

# The top tech trends transforming digital banking

Super apps, banking-as-a-service, behavioural banking and cyber security. These are just a few of the trends that promise to make the future of banking fast, frictionless, and personalised.



Source: Supplied. Wim De Bruyn, Capitec chief information officer.

The increasing prevalence of smartphones means that billions now have an entire banking system in their pockets. For the over 10.1 million people that use Capitec's digital channels, a host of new innovations in the financial-services sector means their banking experience is about to get a whole lot slicker.

Wim De Bruyn, Capitec chief information officer, says: "The financial-services world is moving toward making more clients' banking activities and relationships digital. In China, super apps like WeChat allow you to bank, shop and entertain yourself all from a single app. Across the world, banks are beginning to investigate similar functionality that will help clients to live better.

"We want to continue to be at the forefront of that – enabling digital by putting data to work helps our clients live better as it makes banking even more simplified and personalised."

As someone actively involved in making sure that fintech brings practical benefits to clients, De Bruyn has identified some tech megatrends for 2022/23:

## Hyper-personalised banking

It is estimated that the amount of data created over the next three years will be more than the data created over the past 30 years. This information allows organisations to analyse client behaviour and craft more personalised suites of products and services using Machine Learning. This means an end to unnecessary notifications about loans you may not want or need. Banks will use your data to create personalised prompts that serve you something that adds real value.

De Bruyn explains: "With over 10.1 million digital clients, we can collate immense amounts of data, which we then use to give hyper-personalised prompts to help our clients improve their banking behaviours – and ultimately, their lives."

## Creating trust

In May, the Ombudsman for Banking Services reported a 7% increase of complaints with most relating to fraud. Trust and security are always a top priority across the banking sector and are now more important than ever. With that in mind, Capitec has joined forces with Sky QR, a digital security firm that allows users to securely verify documents and information through a QR code.

De Bruyn says: “Document fraud is a major issue in South Africa. Scammers often intercept invoices and then change the banking details to reflect their own. Others use fake pay slips to secure loans they may not be able to afford. By using Sky QR, Capitec has seen a reduction in the number of fraudulent documents in circulation, with over 85 million QR codes generated and scanned since the partnership started over a year ago. Capitec clients know that their bank statements and payment confirmations are trusted.”

## Heavy on function, light on friction

Convenience is everything and frictionless functionality is what happens when you elevate simplicity to a science. Through easy mobile transactions like contactless card payments, digital wallets and one-click payments, banks are getting better at making sure that clients always have uncomplicated and efficient access to their money.

Through the idea of banking-as-a-service, a concept that allows banks and non-banks to give clients a more seamless offering, many companies will soon be able to offer a wide range of retail banking services. A good example of this is being able to take out a loan or payment services without needing to directly engage your bank. With the widespread use of smartphones, these types of transactions have become a less expensive, more convenient, and safer alternative to cash.

De Bruyn says: “Covid-19 has helped to accelerate adoption of these trends. We’re continuously innovating to make payments more frictionless. Our Scan to Pay and Pay Me features, for example, empowers clients to make or receive secure, cashless payments without their cards ever leaving their wallets. And better yet, all these features are completely free.”



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Capitec’s Live Better is another example of how frictionless functionality can help bring real value to people’s lives. De Bruyn adds: “Clients earn cash back on their debit and credit-card transactions, which is paid into their Live Better savings account on the app on the 10th of every month. This is not cash back in the form of coupons or exchanges. It is real money in our clients’ accounts to spend on whatever they’d like. It’s a way we’re making people’s lives better, while incentivising greater digital adoption.”

De Bruyn says he expects a burst of innovation in the frictionless space this year. “A lot of attention will be given to ‘small’

innovations that create positive changes in our clients' lives. For example, Round Up empowers clients to save without having to think about it. When combined with our Interest Sweep function, users can effortlessly transfer any interest earned on their main transactional savings account to their Live Better savings account to earn even more in interest."

He concludes: "As South Africa's strongest brand and best digital bank, Capitec has consistently championed simplicity, affordability, accessibility and personalised service. Innovation has always been one of the best ways to achieve those goals. This is how we have managed to grow our client base from 25,000 to more than 18 million in 20 years. We strive to make banking as easy as possible for every South African and most importantly, to be worthy of the trust that millions have placed in us."

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