

Are Payments the Key to a Bright Future for Education Platforms?



Contact us

www.paysafe.com

edulatform@paysafe.com

 [@PaysafeGroup](https://twitter.com/PaysafeGroup)

 [paysafegroup](https://www.linkedin.com/company/paysafegroup)

Contents

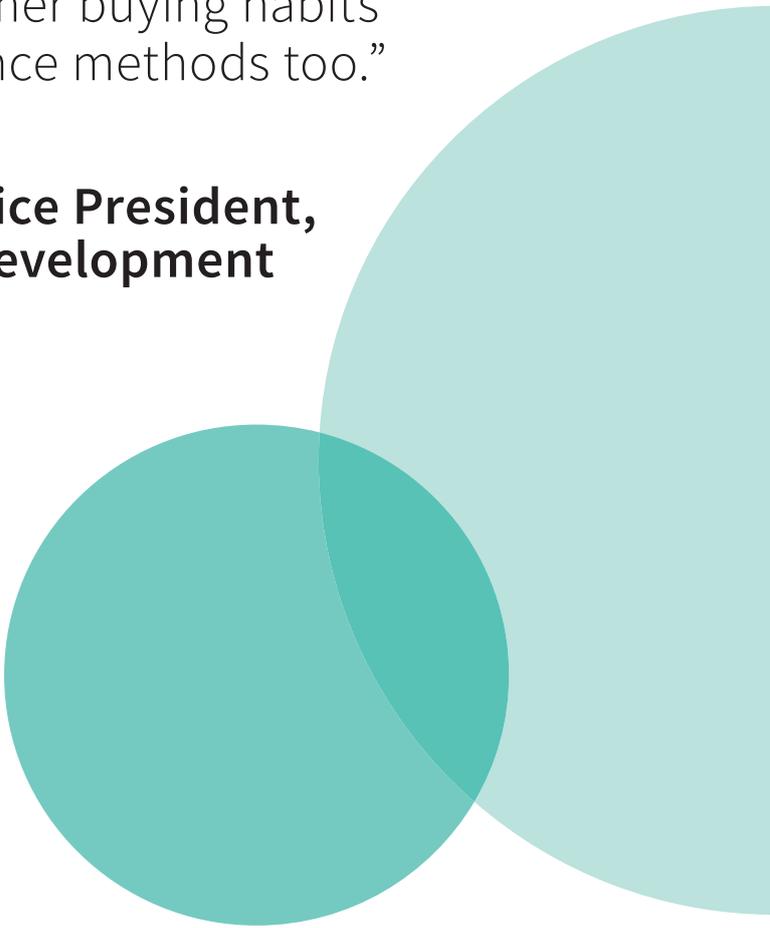
Introduction	4
The eLearning arena	5
Testing times for educators, scope for platforms	6
Benefiting from the changing education landscape	8
Ready to graduate	10





“Education technology is evolving – freed from the limitations of pen and paper, it’s moving into the cloud. To profit from this change, and deliver the best for their students, parents and school administrators, institutions need to transform their consumer buying habits and payment acceptance methods too.”

**Carla Erlick, Senior Vice President,
Sales and Business Development**



Introduction

The world of education has transformed in recent years. The days of pen, paper, chalk and chalkboard are long gone. This is the information age, and it's revolutionizing the way students learn and teachers teach.

Driven by the ever-changing needs of students, parents and teachers, as well as schools and universities, education is increasingly being delivered online and through smart devices, via cloud-based "software-as-a-service" (SaaS) "education management platforms".

These are capable of performing a wide variety of functions, from boosting engagement between teachers and the parents of students, to managing the day-to-day operations of a school or college, to delivering the education – so-called "eLearning platforms". The market for education software is growing fast, predicted to reach more than \$6 billion by 2020¹.

Size of the education software/application market worldwide from 2015 to 2020 (in million U.S dollars)

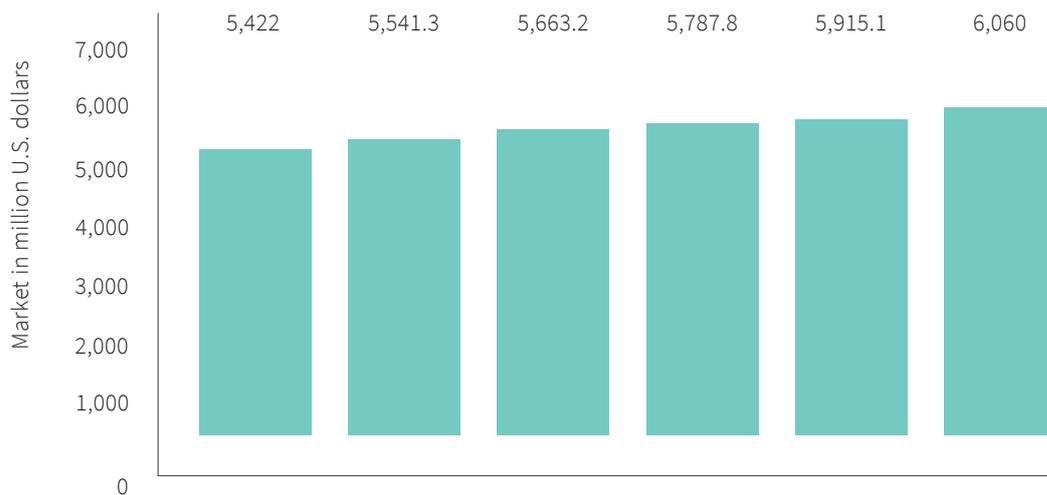


Figure 1

Source
Apps Run The World
Statista 2017

Additional information
Worldwide: Apps Run The World; 2015 to 2016

¹See Figure 1

The education platform arena

There are many long-term players in this space that are continuing to innovate:

- **The Lunch Lady** – allows parents to order custom-made school meals for their children to meet their dietary needs,
- **Remind** – allows for communication between teachers, parents, and students,
- **Kickboard** – supports positive behavioral intervention and supports in schools, allowing students to act positively and stay engaged,
- **Rank One Sport** – enables sports departments to organize lessons and team training schedules,
- **SchoolsBuddy** – provides software to manage extracurricular activities, including scheduling, booking, payments, and communication,
- **Firefly Learning** – an online platform designed to provide school teachers with easy access to timetables, lesson plans and resources, as well as features that allow them to communicate directly with parents about students’ performance,
- **Blackboard** – emerged to provide educators with an efficient way to manage classroom information and give students online access to assignments and course materials. It also boasts features including accessible content, open learning, and mobile apps for both students and instructors,
- **KEV Group** – an accounting and online payment system that automates cash, check and permission form handling, streamlining operations for administrators.

The rise of these online and mobile platforms presents a host of exciting opportunities for education providers in North America and around the world looking to enhance business efficiency for teachers and staff, or to improve the user experience for their students or parents. Nevertheless, the implementation of these platforms poses challenges – particularly when it comes to accepting payment from students or parents for using the services.

If they aren’t implemented properly by the people creating the education platform, payments can cause friction in the user experience, leading to customer dissatisfaction and potential abandonment of the platform as an educational tool.

With this in mind, it’s more important than ever for the people behind education management platforms to understand the pressures facing both education providers and their students, particularly when it comes to payments.

It’s time for them to go back to school to learn how the payment solutions they use can help them optimize the service they offer to education providers and students. In doing so, they can ensure they remain top of the class.

²<http://www.oecd.org/education/education-at-a-glance-19991487.htm>

³<http://www.statcan.gc.ca/daily-quotidien/160907/dq160907a-eng.htm>

⁴See Figure 2

Testing times for educators, scope for platforms

When it comes to finances and payments, the education landscape in North America is set to face some key challenges in the coming years. Each, in its own way, will present an obstacle to prosperity that needs to be overcome:

1. Fees on the up

The cost of education in the U.S. has soared in recent years. The price of tuition fees, room, and board at public institutions rose 33% between 2004 and 2015. Costs at private non-profit institutions rose 26% over the same period. Average annual tuition for an undergraduate degree at a U.S. public institution now costs \$8,202 – the highest in the world².

Canada is fast catching up, however. Tuition fees have risen by 40% in the last decade, and as government funding decreases, the percentage of operating costs covered by students is growing³. As a result, the number of students taking out loans to pay for higher education has risen from approximately 50% in 1990 to approximately 70% in 2015, and wages have not risen to keep pace with these increased costs.

The stress of such a large lump-sum payment can be significant. Loans have traditionally been the avenue students have gone down to spread the cost of their diploma, but these are becoming less and less appealing, due to the high interest rates involved.

It is, therefore, becoming increasingly important for universities and other education providers to reduce the financial impact of funding their studies, either by offering the opportunity to pay in installments, or

by finding more cost-effective ways of providing the education. This is an area where eLearning can help, streamlining the cost of studying by eliminating the need for a teacher or classroom.

2. The international student surge

Students from overseas account for a growing segment of the total university population in North America, as increasingly affluent young people from China and other emerging markets seek to take advantage of the world-leading education on offer at U.S. and Canadian institutions. As of 2015, international students accounted for nearly 5% of the total student enrollment in the U.S.⁴.

While offering an exciting new source of revenue for universities, catering to this international market does present challenges. It is often the case that the families of students want to pay for their children's tuition, as well as books and other study material from their home country. This means that education providers need to make sure they are able to offer students the ability to pay for their studies from abroad.

Alternatively, a growing number of institutions are turning to eLearning to solve the problem. One of the largest markets for eLearning is China, where nearly 70 universities have developed their own online learning platforms, and where, in 2014, there were nearly 100 million students engaged in eLearning⁵. The growth rate of eLearning throughout Asia is the highest in the world, at 17.3% annually, providing an avenue for future growth for the eLearning subsector.

3. The fragmenting payments landscape

Wherever they come from, students want to be able to pay using a method that they are familiar with – in this rapidly diverging global payment landscape, these methods can vary from region to region.

In European territories like the U.K., for example, card payments have overtaken cash and traditional payment methods for transactions in store and online. Across the E.U., the use of EMV “chip and PIN” in card payments is also far more prevalent than in the U.S., where a diminishing but significant number of card transactions still involve the old “swipe and sign” method.

In China and other emerging markets, meanwhile, consumers have bypassed the credit or debit card, opting instead for digital wallets that they can access on their smartphones⁸.

Against this backdrop, education providers need to offer students and their families a choice of payment methods, so they can finance their studies using the technology that is familiar to them. Again, this offers scope for education platforms – they can provide potential for educators to offer an easy payment system anywhere in the world, offering a choice of payment methods to meet local needs.

⁵<http://daxueconsulting.com/mooc-market-in-china/>

⁶https://brc.org.uk/media/179489/payment-survey-2016_final.pdf

⁷<https://www.europeanpaymentscouncil.eu/news-insights/insight/emv-goes-global-end-era-magnetic-stripe-payment-card>

⁸<http://www.nielsen.com/us/en/insights/news/2016/whats-in-your-customers-digital-wallet-preferences-vary-around-the-globe.html>

International Student Enrollment Trends 1948-2015



Figure 2

School Year

Source: Institute of International Education (IIE), "International Student Enrollment Trends, 1948/49-2014/15," Open Doors Report on International Educational Exchange (Washington, DC: IIE, 2015), [available online](#).

Benefiting from the changing education landscape

Education software and platforms can address many of these challenges facing the broader education space. Nimble and adaptable, they can evolve to address a wide range of education user needs – whether providing solutions to help institutions improve the way they manage their operations, or offering new ways to bring quality education to the masses.

To achieve all of this though, and to support the wider education sector in meeting the challenges it faces, they need to explore ways of enhancing the experience and usability of the app for students and teachers.

The payment options that education management platforms provide are at the core of this. By incorporating the right payment systems into their app or website, a platform can minimize friction in the user experience, enabling content to be accessed quickly and easily, without any excessive barriers.

To achieve this goal, there are a few things that need to be taken into account when selecting payment processing systems:

1. How easy are they to incorporate and navigate?

Education platforms need payment systems that are easy to integrate into their existing website or platform and are straightforward for users to navigate. At the same time, education management platforms need to ensure optimum data security to protect the confidential information of users.

With this in mind, they need to consider payment providers that offer turnkey solutions. These are simple to incorporate and integrate, while also

providing a “standard” format that users will be familiar with from other sites and apps, helping to simplify the payment process.

Scalable and flexible payment systems should also be considered. These can be adapted and extended as needed to support a platform as it evolves its scope and grows its business, helping to provide a payment solution that meets their long-term business needs.

2. Can they offer installment plans?

Education management platforms that provide high-value services should consider whether their selected payment provider offers an option to allow users to pay in installments. So-called “pay later” solutions provide a platform – and its education clients – with the full payment straight away, supporting their business’s cashflow, all while enabling end-users to pay the payment provider at their own pace. Even for eLearning – which typically provide a more cost-effective learning experience – this could be beneficial, providing a means for cash-strapped students to access study material while spreading the cost.

3. Can international payments be made on them?

If an education management platform is delivering services to students around the world, or created to provide a solution to enable cashless, remote payment for studies, it is imperative for them to find a payment partner that specializes in enabling secure cross-border e-commerce.

Platforms should consider whether the provider offers a broad range of global payment solutions with the scope to process payments in multiple currencies. Providers with specialist fraud and risk management tools can help take the stress out of processing international payments, providing platforms with reassurance that their finances are safe.

Those with knowledge of the local payments landscape in a range of territories can provide additional support to help eLearning platforms tailor their offering for target markets.

4. Do they offer a comprehensive range of payment methods?

The ability to process cross-border transactions isn't the only factor that all education platforms – whatever the service they offer – need to bear in mind if they want to offer services internationally and expand into new overseas markets. They need to make sure their payment systems are able to meet local payment needs across every target territory.

They should look for partners that are able to process the widest possible range of payment methods and consider whether their providers are able to offer not just card payment processing, but also handle payments via direct bank transfer, or from consumer wallets, digital currencies and other alternative payment methods as well. They also need to be able to process payments across any local currency to handle transactions across multiple markets.

In doing so, they can be sure that their platform is able to provide easy, frictionless access for users no matter where they are based or what payment method they prefer to use, meeting local and global payment needs. For the platform itself, having a single partner capable of providing multiple payment options helps to simplify their supply chain, saving considerable time and resource.

5. Do they offer extra, value-added support?

Finally, education management platforms should look at the extra services offered by their payment partners. Those that offer additional support in other areas can add significant value to a platform, helping them optimize their business processes and further enhance the service they deliver to users.

There are many areas where payment partners can add value. Providers that offer dedicated integration support, for example, can help platforms incorporate new payment systems into their services seamlessly and efficiently. Meanwhile, those that provide “tokenization” – a feature that allows users to store their payment data on a platform for future or recurring transactions – can support education management platforms in further streamlining the user experience and optimizing user retention rates.

Many providers also offer data on how their users access or pay for their services, providing vital strategic insight that can feed into marketing and sales enablement. In addition, providers that offer flexibility in terms of product and feature needs can support platforms in customizing their payment systems to meet the specific requirements of both their customers and their business.

Education management platforms should also explore the customer service offered by their partners. Personalized, one-on-one support can be key to helping them enhance the payments process on their app or website, so they continue to offer users a great service.



Ready to graduate

The growth of education software and platforms shows no sign of abating. The freedom and infinite scalability they offer means that they offer scope to solve a variety of challenges for the education space well into the future. As a result, platforms present opportunities for the schools using them to profit and improve the efficiency of their operation.

To achieve all of this potential, however, platforms need to ensure they continue to provide the best possible experience for users, and provide ways to optimize their revenue stream as well as that of the education providers they are supporting.

The choice of payments provider is key to solving both of these challenges. Those that offer not just reliable and speedy processing, but technology able to process a range of payment methods, the flexibility to customize solutions according to an organization's unique needs, as well as the capability to offer optimum security to protect users' payment details, can support education platforms in achieving their user experience goals.

By working with the right payments partner, platforms can ensure they are incorporating suitable payment solutions for their needs. In doing so, they can lay the foundations for their business to thrive and continue to meet the needs of the education sector well into the future.

To find out about how Paysafe can support the growth of your education management platform with integrated payment and pay later solutions, please visit:

www.processing.paysafe.com

To discuss your platform's needs with a Paysafe expert, please contact: eduplatform@paysafe.com



