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COMMERCIAL SEGMENT COMPETITIVENESS IN A MARKET DISRUPTED BY DIGITAL BANKS IN SOUTH AFRICA

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ABSTRACT

The South African banking market was largely dominated by the big four banks: Absa, Nedbank, Standard bank and FNB prior to the introduction of digital banks in South Africa. The introduction of these new entrants has meant that the domination is slowly starting to cease as many of the small and medium enterprises are migrating to these new entrants because of the affordable pricing options and contextual solution they offer, which is enabled by the adoption of industry 4.0 technologies as their core operating model. This research aims to unpack what the commercial segment of Bank A can do to bride the digital divide opened by digital banks.

A qualitative study was used to explore the subjective views and opinions of eight subject matter experts in the commercial segment of Bank A. The subject matter experts were chosen based on their experience and vested interest in the study. Semi structured interviews were used as a data collection means and questions were drawn from the initial conceptual framework and the literature drawn**.** Thematic content technique was used in this study.

In response to the objectives of the study, data reveals that Bank A should accelerate the adoption of industry 4.0 technologies to drive operational efficiencies and cost reduction. Optimise business processes by improving the data architecture to obtain meaningful data and apply the agile project delivery methodology to accelerate the delivery and marketing of solutions to customers. Two new themes emerged in the data analytics i.e., implementation of a hybrid core banking application (new core banking + legacy core banking) which entails using the best of both worlds. Collaborating with third party organisation i.e., fintech’s and the regulators to drive and optimise solution delivery. Lastly the recommendation on how the bank can bridge the digital gap are given.