Digital payments: a key to success for entrepreneurs

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The transition from cash payments to digital payments represents several benefits for entrepreneurs around the world due to the rapid increase in people who own smartphones and the diversification of options for electronic payment forms.

However, digital payments are still an underdeveloped commercial tool that can provide important benefits for both entrepreneurs and society in general, by incorporating more people into the formal financial system.

In Mexico, where just over 40% of the population is banked according to the latest *National Survey of Financial Inclusion (ENIF)* , driven by the coronavirus pandemic, electronic commerce had an estimated growth of 32% according to the "Report of ecommerce 2020 "by Statista. In other words, last year, online payment sales exceeded $ 18 billion, that is, 4 billion more than in 2019.

In that sense, despite the low bankarization rate currently in

Mexico and the persistent barriers to the development of online payments such as cybersecurity and inefficient logistics distribution, by the end of 2021, the number of users is expected to of these means of payment grow to 50.7 million people, which represents an annual increase of 8.9% and a market penetration rate of 39.9%. In fact, the Mexican Online Sales Association (AMVO) maintains that electronic payment means have become one of the keys to the growth of commerce.

The greater the efficiency, the greater the benefits

Digital payment systems benefit a small fruit vendor, a medium-sized factory manager, or a health professional with his or her own office alike. When an entrepreneur can easily monitor their daily sales through digital payments and collections, they are also in a position to more effectively manage inventories and increase profit margins. Also, by participating in e-commerce through digital payments, this entrepreneur can broaden his customer base and visibility, thereby gaining the ability to further develop his business.

According to AMVO, the pandemic increased the relevance of digital sales in the business strategy of any company to such an extent that, last year, two out of ten businesses experienced growth greater than 300%. Along these lines, according to a study by the Boston Consulting Group, companies with digital platforms obtained 1.8 times higher revenues compared to those with little digital development, especially during the first two months of the pandemic.

Electronic payment methods have become one of the keys to the growth of commerce / Image: Depositphotos.com

In this sense, SMEs with platforms specialized in the automation of payment collections such as Flexio obtain facilities with regard to cash flow management. In addition, the manual billing system is often prone to errors and causes a break in the payment wheel. In addition to this, many times entrepreneurs must go after suppliers in search of invoices or go after delinquent clients. Thus, SMEs lose between 8 and 19 hours a month that could be used for planning and detecting new market opportunities.

Thanks to the digital leap, by 2021, e-commerce is expected to represent 30% of their total sales for two out of ten companies, according to AMVO statistics, an entity that has also ensured that nine out of ten users who buy for the first time on the Internet they do it again in the short term.

However, the benefits of digital payment and collection platforms are not only reflected solely in the accounting of companies or businesses. In fact, according to a survey by Mastercard, 70% of people think that digital payments will be permanent for the future, with which we are also facing an obligation for those companies that want to take advantage of the competition.

In summary, with digital payments, entrepreneurs and SMEs of the sector that they were obtain various benefits, among which are the automation of collections and payments, which means that those gain time that they can use to improve their services and products while, at the same time, they improve the user or customer experience, who is increasingly looking for greater facilities.

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