

Zip Co intends to acquire South African startup Payflex

Zip Co, an Australian company, has announced that it intends to fully acquire South African fintech startup Payflex as part of its global expansion plans.



Payflex CEO Paul Behrmann | image supplied

Payflex is a large buy now, pay later (BNPL) player in South Africa and has grown from a base of 70 merchants in 2019 to over 1,000 active merchants today, including brands such as Superbalist, Cotton On and Runwaysale. Over 135,000 customers have used Payflex - five times the customer base of 25,000 a year ago.

Paul Behrmann, founder and CEO of Payflex, said, "The growth of Payflex over the past few years has demonstrated the demand for BNPL in South Africa. Zip's acquisition will boost the speed and scale of Payflex's expansion and allow merchants and shoppers to benefit from Zip's products, platform and global reach. It is also a significant vote of confidence in the all-South African Payflex team, which will remain unchanged and focused on growing the business," he said.

Larry Diamond, Zip managing director and CEO said: "This has been a truly transformational 12 months as Zip has continued to deliver, despite the most exceptional global economic conditions. We started the year with a clear strategy for global expansion, and we have seen record growth, ending the year with \$5,8bn in total transaction volume, and more than 7.3 million customers and 51,000 merchants around the world."



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The BNPL model allows qualifying Payflex shoppers to split the cost of their purchase into four equal instalments, payable

over six weeks, interest-free. Shoppers can apply with no paperwork, and a late fee is only payable if they miss a scheduled instalment. Customers can pay their Payflex instalments with any Visa, Mastercard or American Express card.

“Shoppers definitely prefer to pay for their purchases in interest-free instalments when given the choice. A recent survey revealed that 80% of shoppers would not have made their most recent online purchase if not for the BNPL offering. The volumes reported by SA merchants mirror global trends, which is driving a massive rise in the number of merchants offering BNPL,” says Behrmann.

Diamond concludes, “The shift away from the unfriendly world of credit cards that was the genesis of Zip’s Australian business, and it’s proven to be a global phenomenon. Millennial and Gen Z customers are consistently demonstrating their appetite for the simpler, fairer payment options that Zip is providing. This global play supporting customers and global retailers alike provide a real point of difference as we strive to become the first payment choice and a trusted and innovative, global payments brand.”

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