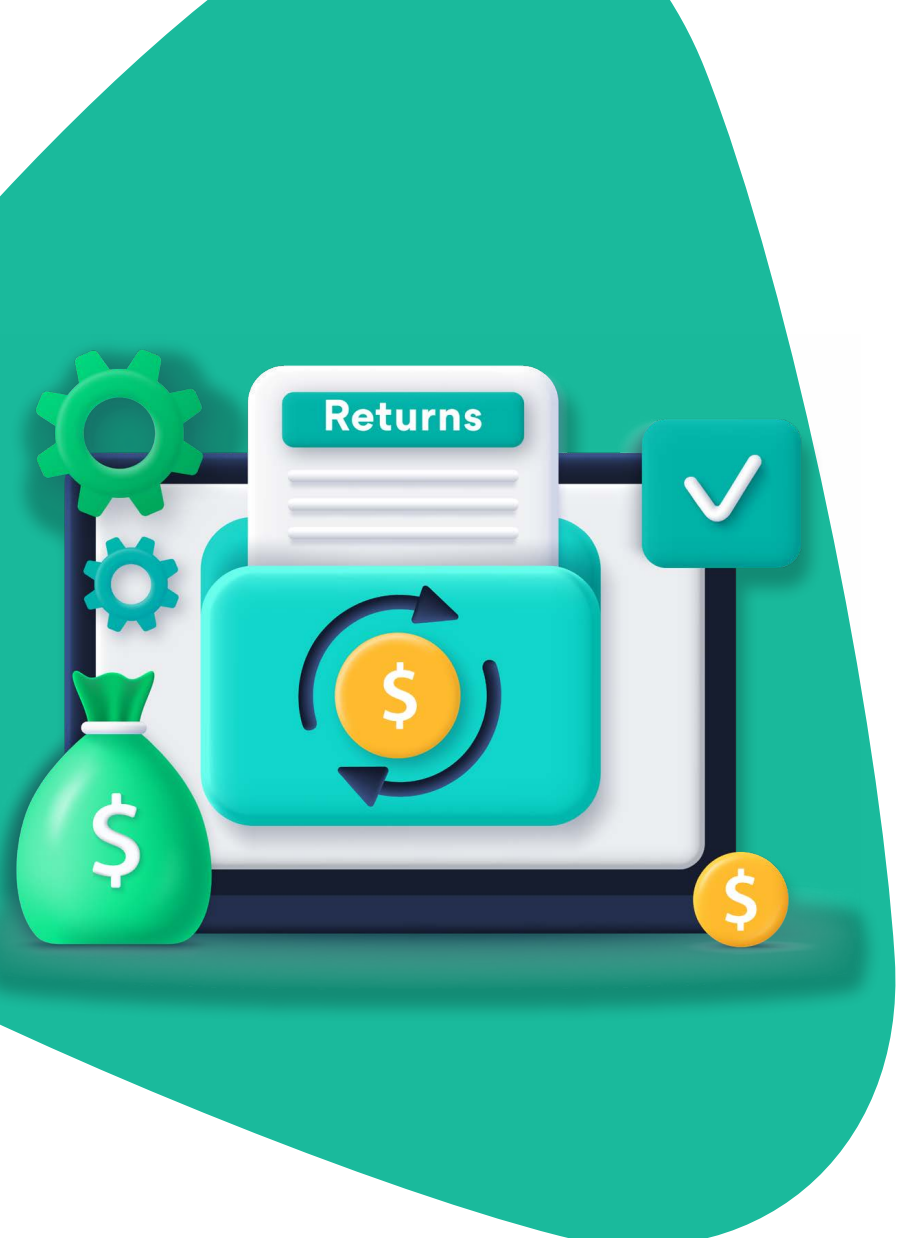
**Ozow Refunds take the hassle out of the refund process.**

### Benefits of Ozow Refunds:

- Seamless refund process.
- Easy float top-up for merchants.
- Automatically ensures that refunds are not higher than the transaction value.
- Quick process, giving consumers an efficient refund experience and the funds to shop again.



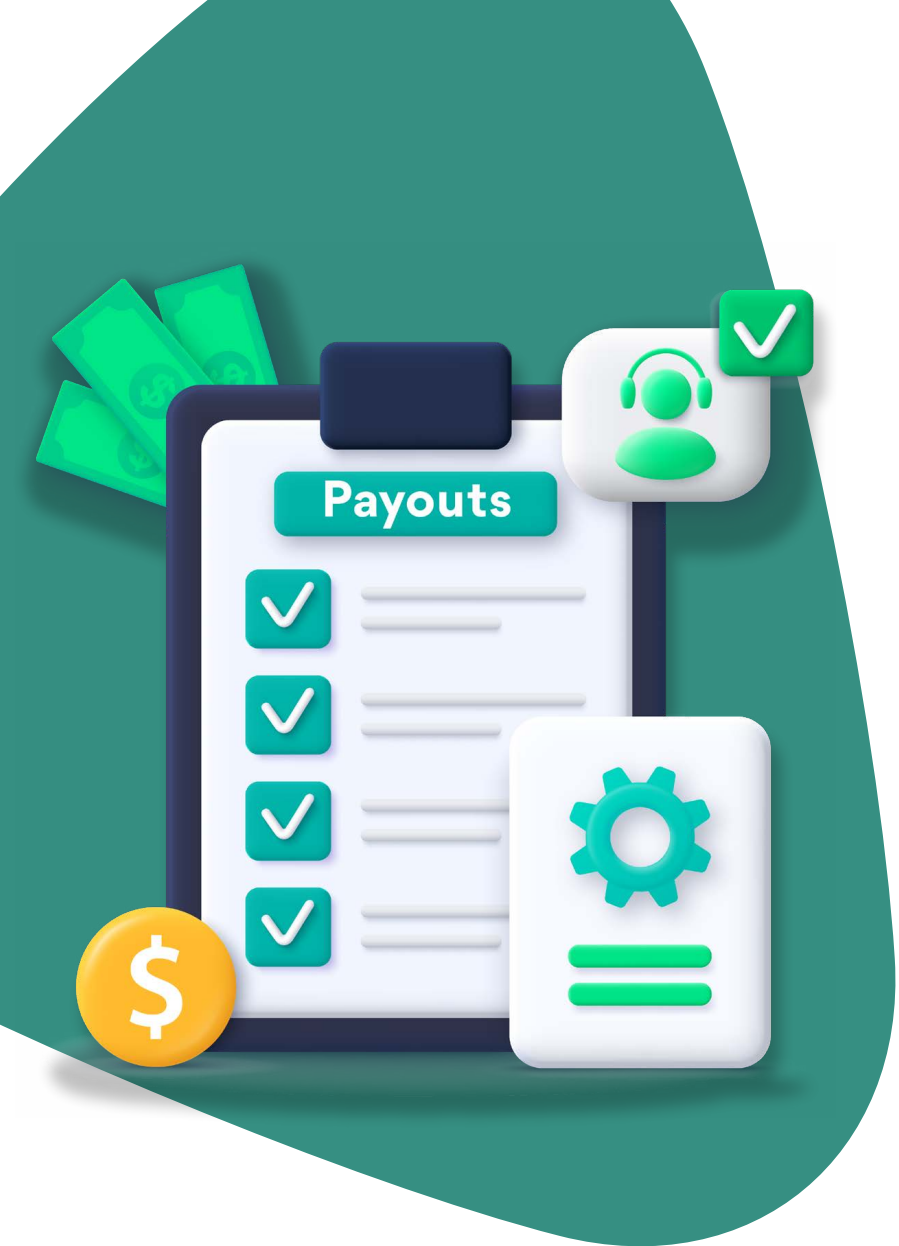
Let Ozow help you with your refunds: Find out more [here](#).



## Improving the returns experience

Reducing the level of returns can help improve customer satisfaction and cash flow and help reduce costs. Here are some ways to help reduce eCommerce returns and mitigate the negative impact on business.

- ◀ Don't assume that free returns are good enough. Include same-day refunds as a step in the customer journey.
- ◀ Improve refund speeds to drive higher customer spend, more frequent shopping, and increased loyalty.
- ◀ Communicate same-day refunds and use them as a competitive tool that differentiates you from the competition.
- ◀ Consider presenting an incentive or offer together with your refund communication to encourage customers to make a new purchase.
- ◀ Implement online banking payments from a full-service provider to offer consistency and speed across both purchases and refunds.



## Payouts

When payments to customers aren't made through an originating transaction, added layers of work are often required to ensure that these take place.

For most merchants, processing payouts is often done taking a manual approach with back-office teams and spreadsheets. Added to this, consumers often have to contact support to process their withdrawal or check on pending transfers adding to the frustration.

To eliminate cumbersome/manual payout processes, automated payout systems help to increase business efficiencies, improve customer satisfaction, and ultimately lead to increased and additional revenue.

Global research has shown that faster payouts directly result in a 45% increase in commerce transactions and an 85% reduction in support requests<sup>9</sup>.

<sup>9</sup> <https://internetretailing.net/selling/the-state-of-returns-in-2021-insights-from-klarnas-latest-research-report>



## Ozow Payouts

This is where Ozow's API Payouts solutions helps to eliminate the need for this and reduce many of the hidden operational costs.

Ozow Payouts helps merchants with these processes through an automated payout solution API. This enables Ozow merchants to customize how their customers withdraw funds and how their back-office teams process payments.

It also helps to ensure that the process is convenient, cost-effective and avoids duplication of payouts due to system or human error. In turn, it also offers real time notifications, RTC (Real Time Clearing) and other Payout options available dependent on the business preferences.

Ozow Payouts incorporates payouts requests into a merchants existing platform. This will mean that once a request is initiated by a customer or merchant, this is automatically processed through Ozow's API.

**Ozow Payouts is a cost-effective, convenient and automated payout solution for businesses.**

## Where payouts and refunds matter

The need for automated and streamlined payouts and refunds systems can vary across a variety of sectors. There are several ways in which payouts or refunds take place.

### eCommerce and Retail



Creating a positive customer experience for shoppers relies heavily on seamless payments and a quick refund or payouts process. It's why both have been ranked as two of the biggest payment trends for 2021<sup>10</sup>.

Integrating alternative payment solutions help to reduce costs and improve revenue, all while helping to build a positive customer experience.

### Financial services



From insurance companies, remittance services, trading and investments, people expect their payouts to reflect in their bank accounts almost immediately. This is incredibly important, particularly in situations where people are expecting claims or money to be transferred as quickly as possible so that they can use the money.

### Travel



People love to travel. It's not just about being able to book and pay for that next holiday, creating a positive experience also means that refunds are done as quickly as possible. That way, people can spend more time focused on enjoying a holiday than having to wait for money.

### Sports Betting



Who doesn't love sports? It's even better when you win something. For consumers, being able to have easier access to winnings and be able to make quick withdrawals into their bank accounts is a priority.



<sup>10</sup> <https://www.finextra.com/blogposting/20493/5-digital-payment-trends-in-2021>



## Glossary:

**Refunds:** When a customer buys a product or pays service and after asks for his money back, so the merchant needs to make a reimbursement. These payments can be made up to the original transaction amount into the same account that paid from.

**Payouts:** Payments that are made by a merchant to a customer without an originating transaction.

## Should you have any questions or concerns, our Support team is available during the following hours:

Monday - Friday:	24 hours
Saturdays:	10h00 -16h00
Sundays:	10h00 - 14h00

Ozow Support email address: [support@ozow.com](mailto:support@ozow.com)

Ozow Support telephone number: 011 054 4744 (select Option 1)