

# Mobile banking is now booming in Africa

**A**frica is well-known for its ascendancy in the newest form of electronic payments, and this year saw the rise of a new form of mobile banking, particularly in South Africa where several new mobile banks launched.

With over half of the world's mobile money services and the continent's mobile-only nature, Africa has been the ideal breeding ground for this next generation of banking offerings.

Attracting the most attention is Bank Zero because its founders are the former big-wigs at First National Bank - including former CEO Michael Jordaan - which evolved into the country's most innovative bank,



launching the first banking app in 2010 and winning a string of global awards and achievements for innovation.

As its name suggests Bank Zero Mutual Bank won't charge fees and will focus on savings. Although it won't offer credit, Mastercard will supply a credit card if users ask for one.

"WhatsApp, Facebook, and Twitter do not have a branch infrastructure, nor call centers, nor do they require extensive paperwork to be signed to join them," Jordaan told me. "If banking were to be developed from first principles it would be like these popular Apps and be smartphone-based, which is exactly what Bank Zero will

do". "Competition is an essential part of any market economy as it keeps existing players on their toes. We believe that banking fees for electronic transactions and card swipes are way too high in SA and want to compete those away. Ultimately the consumer will win."

## The first behavioural bank

The other major announcement, which is launching in the first quarter of next year, is Discovery Bank, the new banking division of South Africa's largest health insurer.

Discovery pioneered a medical aid system that promotes its members to be more healthy by offering them incentives and discounts through this scheme.

Launched in 1997, the Vitality health incentives system rewards healthy behavior (going to gym or exercising, eating healthy food and having regular health checks) with cheaper rates for air flights, movie tickets, gym memberships, coffee and food from local food chains. It also offers discount vouchers for department stores. The higher up the tiered system a user moves, the bigger the discounts. Vitality now operates in 19 countries and serves 17.8-million people.

Two years ago, it launched Vitality Active Rewards which used wearable health sensors to reward people being active and inspire health-related behavior. One of the incentives was an Apple Watch that users got for free by reaching certain fitness targets. This culminated in a two-year "landmark study" of 400,000 people in The United States, United Kingdom and South Africa who used an Apple Watch that resulted in "dramatic and sustained improvements in physical activity levels".

"It is a tech-led bank that is aimed at incentivizing behavioral change," said Discovery Group CEO Adrian Gore. The bank's "entire structure is based on behavioral change... following our purpose of being more healthy".

"This is not a skinny fintech play that is an app. It's a proper capital-heavy proper bank, which is mobile-led and has a full retail offering," he added, calling it the "first behavioral bank".