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SA Customers Exploring Alternative Payments as Card Usage Slows

South African merchants will need to stay agile as consumers increasingly shift towards alternative payment methods. According to the *Absa Merchant Spend Analytics* report for August, the bank's internal data indicates a consistent and notable slowdown in growth rates for both the value and volume of card transactions over the past four years.

While factors such as the rising cost of living, sluggish wage growth, and consumers still recovering from prolonged periods of high inflation and interest rates continue to influence spending behaviour, there is also a marked shift in payment preferences towards buy-now-pay-later (BNPL) and mobile wallets, which are rapidly gaining traction.

"The adoption of these alternatives is largely driven by their enhanced security and convenience, which allow consumers to make payments without entering sensitive bank details," said Isana Cordier, Managing Executive: Consumer Sector, Absa CIB . "Their seamless, fast, and efficient nature appeals to modern consumers, while the popularity of BNPL options may also be linked to cashflow challenges during the month. Merchants must be agile in integrating these solutions to meet consumer expectations."

The report found that August ended with a decline of 4.2% in total card spending, while the average transaction value dropped 1.9% compared to the previous month. Physical stores are still the dominant shopping channel, but growth in in-store spending has slowed considerably, reaching just 2% by August 2025.

Online spending, however, continues to show strong gains, rising from 7% of total card spend in August 2022 to 11% in August 2025. While this marks a clear upward trend, the shift is gradual.

Retailers with online platforms should offer a variety of payment options to ensure that consumers can complete their purchases smoothly and successfully. Providing flexible payment methods can also help reduce cart abandonment and support conversion at checkout.

"The landscape is evolving, and it presents both challenges and opportunities for retailers. Those with a strong physical presence must adapt to slower in-store growth by enhancing the in-store experience and integrating digital touchpoints," said Cordier. "Retailers who invest in robust online platforms and omnichannel strategies are better positioned to capture the growing segment of online shoppers."

Monitoring category-level shifts and the adoption of alternative payment methods will be critical to understanding future consumer trends.

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