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THE REVOLUTION CALLED FINTECH: WHAT ARE SOUTH AFRICAN BANKS DOING?

Abstract:

Fintech is revolutionising the way banks do their business due to electronically-based facilities (and platforms) driving new client banking offerings. This, however, does not come without undue risk as Fintech companies are forcing banks to revisit not only their cost structures, but also how they interact with clients. How banks do what they do and at what cost, is becoming an increasingly more important strategic driver and is dismissed at their peril. As such, this paper highlights the operational challenges facing banks over the next decade due to competition emanating from non-traditional sources in the electronic and technology realm. In particular, the paper takes a view on how South African banks, in an emerging market context, have positioned, and plan to position themselves operationally to face the challenges posed by the Fintech revolution in the broadest sense. The paper also provides insights into how the regulation of Fintech may play itself out over the next decade.

Keywords:

Fintech; South Africa; banks; Regtech; operational risk

JEL Classification: G20, G21