

# Standard wins plaudits for mobile banking

Standard Bank's mobile banking innovations were a hit with international bankers, showing how emerging markets can offer lessons to developed markets on using technology to serve customers.



Standard's executive for core banking transformation, Willie Stegmann, said the bank was opening up to 7,000 new AccessAccounts a day through its mobile platform.

He told an SAP financial services conference in London last week that two to three years ago Standard Bank had been "out" of inclusive banking when its "impressive competitors" African Bank and Capitec dominated the low-end market.

But the success of the AccessAccount had put Standard back in the game. "This has given us confidence that can compete against the new entrants. We do have the agility to make changes very quickly," Stegmann said.

"We're absolutely back in there and it's not that easy for an African Bank or a Capitec to push us out."

Since March last year, the bank had opened 1.7-million accounts through sending third-party agents with smartphones to rural and unbanked areas to target the 67% of SA's population that is unbanked. Opening an account involves no paperwork and potential clients simply supply an identity document.

They can then manage their accounts through phone banking, SMS and local agents, generally based at small shops.

Stegmann's presentation drew loud applause and a later panel discussion with analysts and media was dominated by questions about Standard's strategy to the exclusion of other panellists.

## US, UK banks less innovative

International media and analysts wanted to know whether it was profitable to bank the lower end of the market, the technicalities of agents signing up new clients, how the bank manages the risk of taking on clients with no credit history, and whether it offers this market credit cards.

Banking technology specialists in the audience said that emerging market banks were far more innovative and nimble than banks in mature markets.

Falk Rieker, head of banking at SAP, a global business management software solutions company, said US and UK banks were less innovative due to the global economic climate and regulatory requirements.

"There is not much left in the IT budget for innovation after regulatory requirements have been met," he said. He said in developing markets, it was more often the second-tier banks, which are midsize to large, that embraced technological innovation rather than the super-large banks.

"They have to find ways to compete with first-tier banks in the same market offering the same products and the only way to do that is through a platform strategy," Rieker said. Worldwide, mobile banking is growing at the fastest rate, he said.

"All the significant IT innovations in banking are around mobile."

Standard Bank, which is reputed to have been the first bank in the world to implement the SAP mobile platform, plans to use the technology to target the middle market next.

It would then be "a matter of time" before the bank extends it to other African countries, said Stegmann.

Source: Business Day, via I-Net Bridge

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