



Steven Heilbron
CEO of Capital Connect

South African retailers embrace fintech solutions to supercharge cash management

The fundamental principles around cash management in retail haven't changed much over the years. Retailers of all shapes and sizes need to securely manage and process cash, card and electronic payments flowing into their business, manage working capital in an efficient manner, and ultimately, leverage their cash flow and borrowed money to run and grow their retail businesses.

But what has changed over the years is that South African retailers today are looking towards financial technology companies (fintechs) to enable them to gain better visibility into cash flow, improve liquidity, and automate business processes, says Steven Heilbron, CEO of Capital Connect, a leading fintech that offers fast and flexible business funding to South African retailers.

He says that in the current environment of slow growth and rising interest rates, retailers are turning to tech-driven solutions to automate cash management and increase business efficiencies. These solutions enable retailers to digitise their cash and get transparency into real-time transactions in their business, equipping them to



move fast in response to business opportunities.

"Cash flow is the life blood of any retail business," says Heilbron. "Retailers that are able to optimise the management of money flowing in and out of their stores have a distinct competitive advantage. Fintech's are transforming this element of retail by empowering merchants with tools that give them levels of control and transparency that were once unheard of."

Leveraging fintech tools to enhance cash flow visibility and automate business processes

One of the distinct trends in retail cash management is the rise of fintech companies that offer a complete suite of cash flow management tools

that stretch from automating cash management through to borrowing money with a swipe and a click on a mobile app. Cash management used to be an arduous manual process with slow transfer of risk—and that's no longer the case.

"Automated, intelligent cash vaults have proven to be a game-changer for retailers. With an automated cash vault, built to SABS Category 4 standards, a retailer can put the bank in their store," says Heilbron. "Once the retailer deposits their cash into

the smart cash vault, funds are guaranteed with an immediate transfer of risk. They can get real-time access to their cash, whilst stored safely in their vault, at the click of a button from an app, whenever they need it."

An automated cash management solution with a robust cash vault or a smart retail ATM recycler can enable a retailer to reduce costs of cash management up to 40%.

These cash handling devices improve accuracy, reduce shrinkage, and minimise the frequency of cash-in-transit (CIT) pickups. But the cash vault or ATM recycler is simply the foundation of a stack of fintech-enabled solutions that completely transform cash management.

Addressing fragmented solutions

Says Heilbron: "This new generation of fintech providers address the complexity and fragmentation retailers used to face in cash management. Fintechs offer an affordable, integrated portfolio of offerings that allow retailers to shift closer towards the ideal of real-time cash visibility, so that they can be more agile in growing their businesses."

Mobile technology is one of the keys to this new fintech world. A leading provider will offer retailers a mobile app that enables it to easily, transact in real time, or even borrow millions of rands in working capital without the red tape or needing to go through a drawn-out and complicated credit process.

Real-time transactions and agile responses enabled by digital cash management

Such a cash management software solution generates real-time data that helps retailers optimise cash flow and make timely and informed business decisions. For example, they should be able to see how much they have sold for the day (sales throughput), how their customers paid (cash, debit card, credit card, accounts), when payment will reflect in their bank account, and what their cost of sales is.

With this view, they can determine if a specific day or even a shift was profitable. The more days the store is profitable, the more risk the retailer can take to expand their business, stock other products, or diversify into new areas. Waiting until the end of the month to determine if the retail



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business made a profit or a loss is usually too late, and the damage done might be irreparable.

Retailers also have the flexibility to assign cash deposits to different lines of business (such as the in-store coffee shop or the fuel station forecourt), as well as the ability to choose customised settlement options. They can, for example, choose to delay settlement of cash deposits for a smaller fee, or get instantly settlement by paying a small premium.

Another part of a fintech product stack is value-added services, which enable retailers to earn commission by providing customers with services at till-point such as prepaid airtime, data, and electricity; bill payments; Lotto and gaming top-up vouchers as well as money transfers. "Retailers can use cash from the vault to instantly fund their VAS SuperWallet to sell value services. And retailers can also use their SuperWallet to buy stock or pay hundreds of suppliers right away – without having to pay a cash deposit fee," says Heilbron.

Fintech opening doors for retailers' growth and prosperity

A final and critical piece of the puzzle is click-and-borrow financing, which allows merchants to access business medium sized loans in as little as 24 hours without having to jump through hoops.

They can stock up, take

advantage of bulk purchases at discounted rates or supplier specials, and even create new in-store shopping experiences for their customers – allowing no opportunity to slip between their fingers.

There are online tools retailers can use to choose a capital injection that will suit their pocket. Nifty apps enable retailers to select a loan amount and repayment period so that they can determine if they can afford the instalment. They can also opt to pay in small daily instalments, instead of monthly debit orders, to minimise impact on their cash flow.

Says Heilbron: "Opportunity capital opens doors for retailers, enabling them to grow, thrive and outsmart the competition. We are constantly expanding our set of solutions to help SMEs unleash their potential—whether that is achieved through smart retail cash management, lightning-fast access to working capital or value-added products and services that give their customers that extra edge of convenience." **SR**