

The Future of e-Banking in Africa

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What *stress-free* banking is all about.

Agenda

- Overview of e-Banking in Africa.
- Why the drive towards e-Banking.
- What do (our) customers want?
- What banks and financial institutions want.
- Constraints for growth of e-Banking.
- How will e-Banking be entrenched in Africa?
- Action plan for the African e-Banking strategy.
- Conclusion
- Q&A session



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Overview of e-Banking in Africa

- **Definition**

- **e-Banking:** “This is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution.” (FinCen, 2000)

- **Some of the Banks that have pioneered in e-Banking (atleast in our region) are:-**

- Commercial Bank of Africa
- Barclays
- Standard Chartered
- Citibank



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Overview of e-Banking in Africa: Cont'd...

- Common embodiments of e-Banking include the following: -
 - Mobile Banking
 - Phone & SMS Banking
 - Internet Banking
 - Electronic Bill Presentment and Payment
 - Self Service (PC) Banking
 - POS Banking (Credit and Debit cards)
 - ATM
 - Interactive TV
 - Branchless Banking
 - Intranet



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Why the drive towards e-Banking

- Rapidly changing customers' needs and preferences
- Competitive forces and product differentiation strategies
- Pressure to reduce transactional and operation costs
- Enhancement of Customer Relationship Management



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What do customers want?

- A single view of all relationships and accounts.
- Convenience i.e. remote, reliable, secure and round-the-clock access.
- Risk free means of interacting with bank that is cost and time effective.
- Compliance of banking technology to global trends i.e. standardization
- More value-added services to meet their ever and rapidly evolving needs and preferences.



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What Banks and Financial Institutions Want.

- Build a solid foundation for CRM
- A reduction of the transaction and operational costs
- Widen the customer base
- Provide staff with more information
- Centralize the management of the growing range of financial products and encouraging DIY.
- Reduction of fraud levels and improve risk management
- Exceed customers' expectation through offering complimentary products.
- Fend-off competitive forces in the market as means of survival.



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Constraints for growth of e-Banking

- Security: Majority of the customer shy away from e-Banking services due to security concerns.
- Human face: According some analysts, customers still value personalized and responsive services from their bankers.
- Ignorance: “on average 30% of bank customers do not even know whether their banks provide online services.” (BBC News).



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Constraints for Growth of e-Banking ...cont'd

- Computer illiteracy among majority of the population is still significantly high.
- Poor and/or lack of technological infrastructure especially in the rural areas.
- Lack of proper legislation governing e-transactions.
- Preference to paper money, as opposed to “virtual” cash in transactions etc.



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How will e-Banking be entrenched in Africa

- Customer Education: Banks and financial institutions hoping to win more 'converts' will have to invest a lot (time and money) in educating customers on the various e-services.
- The long term hopes of cost saving can and will materialize if more customers are persuaded to use the services.
- Increase access to and familiarity with various forms of technology using aggressive socio-economic policy framework aimed at increasing *par capita* use of the Internet and GSM technology..



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How will e-Banking be entrenched: Cont'd...

- Aggressive participation of all stakeholders in ICT (Academic Institutions, Banks, Govt and Regulatory authorities) in contributing to the growth and development of e-Banking.
- Improve efficiency of delivery of telecommunication services and resultant reduction of access cost.



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Action plan for the African e-Banking strategy

- Building the foundation of an e-Finance industry:
 - Information infrastructure (service infrastructure)
 - Human resources (engineers, technicians, skilled workers, and ICT economists)
 - Develop the ICT service industry itself
 - Improve connectivity
- Promoting the functional efficiency of the FSI- Financial Services Industry:
 - Incentives for back /front office ICT investment (funds, tax)
 - Global, regional and national ICT connectivity and compatibility of the FSI
 - Supply of ICT solutions

Source: Oumar Seck, 2005



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Action Plan for the African e-Banking.. cont'd

- Promoting policy / regulatory / judiciary measures to preserve and deal with information security issues
 - Violation of personal information
 - e-signature
- Promoting e-Finance related know-how transfer through
 - Industry and competitive intelligence
 - Benchmarking of good practices within and outside Africa
 - Capacity building
- Developing clusters of ICT-based businesses that would support the e-Finance industry

Source: Oumar Seck, 2005



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Conclusion

The *immense potential* in e-Banking in Africa warrants serious attention from all industry stakeholders. Ethical and legal issues should be factored in the development of any related ICT strategy, which regulatory authorities (e.g. Central banks), should be very familiar with so that the landscape can be a conducive one to support sustainable growth in all other socio-economic sectors.



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Any Questions?

Thank YOU



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