

Banking on branding as important as ever

By  John Harvey

6 Mar 2015

While globally there have been many questions around the emergence of entry-level banks, there can be little doubt that the proliferation of such institutions in the past few years has vastly changed South Africa's financial landscape.

An interesting study, commissioned by Cenfrion on behalf of the FinMark Trust and undertaken by [Genesis-Analytics](#), points to several factors why bank branches have experienced such success in South Africa.

In the study, it was revealed that the provision of bank accounts had grown from 30% to 46% in the review period 2003 to 2011.

The sharp escalation was largely attributable to the rise of internet and cellphone banking, previously unavailable technologies whose absence compelled people to conduct their financial business in-store only.



While technical innovations have made banking much easier - for example banking using a mobile phone - the physical branch still plays a vital role. (Image extracted from the [Capitec website](#))

Clicks are good, but bricks still needed

However, while these new technological instruments were a definite catalyst in the opening of new accounts, what was established was that it was still necessary to provide a physical bank branch from which operations could be conducted.

"Physical bank branches are ... often critical to persistent high value take up and use of financial products as it plays an educational role and can build trust with the consumer beyond what is possible with

technology alone."

There was, however, a decided change in "entry-level banking strategies" - a change in bank branches, change in the composition of their infrastructure, change in products and services and a shift in promotional activities.

What is of particular interest are the changes that have been made at the entry-level branches themselves.

Changes

The Genesis-Analytics study states that these include:

- Introduction of cashless bank branches that substantially reduce the cost of infrastructure and the cost of "cash handling";
- Fewer staff with lower qualifications and a lower basic salary are hired for the purposes of manning these branches, thus cutting down on running costs. However, these staff members are often a higher commission structure in return for their hard work;
- Extension of operating hours; and
- Movement away from a credit only focus to an increased range of basic products covering all financial services to serve the entry-level market better.

In South Africa, by far and away the standout entry-level bank has been [Capitec Bank](#). Having only been established in 2001, it currently boasts R10.4bn in shareholder funds and almost six million clients across its 647 branches.

The importance of branding and location

But while the Capitec example exemplifies the changes alluded to in the study, through its simplified service offerings, it also reveals one constant: the use of branding and the old business adage of "location, location, location" to introduce customers to entry-levels.

As noted by well-known marketing commentator Herman Manson, of MarkLives.com: "Today Capitec's branding campaigns clearly position the bank as easy to use, straight talking and cost effective in ways that appeal to this broader market and the bank is investing in placing branches in shopping malls where a wider range of consumers gather".

The signage, of which there were 840 units, was rolled out at 210 sites across South Africa.

"The signage manufactured and installed for Capitec was placed on highly visible Shopping Centre/Mall entrances and banking halls," said Reynold Witten, of [First African Holdings](http://FirstAfricanHoldings.com), which undertook the project.

"The signage was minimalist and exposed the company's brand in a clean, effortless and simple manner. A design that echoes the experience that it provides its clients.

"The Capitec example has shown how signage still plays a significant role in capturing the personality of a company. The use of signage to present the company's brand and identity enabled Capitec to increase awareness of its presence in areas that make it convenient for clients to conduct their banking in the normal course of their daily activities."

ABOUT JOHN HARVEY

John Harvey is Media Relations Consultant at Roger Wilco, an established, award-winning digital marketing agency based in Cape Town. He was weaned and came of age on a very unhealthy diet of new sprint and post-midnight deadlines - yet still comes back for more.

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