



competition commission south africa

Banking Enquiry



PREPARED BY KLA

PROJECT SENTINEL



project SENTINEL

• project sentinel : research presentation •
prepared by KAUFMAN LEVIN ASSOCIATES

PROJECT SENTINEL
prepared for competition commission by kla

ENTER PRESENTATION

PRESENTATION LAYOUT

- + Research objectives
- + Methodological approach and sample design
- + Presentation definitions

- + Contextual introduction to banking
- + Banking choice driver exploration
- + Banking usage behaviour
- + Switching behaviour
- + Mzansi Account exploration
- + Unbanked perspective

- + Summary and conclusions



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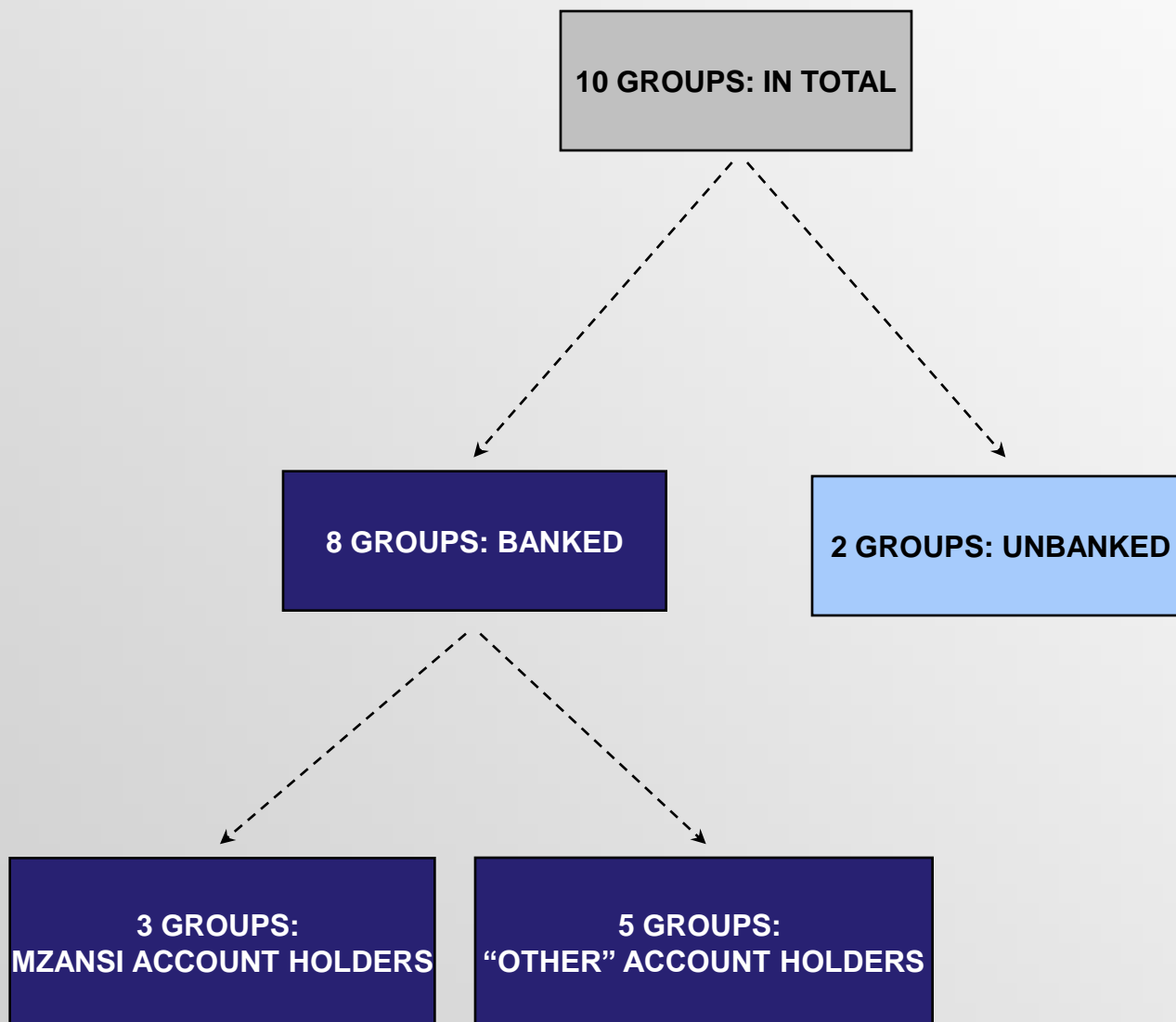
RESEARCH OBJECTIVES

- Broadly speaking , the Banking Enquiry commissioned qualitative research to understand what the main factors are that drive consumer choice:
 - When choosing a bank for the first time
 - When considering whether to switch to another bank

In more detail, the qualitative initiative aimed...

- To explore and understand consumer attitudes and usage behaviour as well as needs and expectations (key deliverables) in respect of the category with particular focus on:
 - Brand / bank choice drivers / barriers, including product choice drivers
 - Brand / bank switching motivators / barriers and experience
- Further to explore and understand consumer attitudes and relationships towards the different banks (bigger, smaller and newer 2nd tier) and determine the degree of perceived differentiation between the banks
- Finally to explore consumers levels of product/ service knowledge and understanding as well as determine consumer expectations of ideal features of a basic banking product including a depth exploration of the Mzansi product offering

SAMPLE DESIGN



SAMPLE DESIGN

	GAUTENG METRO	W. CAPE METRO	KZN METRO	UMGABABA	PIETERS-BURG
MALE					
LSM 3-5	1 x Mzansi Acc. Black (o)			1 x Mzansi Acc. Black (y)	1 x Unbanked Black (o)
LSM 6-7	1 x "Other" Acc. White (o)	1 x "Other" Acc. Coloured (y)	1 x "Other" Acc. Indian (y)		
FEMALE					
LSM 3-5			1 x "Other" Acc. Indian (o)	1 x Unbanked Black (y)	
LSM 6-7	1 x "Other" Acc. Black (y)	1 x Mzansi Acc. Black (o)			
Sub-total	3	2	2	3	
TOTAL	10				

DEFINITIONS



CATEGORIES / USERS

- Banked “Other” Account Holders (BO)
- Banked Mzansi Account Holders (BM)
- Unbanked (UB) (Group 7 – younger) (Group 8 – older)



—● Emotive sentiment



SHARE OF OPINION

- Majority [Maj]
- Some [Some]
- Limited [Ltd]



LSM

- LSM 6-7/ Higher (H)
- LSM 3-5/ Lower (L)



METRO AREAS

- Cape Town (CT)
- Durban (DNB)
- Johannesburg (JHB)



AGE

- Older - 25-40 years (O)
- Younger - 18-24 years (Y)

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SPONTANEOUS BANKING ASSOCIATIONS

AT THE CORE, THE REAL VALUE FOR THIS TARGET MARKET IS ACCESS TO A MORE DESIRABLE LIFE – BANKS SERVE AS A KEY ENABLER



POSITIVE

RATIONAL



NEGATIVE

- **Saving Mechanism [Maj]** “...banking can help a person to be financially balanced” (group 3)
- **Access to credit [Maj]** – Home and car loans; credit cards
- **Investment opportunities which creates financial security [Maj]** “It’s like an investment - when you have a tragedy they give you that money within 24 hours... funeral policy” (group 3)
- **High access to ATM’s [Maj]** “ATM’s are easy to find” (group 9)
- **Advanced electronic banking [Ltd W]** “...our banking systems are more advanced in terms of internet & phone banking” (group 1)

- **Stress encountered with long queues [Maj]**
- **Expensive and inconsistent banking fees [Maj]** “...when you need money you cant get it out because of the ATM withdrawal fee” (group 10)
- **Potential of fraud / financial insecurity [Some]** “Fraud happens a lot with credit cards - people use other people’s credit cards in order to withdraw or buy” (group 3); “Because of SMALL BANK (no longer operating) I don’t trust banks anymore” (group 6)
- **Personal safety/ being robbed [Ltd BO]** “...its like you’re at your own risk when leaving the bank” (group 4)



POSITIVE

EMOTIONAL



NEGATIVE

- **Positive effect of finance on one’s life [Maj BM]**– “money and banking can change your life (its easier and safer now)” (group 10)
- **Banking offers a degree of security/ confidence [Maj BO]**
- **Desirable customer service [Ltd BM]** – “staff welcome you at the bank” (group 10)

- **Undesirable customer service [Ltd BO]:** “...they don’t care unless you own a BMWworking with them is a mission, you are sent from pillar to post, there is no one who can really help you” (group 1)

BANK POINTS OF DIFFERENTIATION (-1-)

PRODUCTS

- **Student loans / loans (car & home) [Maj]** : *"I know that if you want to buy a car or a house you can approach them."*
– **BIG BANK (Group 7)** *"...I love about BIG BANK is the fact they give student's loans to study"* (Group 3)
- **Online banking [Ltd]** : **BIG BANKS (x2)**
- **Million-a-month [Ltd]** : **BIG BANK**
- **Insurance [Ltd]**
- **Unit trusts [Ltd]**
- **Funds [Ltd]**
- **Grants [Ltd]**
- **Stokvel [Ltd]** : *"It's for stokvels"* - **SMALL BANK (Group 7)**
- **Funeral Plan (Group 8)**

BENEFITS / ADDED VALUE

- **Discounts – sports events / airtime / magazines [Ltd]** : **BIG BANKS (x2)**
- **Golf days [Ltd - W]**

ACCESSIBILITY

- **Local presence (township) of ATMs [Maj]** : *"A lot of people use it, and there are a lot of their ATM machines in the township"* (Group 2) – **BIG BANK**
- **Branches everywhere [Maj]** : *"...the BIG BANK ATM's are everywhere."* (Group 6)

A STRONG SENTIMENT REGARDING LOCATION ACCESSIBILITY

CHARGES [Maj]

- **Bank charges: High vs Low**
- **Interest rates: High vs Low**

DIFFERENTIATION BASED ON THEIR PERCEPTION OF HIGH VERSUS LOW CHARGES AND INTEREST RATES FOR SAVINGS AND CREDIT

RATIONALLY, IT'S ABOUT PRODUCTS (LOANS), ACCESSIBILITY OF ATM'S OR BRANCHES AND CHARGES

BANK POINTS OF DIFFERENTIATION (-2-)

MARKETING

- **Advertising [Maj]** : *“An hour won’t pass without an BIG BANK advert showing on TV ...It makes people aware of it. They want it to be the first bank you think of when you are thinking of opening an account.” (Group 2)*
- **Logo [Maj]** : *“I like their colours.” – BIG BANK (Group 1)*
- **Slogan / payoff line [Ltd]** : **BIG BANKS (x2)**
- **Sponsorships [Ltd]** : *“... You can see that they will be sponsoring a major team...” (Group 9)*

ADVERTISING IS MORE STRONGLY ASSOCIATED WITH BIGGER BANKS WHICH IN TURN EMPHASISES THEIR STRONGER SENSE OF ESTABLISHMENT THEMES EVOKED: TRUST / SECURITY
 “TALKS TO ME!” - RESONANCE
 COMMUNITY FOCUS

TARGET MARKET PERCEPTION

- **Business / Corporate [Maj]** – **BIG BANKS (x2) & SMALL BANK**
- **Young People / Students [Maj]** – **BIG BANKS (x2)**
- **High earners / The Rich [Maj]** – **SMALL BANK**

SERVICES

- **Good service [Maj]** : *“I think their customer service is great” (Group 5)*
- **SMS updates [Maj]** : *“...they notify you via SMS if there is a transaction on your account.” – BIG BANK (Group 4)*
- **Long queues [Ltd]**
- **Personal banking [Ltd]** : **White**

EARLY ALERT TO A THEME OF TRUST AND SECURITY FOR THIS TARGET MARKET THAT THREADS THROUGH THE PRESENTATION

SPONTANEOUSLY SEGMENTING THE MARKET INTO HIGH EARNERS AND LOW EARNERS

A BASIC LEVEL OF UNDERSTANDING REGARDING THE GENERAL ROLE OF THE BANKS IS EVIDENT, ESPECIALLY IN TERMS OF PRODUCT OFFERING AND SERVICE

BANK DIFFERENTIATION – BIG BANKS VS. SMALL BANKS (-1-)

BIG BANKS				SMALL BANKS
<ul style="list-style-type: none"> • A well established bank has less potential of bankruptcy meaning better sense of trust [Maj] 	✓	STABILITY [Maj]	✗	<ul style="list-style-type: none"> • Bank that is not seen as busy – few clients inside bank [Maj] • Perception of bank potentially of “going under” leads to a sense of a greater chance of losing financial investments
<ul style="list-style-type: none"> • A greater sense of stability leads to a greater financial security [Maj BO] • Good reputation and recommendation by family and friends [Maj] 	✓	FINANCIAL SECURITY [Maj]	✗	<ul style="list-style-type: none"> • Perception that investing large amounts of money poses a greater risk • Acknowledgement that there are other smaller banks that are well established (SMALL BANK) [BM]
<ul style="list-style-type: none"> • Positive personal experience with bank – knowledgeable staff • More people to assist means quicker customer service • Bank caters for all races (EMBRACING) 	✓	CUSTOMER SERVICE [Maj]	✗	<ul style="list-style-type: none"> • Less staff to assist – staff required to perform numerous tasks simultaneously • Personal touch – due to less Clientele - “I’d go for a slightly smaller company cause of the personal touch” (group 1)
<ul style="list-style-type: none"> • Visible branches in most public areas “when you enter every mall you will get a branch then you will have an idea that its quite big” (Group 3) • Easy access to ATM’s [BM] “ATMs are easy to use and find “ (Group 10) 	✓	VISIBILITY [Some]	✗	<ul style="list-style-type: none"> • Less number of branches seen in public areas

BANK DIFFERENTIATION – BIG BANKS VS. SMALL BANKS (-2-)

BIG BANKS				SMALL BANKS
<ul style="list-style-type: none"> • Quality advertising 	✓	IMAGE [Some]	✗	<ul style="list-style-type: none"> • Low budget advertising and less number of adverts seen • "...they give it a small time cause they don't get enough finance to pay the ad..... The number of times they advertise a bank says a lot about it" (group 3)
<ul style="list-style-type: none"> • High access to credit may result in more borrowing by customers <p>VERY LITERAL COMMENT</p>	✗	FINANCIAL ACCESS [Some]	✗	<ul style="list-style-type: none"> • Unable to borrow large sums of money [Maj BM] "If you want R5mil they [small banks] wont be able to give that amount" (group 6)
<ul style="list-style-type: none"> • Cheaper in terms of banking fees and costs of opening an account [Maj] • Product variety • Receive salary same day [BM] "If you get your salary through the bank it goes in the same day" (group 2) 	✓ ✓	PRODUCTS AND SERVICES OFFERED [Some]	✗ ✗	<ul style="list-style-type: none"> • More expensive for same product offering • Limited product variety

HONEST

Majority of banks perceived as not honest [Maj]

"I think they are completely unethical. They are taking money from the poor. A bank is not supposed to be a profitable business. It's a service ... That's my money." (Group 1); "They are all not honest in some way... I wouldn't say that one is more honest than the other" (Group 6); "No bank is honest...where money is concerned no one is honest" (Group 9)

Most sceptical about banking fees, however have not interrogated the experts?

THE GOOD AND THE BAD



GOOD

- **Services / Personal relationship / communication (updates) [Maj]** : *“If it’s (required information from banking consumers) complicated most of us are not interested and I found that because bankers are doing it every day they assume the public knows what they want and we don’t” (Group 1) “It must be user friendly. Like the forms you have to fill in.” (Group 1) (Group 7)*
- **Established: Advertising, Popular, Reputation [Maj]** : *“Word of mouth is very powerful.” (Group 3)*
- **Trustworthy [Ltd]** : *“They must be trustworthy.” (Group 6)*
- **High interest rates (savings) [Ltd]** : *“A good bank will give you cheaper transactions and more interest.” (Group 4)*
- **Low charges [Ltd]**
- **Location accessibility [Ltd]** : *“More accessible, more ATM’s.” (Group 4) (Group 7)*



BAD

- **Long queues [Maj]**
- **Business hours [Ltd]** : *“BIG BANK doesn’t stay open a little longer.” (Group 1)*
- **Poor service [Ltd]** : *“When you enter you get poor service and it’s not clean.” (Group 3) (Group 7) (Group 8)*
- **High charges [Ltd]**
- **Unfamiliar [Ltd]**
- **No communication [Ltd]**

USEFUL TO NOTE THE SIMPLE TERMINOLOGY USED - “HIGH / LOW / GOOD / BAD”

NOTABLY, LIMITED NEGATIVE RESPONSE.

HYPOTHESES :

- 1) PERHAPS CONSUMERS ARE UNABLE TO CRITIQUE AS THEY ARE NOT INFORMED ENOUGH TO MAKE DECISIONS / HAVE AN OPINION.
- 2) CULTURAL POLITENESS TYPICAL OF THIS TARGET MARKET?

SUMMARY OF CONTEXTUAL EXPLORATION

SPONTANEOUSLY, CONSUMERS WITHIN THIS TARGET MARKET PERCEIVE BANKING AS A POSITIVE ENABLER, ALLOWING THEM ACCESS TO BETTER THEIR LIVES BUT – FEES POSE A BARRIER AS MANY CONSUMERS VIEW CHARGES AS HIGH / EXPENSIVE

SPONTANEOUS AWARENESS – BIG 4 BANKS – DUE TO BIGGER MARKETING SPENDS, HERITAGE AND NUMBER OF VISIBLE BRANCHES/ ATM'S ETC.

THE MANNER IN WHICH CONSUMERS DIFFERENTIATE BETWEEN BANKS CAN BE VIEWED FROM A PRACTICAL AND EMOTIONAL PERSPECTIVE:

PRACTICAL NEEDS:

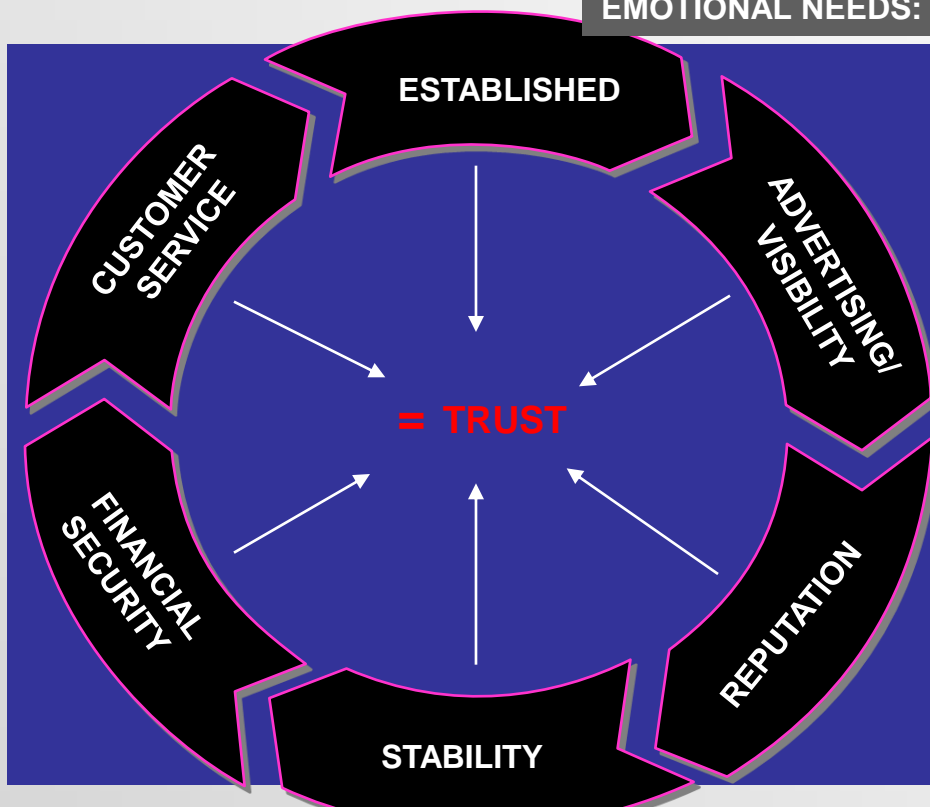
- ACCESS TO LOANS/ FINANCE
- ACCESSIBILITY TO ATM'S
- CHARGES (HIGH VS LOW)

↓ LINKED TO

- PRODUCTS AND SERVICES OFFERED

WHILST NO BANKS ARE PERCEIVED TO BE HONEST, ESPECIALLY WITH RESPECT TO FEES, BIG BANKS ARE MORE POSITIVELY PERCEIVED AT AN OVERALL LEVEL

EMOTIONAL NEEDS:



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FIRST STEPS IN THE PROCESS OF SEARCHING FOR A BANK

HAVE NOT SHOPPED AROUND [Maj]

SHOPPED AROUND [Ltd]

3rd PARTY INFLUENCE = ✓ [Maj]

ESTABLISHED = ✓ [Ltd]

UNCERTAIN = ✓ [Maj]

ENDORSED BY:

- Family recommendation is important [Maj] : "...my mom suggested that I should go to these banks." – BIG BANKS (x2) (Group 3)
- Parents opened account (inherited) [Ltd] : "...my parents opened an X account." (Group 4)

DETERMINED BY:

- Employer opened account [Maj] : Salary deposit – "I had to bank at BIG BANK because that's the bank that they use at work." (Group 6)
- University / Tertiary Institution opened account for bursary [Ltd] : "...I got a bursary and they arranged for me to have an BIG BANK card..." – Cheque Account (Group 10)

- Established Bank [Maj]: "...it is a good bank, I have seen the advertisement on TV...and they have been around for a long time." (Group 9)
- Accessible Bank [Maj] : "...I just went to the nearest available bank." (Group 2)

- Unsure of what to do / where to go [Maj] : "I didn't know where am I supposed to go queue up..." (Group 3)
- Unprepared – no required documents / information in had [Ltd] : "...I did not get mail because I was still a teenager. So I did not have proof of residence." (Group 2)

RESPONDENTS HAVE SOME CONTROL OVER WHICH BANK TO OPEN AN ACCOUNT WITH, BUT IT IS EVIDENT THAT RECOMMENDATIONS FROM FAMILY IS VITAL – RELATING BACK TO TRUST

CLEAR INDICATIONS THAT THE TARGET MARKET IS UNABLE OR UNWILLING TO INTERROGATE THE CATEGORY INDEPENDENTLY, THEREFORE CONSUMERS RELY ON BIGGER, ESTABLISHED BANKS AND OTHERS' DECISIONS, BASED ON TRUST

REASONS FOR BANK CHOICE – FINAL DECIDERS BASED ON THEIR CURRENT REALITY EXPERIENCE

BANK CHOICE DRIVERS:

- **Established bank = Safer / Secure / Greater exposure / Accessible [Maj]** : *“...I like the fact that you get it anywhere.” – BIG BANK (Group 10)*
- **Work / Tertiary / Family influence / recommendation [Maj]** : *“They (family) were the ones that influenced me. They had good experiences with BIG BANK.” (Group 1)*
- **Lower charges [Maj]**
- **Feature attractions:** *“...what attracted me was the in-contact (SMS) thing that BIG BANK offers.” (Group 10)*
- **Social responsibility / community focus [Ltd]** : *“What they support (charity)...I like that kind of thing.” (Group 1)*


BANKS USED BY SAMPLE : BIG BANKS (X4) & SMALL BANK

DRIVERS ARE SIMILAR TO SPONTANEOUS POINTS OF DIFFERENTIATION EARLIER – RE-ITERATING WHAT IS CONSIDERED IMPORTANT TO CONSUMERS (I.E. THEIR NEEDS), THUS INFLUENCING THEIR CHOICE OF BANK

INTERESTING TO NOTE – BIG BANK’S SMS FEATURE IS NOT PERCEIVED AS A GIMMICK, BUT RATHER REPRESENTS AN OPPORTUNITY FOR CONTROL AND EMPOWERMENT

KEY FACTORS TAKEN INTO CONSIDERATION WHEN OPENING ACCOUNT (-1-)

EXPLORING CHOICE DRIVERS FURTHER.....

KEY FACTOR	THE REASON [MAJ]
<p>1 Lower Banking Fees</p>	<p>NOTABLE: FEES SPONTANEOUSLY INCLUDE ATM'S FOR THIS MARKET</p> <ul style="list-style-type: none"> • The cheapest monthly fees • Clarity on how interest on debt is charged • Lower transaction charges – withdrawals, deposits and balance checks • Ability to withdraw at different ATM's – ATM withdrawals are more expensive when not using own bank's ATM
<p>2 Access to money</p>	<p>Accessibility to ATM's and branches</p> <ul style="list-style-type: none"> • Location of ATM's in Townships • Availability of bank branch in township – when I need to go inside <p>Unrestricted access to 'my' money <i>"...anytime I want my money , withdrawing my money whenever I want it" (Group 3)</i></p> <p>Potential attainability of credit or financing opportunities</p> <ul style="list-style-type: none"> • Home loans and car financing • On-line and cell-phone banking
<p>3 Customer Care</p> 	<ul style="list-style-type: none"> • Simplicity of process and procedures • Effective communication (frequent / language / method e.g. SMS notifications of transactions) • Assistance on banking procedures – Floor manager to show individuals where to go and which queue to stand in • Friendly and professional service <i>"You wouldn't want someone to shout at you or to look at you like you don't know what's going on, you want someone to smile at you, he mustn't look at you like you are stupid" (Group 9)</i> • Degree to which bank gives individuals personal attention • Quality service – knowledgeable staff <i>"I don't want to go to somebody who isn't going to be knowing the answer, I want straight forward answers" (Group 9)</i>

KEY FACTORS TAKEN INTO CONSIDERATION WHEN OPENING AN ACCOUNT (-2-)

KEY FACTOR	THE REASON [MAJ]
<p>4 — Security</p>	<p>Personal safety</p> <ul style="list-style-type: none"> • Safety of ATM's especially during night time • The most invulnerable ATM access – ability to avoid being robbed “<i>You don't want to carry heavy amounts of money</i>” (Group 3) • Banks ability to avert armed robberies <hr/> <p>Financial Security</p> <ul style="list-style-type: none"> • Safest methods of financial transactions - transferring of money “<i>when your money is burnt , keeping it in the house, you can never regain it</i>” (Group 3) <p style="text-align: center;">VS</p> <ul style="list-style-type: none"> • Reputable bank and a sense of trust – “<i>...it is important that the bank doesn't go bankrupt within a short span of time; would create a sense of confidence in putting my money into the bank</i>” (Group 2)
<p>5 — Information</p>	<ul style="list-style-type: none"> • Sufficient information about the bank itself – its facilities, process and products offered “<i>To be properly briefed and informed before I make my decision</i>” (Group 4) • Information about: <ul style="list-style-type: none"> - Funeral covers - Housing and Mortgage insurance • Detailed assistance in decision making – no hidden agendas

THIS CONCERN OF BANKS BECOMING BANKRUPT IS A COMMON CONCERN FOR THIS TARGET MARKET
EITHER, THIS IS BASED ON A BAD PAST EXPERIENCE,
OR
RELATED TO A SENSE OF VULNERABILITY WITH HAVING TO TRUST AN EXPERT (BANK)?

KEY FACTORS TAKEN INTO CONSIDERATION WHEN OPENING AN ACCOUNT (-3-)

KEY FACTOR	THE REASON [OTHER MENTIONS]
Advertising	<ul style="list-style-type: none"> • Should be able to grab our attention (banks need to market themselves) and adverts need to be informative
Bank reputation	<ul style="list-style-type: none"> • Extent to which bank is popular with peers
Parental and peer influence	<ul style="list-style-type: none"> • Influence of parents and friend's experience in a particular bank <i>"my parents banked with BIG BANK for a couple of years, they have their own personal manger" Group 1)</i>
Banking benefits	<ul style="list-style-type: none"> • Inherent customer loyalty incentives <div data-bbox="1172 896 2001 953" style="background-color: #444; color: white; padding: 5px; text-align: center;">TYPICAL OF A HIGHER EARNER EXPECTATION</div>
Convenience	<ul style="list-style-type: none"> • Time efficiency inside the bank – length of queues • Easy access to ATM • On-line banking • One account for the family • Easier Salary payments

AVAILABILITY OF INFORMATION WHEN CHOOSING A BANK



LACK OF INFORMATION [MAJ]

CONSUMERS' SUGGESTIONS TO BANKS:

- **No banking jargon [Maj]** : *"I would like to know about things like Stop orders and Debits ... we don't understand how these things work" (Group 2)*
- **Give me more detail!** :
 - **Explain each product (charges and functions) [Maj]** : *"I didn't ask but it was something I expected." (Group 4)*
 - **Advertising should include information about charges [Maj]** : *"I think when they advertise...they should include the bank charges...they only persuade you to join that bank." (Group 3)*
 - **Service fees / charges [Maj]** : *"...how much do you pay to open up the card..." (Group 3)*
 - **Dormant / Empty accounts [Maj]** : *"...why don't they have like a room where we talk about it..." (Group 9)*
 - **Opening / Closing an account [Maj]** : *"How do we go about getting an account?" (Group 9)*
- **Being more transparent : Explain reasons for a loan being unsuccessful [Ltd]**

WHILST RESPONDENTS REQUIRED DETAILED INFORMATION FROM BANKS REGARDING PRODUCTS AND CHARGES, IT IS CLEAR THAT THIS NEEDS TO BE COMMUNICATED IN SIMPLE AND TRANSPARENT MANNER

PREFERRED METHODS RECEIVING INFORMATION (-1-)

MOST COMMON RESPONSE IS TELEVISION, BUT THERE ARE DISTINCT LIMITATIONS – A CLEAR NEED FOR 1-ON-1 DISCUSSION OR CONSULTATION ACROSS ALL GROUPS

1 TV advertising [Maj]

- **Means of embedding information into ones mind** *“if you see one thing over and over again it sinks in (group 2)*

But,

Clear Limitations [Maj]:

- **Less detailed information is conveyed** *“it will not tell you certain information, its only if you go into the bank and you sit down with someone who goes through the whole thing” (group 9)*
- **Immediate response to query** *“...if you are gonna speak to them face to face, they are gonna listen to you and respond there and then, instead of never getting back to you” (group 9)*
- **Difficulty understanding technical terminology/ banking jargon**
- *“...I don’t even understand what they are talking about” (group 1)*
- *“...even the language is too bombastic for older people to understand” (group 2)*



2 Personal interaction [Maj]

- **Individualistic approach [Maj]** *“Somebody to sit you down, if you ask questions like about service fees somebody should be able to tell you that we charge so much” (group 3)*
- **Interactive workshops** - *“Banks should go to the workplace to explain products and people can have the chance to ask questions” (group 10)*
- **Career days** - *“School is effective, it’s a place of learning” (group 6)*
- **“Campus promotions** – *“...with song and dance that attracts a whole lot of people” (group 4)*
- A venue that most people can access [BM] *“Gym or **local community centre** or the Pavilion where you go regularly” (group 4)*

PREFERRED METHODS RECEIVING INFORMATION (-2-)

3 Ineffective written information [Maj]

- Majority of respondents noted the common use of pamphlets by banks as a means to convey information, however, this method is considered problematic across all groups

Banking technical terminology used is confusing:

- *"...I am not good in reading, but if you explain nicely to me, I understand it the first time" (group 9)*
- *Banks use a language that confuses us - they talk about credit" (group 10)*

Information not always relevant:

- *"Stop putting unnecessary information in the brochures about receiving loans if you open a certain account or about internet - things I have no access to" (group 2)*

Information not engaging:

- *"I just don't look at that, you just want to see how bad is your overdraft, If we got a thing that will save money on your bank charges then I'll read this (group 1)*

4 Reach the broadest spectrum of customer [Some]

- **SMS notification** - high mention of BIG BANK's SMS service; *"...SMS us a consultants number so we can make an appointment and speak to them" (Group 5)*
- **Radio** *"afternoon shows such as the "Afternoon drive radio with Kay Cee" on Umhlobo Wenene (Group 10)*
- **The post; newspapers; billboards** - *"...some people don't have TV or radio" (group 6)*
- **Internet and e-mail correspondence** of changes such as banking fees incurred and product offered [Ltd-W]

RESPONDENTS HAVE A PREFERENCE FOR FACE-TO-FACE INTERACTION / COMMUNICATION AS INFORMATION WILL NOT BE MISUNDERSTOOD, THEREFORE THE STAFF ARE REQUIRED TO BE COMPETENT AND INFORMATIVE

SUMMARY OF CHOICE DRIVERS

FOR FIRST-TIME BANKERS: MAJORITY HAVE NOT SHOPPED AROUND – INSTEAD, RELY ON 3RD PARTY RECOMMENDATION AND REPUTATION OF ESTABLISHED BANKS



RELATING BACK TO TRUST

THOSE WHO DID SHOP AROUND, HAD A STRESSFUL AND UNCOMFORTABLE EXPERIENCE, ADDING TO A SENSE OF UNCERTAINTY AND INSECURITY

KEY NEEDS FOR THIS MARKET INCLUDE:

- ACCESS TO MONEY → POTENTIAL FOR CREDIT, LOANS ETC
- LOWER BANKING FEES → ABILITY TO AFFORD ENTRY INTO CATEGORY
- PERSONALISED CUSTOMER CARE → ONE-ON-ONE PERSONAL INTERACTION
→ SIMPLE, USER-FRIENDLY AND TRANSPARENT
→ HELP ME, BUT RESPECT ME
- SECURITY → PERSONAL
→ FINANCIAL

THERE APPEARS TO BE A DEGREE OF PASSIVITY, WITH RESPONDENTS DEFERRING TO BEHAVIOUR OF OTHERS (WHO THEY KNOW) AND PREFERRING NOT TO ENGAGE WITH WRITTEN INFORMATION AVAILABLE



PRESENTATION LAYOUT

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- + **Banking usage behaviour**
- + Switching behaviour
- + Mzansi Account exploration
- + Unbanked perspective

- + Summary and conclusions



BANKING USAGE BEHAVIOUR

PRODUCTS USED AND HOW THE CONSUMER USES THESE PRODUCTS

PRODUCTS

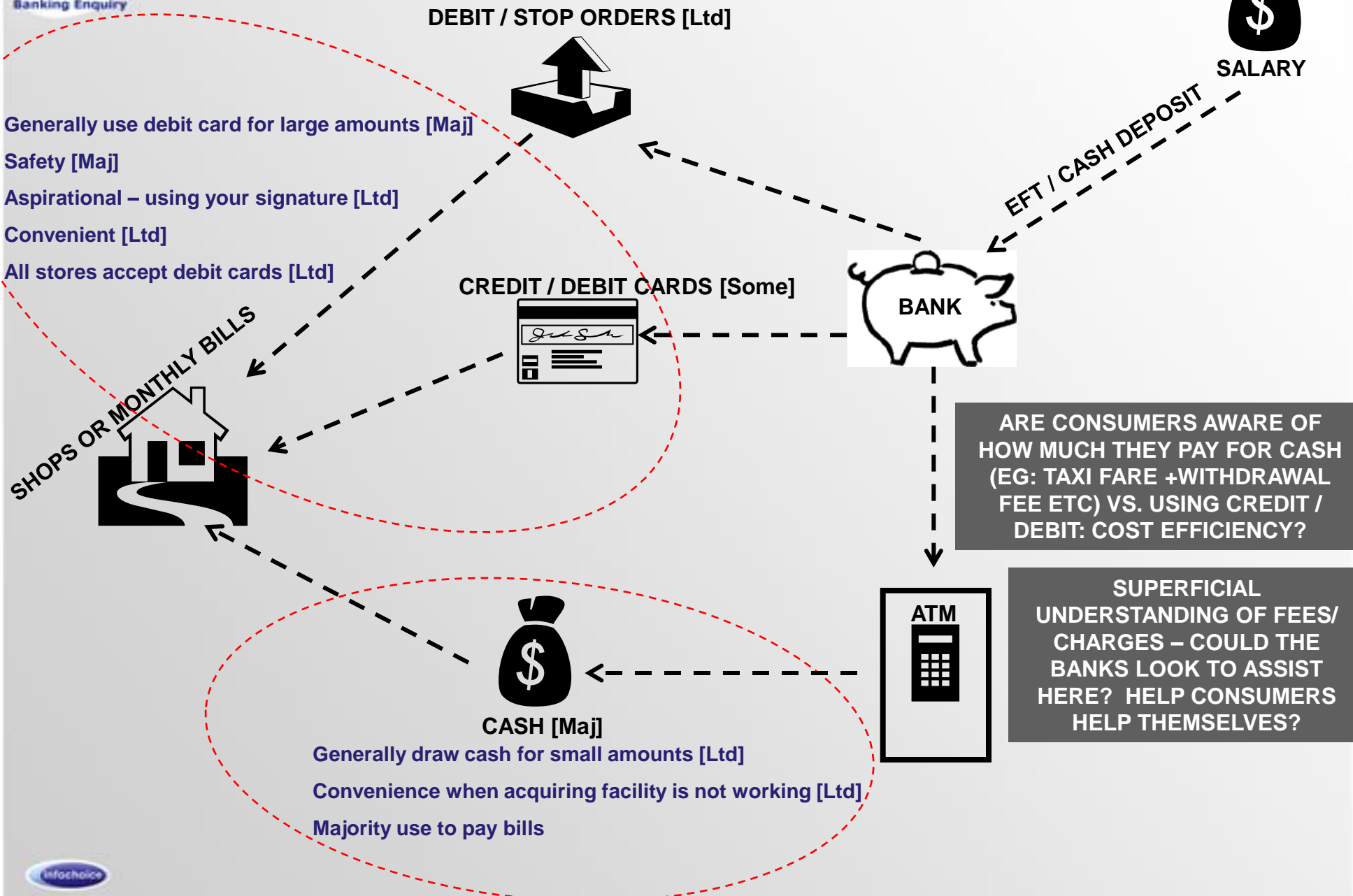
- Savings account (including Mzansi / student) [Maj]
- Cheque account [Some] (Don't use actual cheques = fraud)
- Credit card [Ltd - W] (Cheque Account and Credit card are linked)
- Overdraft; Vehicle finance; Medical; [Ltd - W]

HOW USED

- Deposit salary / wage / income into current account [Maj]
- Withdraw money using ATM card or Debit card [Maj]
- ATM Cash deposits [Some]
- Debit orders (cell phone, car insurance, car payments) [Some]
- Internet transfers/ Use internet for credit card payment [Ltd - W]

INTERESTING TO NOTE SIMPLE LANGUAGE / TERMINOLOGY USED TO EXPLAIN THEIR INTERACTION WITHIN THIS CATEGORY

THE MONEY PROCESS FLOW - BANKED CONSUMERS



DEBIT ORDER AND DORMANT ACCOUNT EXPLORATION

MENTION OF DEBIT ORDERS [Ltd]

- “Well there is a **few debit orders** like my cell phone and my car insurance and my car payment goes off. I withdrew money every now and then. I have a cheque card so I’ve got free cash flow draws every month. But I have a fixed monthly payment that I make and most of the time I swipe the card. Instead of walking around with cash. I think it has 15 free swipes per month” (Group 1)
- “**Most of my accounts are paid by debit orders.** And my salary is paid in via internet banking. And if I need cash I withdraw with my cash from the ATM.” (Group 5)
- “To make the process of a debit order and calling the beneficiary and saying hey. Insurance companies here are my new details and you have to wait for them to get back to you.” (Group 3)
- “I would like to know about things like Stop orders and Debits...sometimes we **don’t understand how these things work**” (Group 2)
- “When I use to work I used debit order but **I can’t afford that anymore** , so I use cash...Because I’m a student and I get an allowance ” (Group 3)

MENTION OF DORMANT ACCOUNTS [Ltd]

- “I think with **BIG BANK** when I first signed, I didn’t know that when your account is dormant, they keep charging you. And they were charging me into negative amounts, so I am not using that account much, its just to put money in and take money out . And I didn’t know that they were charging me into a negative balance. And they didn’t give me a notice – there was no notice.” (Group 4)

FIRST TIME BANKING EXPERIENCE (-1-)

HOW DID YOU FEEL?

• Insecure [Maj]

x

- Felt lost, nervous, scared, intimidated
- **Confusing** : "...didn't know where to go." (Group 3)
- **Unsure of what to expect** : "Changed coins into notes - you cant take your change to the bank, they will laugh at you." (Group 9)
- **Communication in English was difficult - instructions easily misunderstood**
- **Complicated paperwork** : "...was embarrassed to call someone to assist." (Group 2)
- **Overwhelmed to be in a "grown-up" place** (Group 9)

• Felt important [Some]

✓

- felt like a grown up (Group 3)
 - because you own something
- #### • Excited Happy [Some]
- I was doing something important (Group 3)
 - First step to independence (Group 9)
 - Wanted to hold my card

HOW DID YOU DRESS?

• Smart [Maj]

- "Need to look presentable when you go to the bank" (Group 4)
- **I dressed smart – it was appropriate** : "...wanted people to think I had money" (Group 6)
- "Amazed to see many smart dressed people" (Group 9)
- **School uniform**

VS

- "Banks shouldn't judge you by the way you are dressed" [Ltd]

VS

• Casual [Ltd]

- Jeans and sneakers

**FOR THE MAJORITY OF RESPONDENTS,
THEIR FIRST BANKING EXPERIENCE WAS
UNCOMFORTABLE AND STRESSFUL**

FIRST TIME BANKING EXPERIENCE (-2-)

HOW WAS YOUR FIRST CUSTOMER EXPERIENCE?

✘

Negative

VS

✔

Positive

- **Process was intensive [Maj]** : *"I had my ID, but not proof of residence, so had to go all the way home again to fetch it"* (Group 3)
- **Long bank queues = irritation [Maj]** : *"...dislike going to the bank on Saturday mornings - queues are too busy, prefer to go to the ATM"* (Group 4)
- **Poor customer service: Some tellers are just there to take your money**
- **Banks are only interested in people who bank a lot of money**

- **Friendly tellers; competent staff [Some]**
- **Good customer service; treated well:** *"...was helped quickly and professionally"* (Group 6)
- *"Security helped and told me where to stand"* (Group 6)
- **Felt welcomed [Ltd]**
- **Calm atmosphere [Ltd]**
- **Easy process to follow – just ID and proof of residence [Ltd]**

HOW HAS YOUR BANKING EXPERIENCE CHANGED?

✘

Negative

VS

✔

Positive

- **Still struggling to use the ATM [Some]**
- **Queues are still confusing [Some]**

- **Excited as you now know the process [Maj]**
- **More experienced now:** *"I can tell my friends where to go"* (Group 3)
- **Staff members are there to assist (BIG BANK and BIG BANK)**
- **Friendly service and atmosphere**

THERE IS NO NEED FOR 'FLICK-FLACKS' –RESPONDENTS ARE LOOKING FOR FRIENDLY, WELCOMING ASSISTANCE EXPECTATIONS ARE NOT HIGH

MORE KNOWLEDGE = BEING RESPECTED = MORE EMPOWERED

AWARENESS OF FEES



FEE AWARENESS = ✓ [MAJ]



HOWEVER LIMITED KNOW ABOUT THE FEE DETAILS

PERCEIVED INFORMATION

- **General sentiment regarding high monthly fees [Maj] :**
“...high fees is the reason you don't want to put money in the bank – you pay so much to get your own money out again.” (Group 5)
- **Charged for every swipe [Ltd]**
- **Discovered that making withdrawals inside the bank is more expensive than making withdrawals outside [Ltd]**
- **BIG BANK : 5 free transactions then you get charged more as people use more than 5 anyway [Ltd]**
- **BIG BANK has R15 once off [Ltd]**
- **Banks charge more or less the same [Ltd]**
- **If you use your card to check your balance its R1.50 – and the withdrawal is more [Ltd]**
- **Charged per transaction not monthly [Ltd]**
- **Charge R3.75 when you withdraw from BIG BANK [Ltd]**
- **R5 when you deposit and R2.65 when you withdraw [Ltd]**
- **Swipe they charge R2, if I withdraw they charge R2.50 [Ltd]**

INFORMATION REQUIRED

- **Limited knowledge regarding being charged for cash deposits, cheques via internet and debit orders [Ltd] :** “I don't know how it works.” (Group 10)
- **“How do they calculate it.” (Group 3)**
- **“When you take R100 or R1000 the fee is the same - fees should be smaller for the amount of R100...You draw a bigger amount every week to save on the charges [E.g. R2000 a week], having that cash in your wallet is dangerous, you can lose it or it gets stolen.” (Group 4)**
- **The more you use your account the more incentive you should receive [Ltd]**

MAJ – SAY ‘HIGH’ FEES

BUT,



WHEN PRESSED – LOTS OF RATS AND MICE – CLEAR INDICATION THAT THERE ARE DIFFERENT PERCEPTIONS OF HOW CHARGES WORK AT DIFFERENT BANKS

IT FEELS OVERWHELMING – NO POINT OF COMPARISON? LACK OF INTERROGATION?

AWARENESS OF FEES : HOW?

MEDIUM IN WHICH FEES ARE SHOWN / FIND OUT ABOUT FEES / CHARGES



Only look at the balance on the statement not the other information (E.g. withdrawals and charges) [Maj]
The bank has a leaflet explaining fees / charges [Ltd]



Asked at the bank [Ltd]



Generally don't look at charges [Ltd]

HOW DOES THE BANK EXPLAIN THESE FEES

- Banks do not explain charges / Charges are confusing / Do not give you the information on charges – Must ask [Maj]
- They tell us that there will be a 12% increase (via a newsletter – posted) [Ltd] : “...they talk about percentages and I understand nothing about percentages.” (Group 10)
- You should be informed before the transaction is completed what will be charged [Ltd]
- BIG BANK explains new pricing at the beginning of the year [Ltd]
- Ideal if the bank communicated charge information [Ltd] : “It's better if they tell us because we are lazy to read the brochure” (Group 2) - when opening an account [Ltd]
- Explained and gave me all the information I need [Ltd]

CONSUMERS EXPECT CHARGES BUT EXPECT THE BANKS TO INFORM THEM OF CHANGES AND OFFER AN EXPLANATION

INFORMATION NEEDS EXPLORATION (FICA RELATED)

HAS THE BANK EVER ASKED YOU FOR PERSONAL INFORMATION?

YES [Maj]



Positive



Negative



- South Africa ID
- Proof of residence
- Pay slip

- Understand that it is for security reasons [Maj]:
 - to eradicate fraud
 - it is for your own good
- The bank wants to know your residential address - easier to trace you
- “If you owe the bank money – the **bank should be able to find you**” (Group 9)
- The banks should know where you live – “...in order to **verify whether you are South African for real**” (Group 3)
- “They took my ID and phoned my house to make sure I live there, and it was acceptable” (Group 9)

- Banks don’t explain why they need the information [Maj]
- Hassle:
 - Ask for personal information every time you open a new account, even if it’s at the same bank (i.e. Original SA ID, Proof of residence and a payslip) [Maj]
- Pay slip a problem - “...we don’t get payslips, they give money in envelopes” (Group 2)
- Proof of residence a problem; Do not receive mail in the townships - “My mom needs to provide my proof of residence – I don’t get letters” (Group 3)
- Intrusive:
 - The government shouldn’t have access to private bank accounts – “I think it’s a bit intrusive because if you have a big amount at the bank, they want to know too much about you. I don’t think government should have access to your private bank accounts. .” (Group 4)

INFORMATION NEEDS EXPLORATION: FICA SPECIFIC

AWARENESS OF FICA (FINANCIAL INTELLIGENCE CENTRE ACT)

NO [Maj]

However, more familiar with “Know your customer” (KYC)

“I know KYC... I received a letter saying that my account will be frozen because they needed to update my personal details and they will need proof of residence” (Group 2)

NOT AWARE/ DON'T FULLY UNDERSTAND

Not sure what it stands for? [Maj]

- *“They updated my personal details, but I don't know why” (Group 2)*

Did not inform us [Maj]:

- *“When ever I tried to take out a loan they never said bring your FICA documents” (group 1);*
- *“...why can't you SMS me to tell me I need to have all that done.” (Group 5)*
- **“how come they didn't tell everybody” (group 3)**

It's a new thing:

- *“it's the first time I heard about it” (Group 3)*

MAJORITY OF RESPONDENTS WERE NOT AWARE OF THE TERM FICA

UNDERSTAND - POSITIVE ✓

For security [Some]:

- *“Fraud issues - Nigerians and Zimbabweans can open an account in your name, and you would be held liable” (Group 3)*

The bank needs to control the information; *“Gives you confidence that there will be no fraud” (Group 5)*

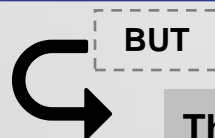
UNDERSTAND - NEGATIVE ✗

Sense of mistrust, a hassle and stressful experience:

- *“I don't want anyone knowing what is going on in my accounts” (Group 1); **“You feel like a criminal” – the bank keeps checking on you** (Group 4)*
- *“It's a nightmare! We had to get our things sorted out, because they **threatened you with closing the account.**” (Group 5)*
- *“BIG BANK gave me a deadline to get our details updated, they were being audited, if you don't they **freeze your account**” (Group 1)*

SUMMARY OF CHOICE DRIVERS AND USAGE BEHAVIOUR

- Consumers enter the category with an element of blind faith (for many, it's for the first time)
- They admit that they are guided by recommendation, family endorsement and reputable brand
- The environment is experienced as overwhelming, uncomfortable and highly stressful



BUT

This does improve with exposure and experience

Familiarity alone improves confidence, and provides some sense of security (*"merely knowing which queue to stand in helps"*)

BUT

Achilles heel = Fees

The sheer variation with respect to fees (different for different banks and different applications) is experienced as very confusing.

Consumers are not able to differentiate between right / wrong / good / bad? Can't make decisions?

This results in a rather superficial reaction of dissatisfaction – not an informed, educated opinion



They are not able to interrogate, confront, challenge these experts due to lack of knowledge, experience and confidence

THEREFORE



Consumers are forced to rely on and trust experts (the banks) – results in a sense of disempowerment

PRESENTATION LAYOUT

- + Business and research objectives
- + Methodological approach and sample design
- + Presentation definitions

- + Contextual introduction to banking
- + Banking choice driver exploration
- + Banking usage behaviour
- + **Switching behaviour**
- + Mzansi Account exploration
- + Unbanked perspective

- + Summary and conclusions



MAJORITY OF CONSUMERS HAVE NOT SWITCHED/ CONSIDERED SWITCHING

REASONS FOR SWITCHING

Switched [Ltd]
– White

- Family matters : Wife had an account at BIG BANK (joined BIG BANK)
- Parents opened an X account
- Dormant account : *“I didn’t know that when your account is dormant, they keep charging you...charging me into a negative balance. And they didn’t give me a notice...” (Group 4)*
- Moved to a closer branch
- Friendlier and more ATMs
- Account / the bank closed
- Bank (SMALL BANK) did not have a ATM

SOME EXAMPLES...

SWITCHING BEHAVIOUR : MOTIVATORS AND BARRIERS



MOTIVATORS TO SWITCH

- **Charges:** Low charges [Maj]
Higher interest rates [Ltd]
Charges increase at current bank [Ltd]
- **Product:** Receive credit [Ltd]
Loans: Student, Car or Home [Ltd]
More attractive package / product offering Eg: SMS updates
- **General:** Bad services from current bank [Maj]
If current bank was: Robbed, Bankrupt or Closed [Ltd]
Lack of communication with current bank [Ltd]

VERY GENERAL, SUPERFICIAL FACTORS RAISED
VERY LIMITED ACTIVE INTERROGATION OF COMPETITIVE
PRODUCTS / OFFERINGS



BARRIERS TO SWITCH

- **Convenient** to stay at current bank [Maj]
- Losing established **credit rating** would influence [Maj]
- Inconvenient to **change debit orders** (need to notify everyone about the new bank) [Maj]
“The debit orders and stuff are all going through, so you don’t want to just stop that and change everything. So that’s why I am saying now I won’t switch my main account, but if its an investment or something, I would go with another bank. But that’s the main reason I won’t switch.” (Group 5)
- **Loyalty** to current bank [Some]
- **Paperwork / Requirements [Ltd]** : “Having to go through the same process that you went through” (Group 3)
- Would not switch to a non-established bank [Ltd]

WHAT ROLE DOES LOYALTY PLAY?

LOYALTY IN THE CONTEXT OF SWITCHING

LOYALTY (Mixed Sentiment)

FACTORS PROMOTING LOYALTY

Loyal because of current offering :

- **Service [Some]**
 - *Won't change because of the **personal service** I currently receive" (Group 1) "Loyal with BIG BANK because of their **friendliness and service**, would add an account with another Bank but as an addition" (Group 5)*
- **Benefits**
 - *"Getting benefits for being a **long-time client**" (Group 10)*
- **Flexibility**
 - *"Loyal because BIG BANK is **flexible to my needs**" (Group 4)*
- **Communication**
 - *"... because of the **regular updates and communication** with me about my account" (Group 6)*
 - **If charges were low [Ltd]**
 - **If given free money [Ltd]**

Personal Touch

STRONG SENTIMENT OF APATHY

- **Not loyal, just a lack of information about other banks to be able to make comparisons [Some]**
- **More convenient to stay at current bank with completed procedures [Some]**
*"Not loyal – just **lazy** regarding the whole process of opening account..." (Group 2)*

FACTORS PROMOTING DISLOYALTY

- **If money left my account without my knowledge**
"If money was leaving out my account without my knowledge, I would become very unhappy and move to another bank" (Group 3)
- **If money was lost / stolen**

CONSUMERS DO NOT INTERROGATE OTHER/ COMPETITOR OFFERINGS

PRESENTATION LAYOUT

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SUMMARY OF MZANSI ACCOUNT EXPLORATION

The Mzansi product currently delivers very successfully to the functional needs of the poorer, entry-level consumer

BUT

The current Mzansi image can be perceived as demeaning and degrading – branding the consumer as a poor South African

AND

The emotional value of the brand currently lies in a broader sense of community, SA patriotism...

HOWEVER

In order to be successful it does require an individually motivating platform



MZANSI CONSUMER UNDERSTANDING IN MORE DETAIL

FUNCTIONAL ELEMENTS OF THE MZANSI ACCOUNT

- Mzansi account purpose is to give lower income people an opportunity to save their money [Ma]
- *"They should also have a banking account to save their money whenever they want to" (Group 2)*
- Limited transactions can be done on the account
- *"Mzansi, you deposit, you withdraw, that is the only thing you can do with it" (Group 10)*
- Debit order facilities
- Insurance institutions show reluctance in ability for Mzansi account holders to pay premiums
- *"If someone from INSURANCE COMPANY comes around selling a policy or something and you tell them that they should arrange to have the premiums deducted from Mzansi they say no, it is not possible" (Group 10)*

SOME CLEAR NEGATIVE SENTIMENT/ LIMITATIONS COMING THROUGH REGARDING THE MZANSI ACCOUNT

REQUESTS FOR ADDITIONS TO THE MZANSI ACCOUNT

- Increase financial limits on amount of money allowed to deposit into account
- Remove the name Mzansi on the card – perception of depicting lower status

ALTERNATIVES TO MZANSI ACCOUNT

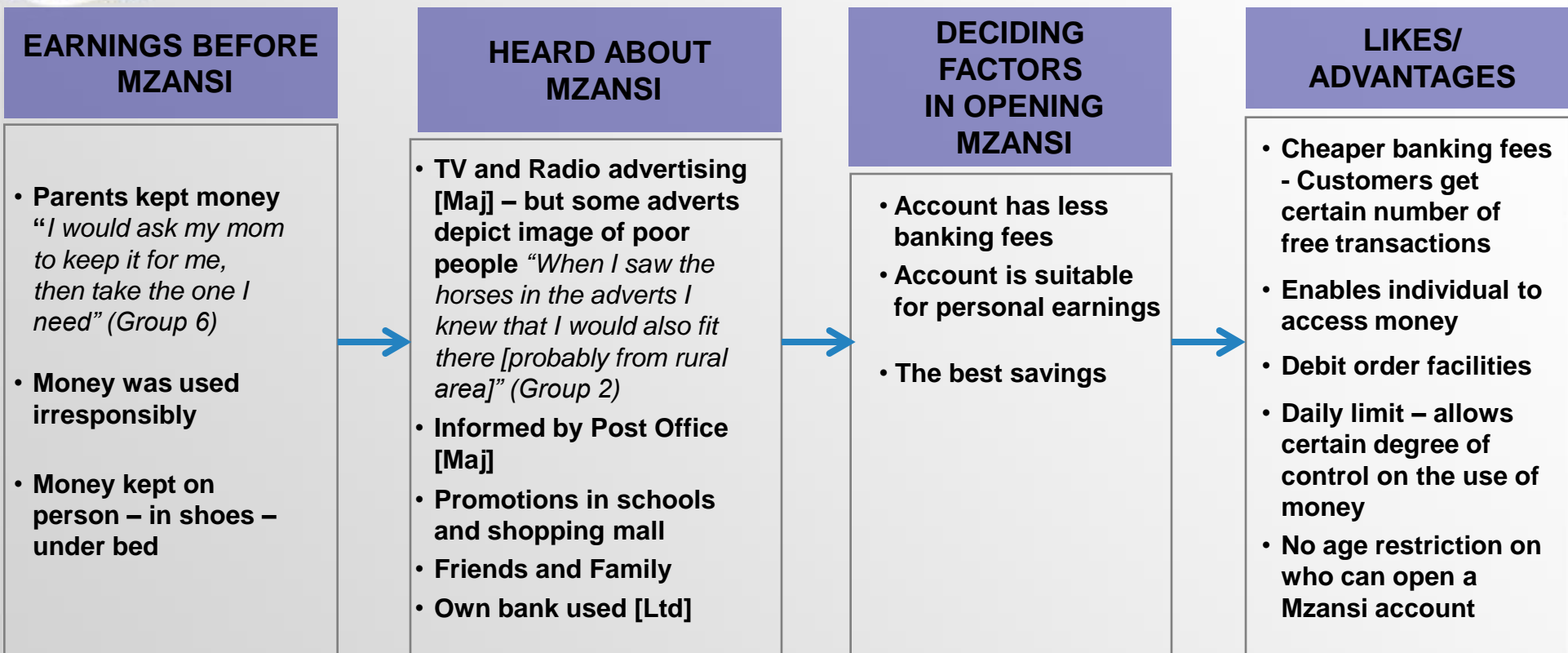
SMALL BANK Student savings accounts Other savings accounts

BANKS YOU MAY OPEN THE MZANSI ACCOUNT AT

BIG BANKS (x2) & SMALL BANK: *"You can have debit orders and stop orders" (Group 10)*

BIG BANKS (x2): *"Its an expensive Mzansi ,it costs R5 to withdraw from ATM" (Group 2)*

MZANSI ACCOUNT EXPLORATION IN MORE DETAIL



LIMITED DISADVANTAGES

There is reluctance from customers to be associated with a bank account that caters for individuals in the lower income bracket

- The term Mzansi appears to depict a certain lower status for customers
- *“When someone wants to take your card and sees that it’s a Mzansi account they leave you” (Group 6)*

PRESENTATION LAYOUT

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SUMMARY OF 'UNBANKED' EXPLORATION

Majority of unbanked receive cash as a form of payment



HAPPY WITH THIS

Exciting to see cash in hand

Mistrusting of banks

Alternative to banking – Stokvels or a Safe location in home

Majority highlight Stokvels are for older people, and significant concern regarding theft

BUT,



Motivators to banking:

- Safer than alternatives
- Offers a means of control
- Aspirational value

BUT,



Barriers to banking:

- Mistrust (“banks cheat you”), largely due to lack of education/ knowledge
- Cannot afford fees
- Access to finance/ loans are limited
- Accessibility of ATM's poor
- Personal safety a concern/ robberies
- Lack of welcoming customer service

IDENTICAL FOR BANKED CONSUMERS



MONEY VEHICLES / ALTERNATIVES TO BANKING (UNBANKED)

Stokvel [Maj]

- "...enable me to buy things cash" (Group7) (+)
- Do not want to approach elders when collecting money (Group 7) (-)
- "...stokvels tend to be a headache (Group 7) (-)
- Stokvels are for old people (Group 8) (-)
- Stokvels are risky as members can disappear with your money (Group 8) (-)

NOTABLE THAT PERCEPTIONS ARE LARGELY NEGATIVE

Safe location in home [Maj]

- Keeping money under the mat – as long as no one sees where the money is kept (Group 8)
- Easier to keep your money when you don't know when you are getting money again (piece-work) (Group 8)

Loaning money [Ltd]

- "Raise it (money) by loaning it to someone and getting it (money) back with interest" (Group 7)

SUMMARY OF INSIGHTS INTO BANKING EXPERIENCES (UNBANKED)



Those who have been inside a bank - experience:

“You feel you are in a **serious environment** - you feel respected, no kids there, **if you go with a friend you whisper**”

Atmosphere was quiet and **people look serious** - lights and long queues

Other people there were **dressed in formal clothes** (perception that they are rich) - suits and ties



Information needs:

How much money I can **save**? (advice required from the bank)

What I need to do to get a **home loan**?

How much I am being charged for withdrawals and debits? Whether it is fixed or monthly...



Good Bank?

Easily **accessible** (get banks in the rural areas)

Bank's **service** must be good

Must have a good **reputation**

Security in the bank

VERY SIMILAR SENTIMENTS AS THAT OF THE BANKED
CONSUMER



Bad Bank?

A bank that requires **maximum personal information**

A bank that is **impatient**

A bank that **charges you**

PERCEIVED EASE OF OPENING A BANK ACCOUNT (UNBANKED)

DIFFICULT

—● Practical Issues:

- *“Their (Bank) requirements are just too much.” (Group 7)*
- **An ID should suffice (Group 7)**
- *“Opening a bank account is really difficult because they will even you ask you for another person’s phone number or maybe your neighbour must sign something.” (Group 8)*
- **Signing for things that are unfamiliar (Group 7)**
- **No banks nearby - only ATM's - need to go to town (travel) to go to the bank (Group 8)**

—● Emotional Issues:

- **The bank staff will not "talk" nicely to you (Group 7)**
- *“If you are illiterate and you have the bad luck of speaking to a White person then you are lost.” (Group 7)*

EASY

- **Easy [Ltd] (Group 8)**
- **What the bank can do to make it easier - if the banks came to the consumers homes [Ltd]**

IT IS EVIDENT THAT THE UNBANKED HAVE A GRASP OF THE CHALLENGES OF OPENING A BANK ACCOUNT



MZANSI EXPLORATION (UNBANKED)

HEARD OF MZANSI?

- LIMITED - Yes

OF THE LIMITED NUMBER OF RESPONDENTS WHO CLAIM TO BE AWARE OF THE MZANSI ACCOUNT, THIS IS WHAT THEY KNOW ABOUT THE OFFERING



HOW DOES MZANSI WORK?

- Target Market:
 - They help children to open an accounts and save money
 - Made for people who do not earn a lot of money
 - People who are starting to bank / first-time bankers
 - For people who get state grant / pension
- Explanation:
 - Not many requirements needed only I.D
 - Only amounts below R15 000
 - No debit orders (just keeping your money and getting it when you want it)
 - Open an Mzansi account with R20 and one account with R10

MZANSI DISADVANTAGES

- • No debit orders
- • What if you have more than R15 000 to save?

A LIMITED NUMBER OF THE UNBANKED POPULATION DISPLAYING A FAIR UNDERSTANDING OF THE MZANSI ACCOUNT AS COMPARED TO THAT OF THE BANKED MARKET

MZANSI EXPLORATION: FUTURE INTENT (UNBANKED)

WOULD YOU CONSIDER OPENING AN MZANSI ACCOUNT?

- Yes (maj) (Group 7 - Younger)
- Yes (ltd) (Group 8 – Older) - to save money for myself
“Maybe if I had a good job working in a office earning more than R5000.00 (permanent job)” (Group 8)

PULL FACTORS

- Unrealistic [Older]:
 - No charges
 - Holding a party once or twice a year
 - Free merchandise (t-shirts and caps), food and drink
- More realistic [Younger]:
 - Children can save money too
 - Have competitions like other banks
 - Hire multilingual staff to deal with different people

WHILST MAJORITY SAY ‘YES’ THEY WOULD CONSIDER OPENING AN ACCOUNT, WHEN LOOKING AT SOME OF THE MOTIVATORS, MANY SEEM TO BE UNREALISTIC

PERHAPS CULTURAL POLITENESS/ OVERCLAIM?

PRESENTATION LAYOUT

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SUMMARY AND CONCLUSION

Banking acts as an enabler

BUT,

1 Trust poses a major barrier

THEREFORE,

- Default to larger, established banks, with good reputations
- Depend on trusted 3rd party recommendation

IMPLYING A NEED FOR...

- More stable
- More financially secure
- More visible via more advertising

2 Lack of knowledge & experience results in disempowerment

TRANSLATING INTO...

- Lack of interrogation of information and experts are left unchallenged
- Inability to engage meaningfully with information
- Passive dissatisfaction, especially with respect to fees

IMPLYING A NEED FOR...

- Being catered for:**
- 1-on-1 customer interaction
 - Focussing on banking education
 - Understand my needs; help me
 - Respect me - cater for all races
 - Be more transparent = trust

WHICH IN TURN, FUELS...

SUGGESTION TO CATER SPECIFICALLY FOR THIS TARGET MARKET BY FOCUSING ON EDUCATION IN A COMMUNITY FORUM SPECIFICALLY, ADOPTING A RESPECTFUL, WELCOMING APPROACH

THEREFORE...



SUMMARY AND CONCLUSION

Banking acts as an enabler

BUT,

3 Fees and charges pose a critical barrier

ALSO...
Not just the direct banking fees but also critically ATM fees
↓
ATM accessibility in townships

AND...

Consumers do not see the value in banks as institutions –
“It’s my money and I should have access to it whenever I want it free of charge”

Mzansi account poses a useful solution to these barriers, with respect to delivering to the functional needs of the poorer, entry-level consumer

The image of this very account offers no aspirational appeal whatsoever...
It is perceived as demeaning and degrading – branding the consumer as a poor South African

BUT,

It provides no ‘hook’ for the consumer into this category – i.e access to loans, credit
NO REAL ENABLEMENT

**SUGGESTION FOR MZANSI ACCOUNT TO OFFER SOME FORM OF ‘STEPPING STONE’ / UP-GRADING OPPORTUNITY FOR THIS TARGET MARKET
ADDITIONALLY, SUGGEST TO MAKE IT UNBRANDED, AVOIDING STIGMA**

THEREFORE,





competition commission south africa

Banking Enquiry



PREPARED BY KLA

PROJECT SENTINEL



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prepared by KAUFMAN LEVIN ASSOCIATES

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