finweek

COLLECTIVE INSIGHT

INSIGHT INTO SA INVESTING FROM LEADING PROFESSIONALS

FEBRUARY 2021

Inside

WHAT CLIENTS TAUGHT US ABOUT THEIR NEEDS DURING THE PANDEMIC

By Anne Cabot-Alletzhauser

INTRODUCTION

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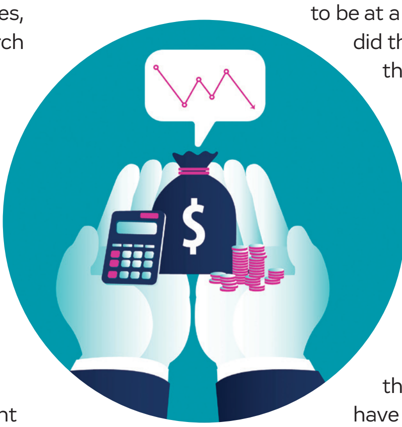
How an industry can learn to be the best

The tax collector was transformed with a focus on taxpaying 'clients' over a decade ago. Maybe it's time that the financial services industry follow suit.

Ten years ago, Edward Kieswetter handed me an opportunity that would change the course of my work in finance. I used to argue that he gave me the best job in the financial services industry. Now I believe it's a job that everyone in our industry should be required to experience at some point in their careers.

Edward had just been recruited from Sars to lead Alexander Forbes out of a "difficult patch" and into a new era of "dedication to client service". At Sars, he had been deputy commissioner, and as such, had been intimately involved in transforming Sars into a global leader in tax revenue collection. At Alexander Forbes, what he wanted was a research institute that would focus on just how effective the financial services industry was at meeting client needs. That would be my job. Each year we would produce a doorstopper of a publication, *Benefits Barometer*, that would set out where the industry was missing the mark.



Ten years ago, Sars would have provided exactly the right model for the financial services industry to consider. As Edward argued, Sars's success at that time rested on the shoulders of three core pillars and one overarching principle.

First, make sure people understand why it's in their interest to pay taxes – what do they get from it? How is payment of taxes relevant for their quality of lives going forward?

Second, make it easy for people to pay taxes. Sars' e-filing capability was one of the first of its kind among both developing and developed economies.

And third, if people still didn't follow through – make sure there were consequences and that they were clearly understood.

What was the overarching principle? Even Sars needed to understand that it was first and foremost a service they delivered. The taxpayer was, in that regard, their client. If Sars wanted to get their buy-in, then that meant addressing their needs and concerns first.

Why am I going back to those old adages? Today we probably see Sars and the financial services industry as totally different animals. But, if the global pandemic taught us any lesson, it's that those concepts that applied to Sars are just as foundational for financial services. This edition of *Collective Insight* focuses on how well the SA financial services industry has fared for its clients during the current crisis. If ever the industry has been called upon to serve their clients, this last year was the time.

How well did the industry understand that call? How accommodating and flexible were they able to be at a time of serious need? How "easy" did they make it for clients to reach them timeously; or provide them with options; or help clients think through the consequences when they had run out of options; or simply make the changes that were needed? Were the "safety nets", processes and systems that existed adequate? Were they there to serve clients' needs first, or were they better at serving businesses' needs? The articles that follow suggest that we may still have a long way to go to get it right, but they also map out some much-needed refinements for noting.

Each year, *Collective Insight* has been able to capture a broader and broader following from people and associations who are able to make sure that these recommended changes to the industry are taken seriously. We've brought together the support and oversight of groups such as the Financial Planning Institute, the CFA Institute of South Africa, the Association of Black Securities and Investment Professionals and the South African Finance Association. This year we move one step closer to being a true "agent of action and transformation in financial services". We (and I) now sit under the umbrella of the newly formed Responsible Finance Initiative at the Gordon Institute of Business Science. Its mission: making finance work for Africa and Africans. ■

Anne Cabot-Alletzhauser is practice director of the Responsible Finance Initiative at the Gordon Institute of Business Science.

By Gareth Stokes

CUSTOMER SERVICE

Digitalisation not a cure-all for customer experience shortcomings

How can financial services companies reconnect with their customers as the world remains in lockdown?

When you ask financial services executives about their firms' responses to the Covid-19 pandemic, they tend to wax lyrical about their lightning-fast transition to work from home. They trumpet their ability to provide customers with seamless transactional capabilities and uninterrupted access to their digital platforms during the worst that government lockdown could throw at them. Their confidence in the innovative technologies that underpin the fourth industrial revolution (4IR) may be warranted; but it hides a sinister reality that few executives have cottoned onto.

The rapid transition to digital everything is entrenching the suboptimal customer experience that many financial services customers were exposed to before the pandemic, because new solutions depend heavily on legacy customer support infrastructure and resources. Innovations such as APIs, AI-powered chat bots and digital platforms tend to fall flat whenever a human touch is required. Another challenge facing well-established financial services brands results from dealing with customer needs "on aggregate". This worked in the old days when paper-based systems made it impossible to tailor solutions based on an individual's needs; nowadays a more intimate customer relationship is indicated.

Executive teams at leading financial services brands should not take to the stage to exalt their digital customer experience victories without first spending a few hours transacting on equal footing with these customers. They should be considering whether the minimal inconvenience they suffered while relocating their C-suite operations from offices to homes is like that experienced in other areas of the business.

There is plenty of evidence that supports that customer services staff, although able to work from home, are struggling to maintain pre-pandemic efficiencies. How else would you explain the "slow service due to coronavirus" messages placed prominently on the home pages of countless financial services firms? Leading 21st century financial services brands should not be disclaiming their customer experience. In so doing they further dilute their often poor pre-pandemic customer service levels.

An opinion piece titled "Covid-19 not a good enough excuse for customer service failings", penned by John Fitzsimons, and published on lovemoney.com on 15 September 2020, expands on our thinking. "Has Covid-19 become a bit of a convenient catch-all excuse that businesses can use to justify their failings, whether they are related to the pandemic or not?" he asks, citing hundreds of customer experience nightmares that have played out across industries and countries. Customers in the UK have complained bitterly about their inability to contact banks, retailers and telecommunication providers during lockdown.

Many customers waited weeks or months to open new bank accounts or receive or return parcels due to the inflexibility of pre-pandemic processes and the inability of firms to adapt to the new trading environment. The gist of Fitzsimons' article was that service levels remain poor despite financial services giants having had six or more months to acclimatise to lockdown regulations.

As we approach one year in lockdown, many South Africa-based businesses are still using Covid-19 as a blanket excuse for each service delivery hiccup they encounter. Sadly, these failings most often stem from legacy processes that depend on human intervention.

Our transactional experience with asset managers, banks and insurers during lockdown was much the same as our pre-pandemic experience. This is nothing to write home about: Online transactional accounts have been operating remotely, without hassle, for decades. Problems creep in when we require advice, guidance or support with actions that occur outside the digital environment. In such instances we found that navigating the quagmire of customer support, whether by telephone or online using email or online chat, was as diabolical during the pandemic as before. In-branch customer experience was no better. By way of example, this writer spent more time in a bank branch under lockdown conditions than any time in the preceding decade, and this to close a business bank account, which should have been possible digitally.

What should financial services firms focus on to improve the customer experience? A McKinsey & Company insight, titled "Adapting customer experience in the time of coronavirus" leads with the observation that the lockdown and pandemic "forced a rethinking of what customer care means". The global consulting firm suggests that companies that outperformed during lockdown did so by

Photo: Shutterstock

Executive teams at leading financial services brands should not take to the stage to exalt their digital customer experience victories without first spending a few hours transacting on equal footing with these customers.

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reassessing their customer journeys and customer satisfaction metrics.

McKinsey describes seven actions that enable brands to emotionally connect with their customers, under four category headings (see diagram). Convenience and ease of use are already a ticket-to-play in an increasingly digital world; but brand-to-consumer excellence also depends on establishing trusted relationships and paying attention to customers' personal safety and financial well-being. Processes built around tech innovation, such as big data analytics and artificial intelligence, make it possible for financial services brands to achieve greater granularity in their view of individual customers than ever before. It is time to leverage this information to revolutionise the customer experience.

Brands that failed to deliver a truly stand-out customer experience, in the writer's opinion, were obsessed with creating illusions of competence and continuity by adopting the inward-looking mantra: If we get bums on seats at customer support desks and ensure our online platforms have 100% uptime, then surely our job is done. Wrong! Being capacitated to deliver customer service does not guarantee an exemplary customer experience.

"A customer's interaction with a company can trigger an immediate and lingering effect on his or her sense of trust and loyalty," writes McKinsey, before adding that a business' ability to "meet their customers' needs with empathy, care and concern" is a primary barometer of customer experience. There are four customer experience practices that will help firms to build resilience, frame short-term responses and prepare customer-focused companies for success. These are: Focusing on care and connection; meeting customers where they are today; reimagining customer experience for a world after Covid-19; and building capabilities for a fast-changing environment.

These practices are intuitive when considered against the backdrop of evolving customer behaviours. The millennial and subsequent generations are more thoughtful and selective than their predecessors. They form strong associations with brands based on how brands interact with society and to what extent they can trust what the brand stands for. The same customers are driving the investment communities segue into the world of impact investing. McKinsey's research shows, for example, that 64% of customers choose to buy from socially-responsible brands. And of course, customers favour products and services that are accessible in real-time, affordable and readily available on their terms.

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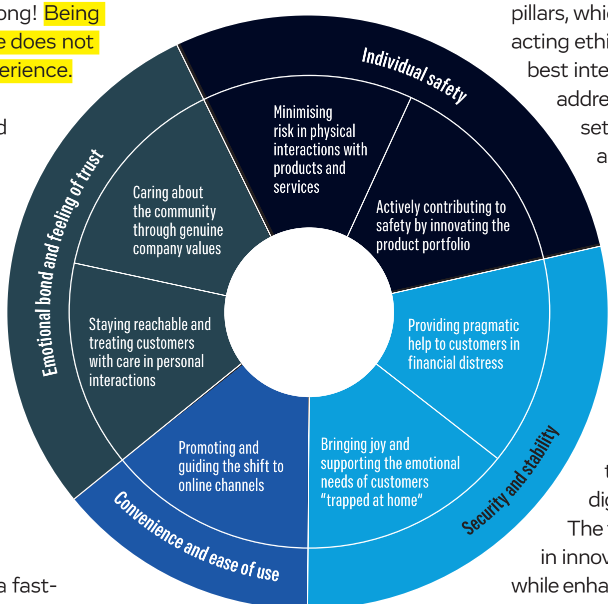
SEVEN WAYS TO CONNECT EMOTIONALLY WITH CUSTOMERS



SOURCE: McKinsey & Company, 15 April 2020

A 2020 report by KPMG, titled "Customer experience in the new reality", observes that the pandemic had an immediate and widespread impact on customer behaviour across industries, countries and demographics. "Expectations have heightened as priorities have shifted to health and safety first, which have in turn changed decision-making and buying behaviour," they write, drawing attention to the fact that yesterday's great customer experience is no longer good enough.

KPMG urges firms to "maintain their commercial cadence with their customers" by focusing on six pillars, which are experience excellence; integrity by acting ethically and demonstrably in their customers' best interests; a focus on resolution and proactively addressing customer problems; the accurate setting of expectations; reducing the time and effort customers need to expend by enabling frictionless interactions; and delivering a personalised experience with empathy and compassion.

SA's financial services firms entered the pandemic with a significant lead over other industries insofar their digital capabilities, which explains the ease with which they met various lockdown-induced operational challenges.

They should not, however, assume that their ability to deliver products and services digitally equates to excellent customer service. The trick is to consolidate the leading position in innovative digital administration and distribution while enhancing the customer experience underpin. As McKinsey concludes: "Customer leaders who care and innovate during this crisis and anticipate how customers will change their habits will build stronger relationships that will endure after the crisis passes." ■

Gareth Stokes is a communication specialist at Stokes Media.

By Craig Gradidge, Virath Juggai and Mehmood Sader

OVERVIEW

How providers responded to the pandemic

Independent financial advisers give an overview of how financial services providers responded to the altered reality of a country in lockdown.

> Clearly, we need better answers from insurers as to how they help their policyholders in crises such as these – even now, nearly a year later.

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Financial planning practitioners are used to the situation where we need to help clients adjust course because of some unforeseen life event. If we run into challenges, this would typically come in the form of resistance from product providers. This is when the "terms and conditions" would come out. With Covid-19, though, it was different for both advisers and product providers alike. The sheer scale of requests for some sort of adjustment to plans was unlike anything we've witnessed or experienced before. However, it was made easier by the fact that most providers were abandoning established ways of doing business and looking to provide some relief to clients.

There were lessons to be learned for all.

Role of the adviser

As the adviser to our clients, it quickly became evident that what we were dealing with was an unusual and pervasive situation. We couldn't just fall back on the usual response to clients that "they would lose cover or benefits if they stopped their premiums". We needed to get deeply involved and work with both clients and product providers to help protect clients as much as possible and retain as many of their benefits as possible, especially given that we were dealing with a health crisis.

Our first action was to offer clients a guide on how to deal with the financial impact of Covid-19. We shared what we thought was a good way to reprioritise their cover, ensuring that cancelling or reducing life and medical aid benefits was at the bottom of the list. We encouraged clients to firstly remove 'bells and whistles' from their short-term cover, then to assess the value of any rewards programmes to them personally, to stop or reduce discretionary savings ahead of retirement savings, and so forth. So instead of trying to deter clients from cancelling anything, we showed them how to cancel and reduce with minimum impact.

While the notion of a pandemic may be new to most South African insurers, one would assume that if there was ever a time to dig into their reserves, April 2020 to June 2020 was certainly the time for them to live up to the promises in their advertisements.

Risk cover

Most South African insurers were reasonably fast to offer different options on "premium relief" for policyholders. The impact of the lockdown on salaries left most people in extremely difficult circumstances. Rather than suffer mass lapses it was indeed sensible for insurers to offer relief options to their policyholders.

The general offer was the option to reduce cover to an affordable premium for a certain period and reinstate the cover without medical underwriting formalities after the expiry of this relief period. The next option was the so-called premium holiday. It had different implications at the various insurers. Some insurers offered the holiday but suspended all cover for the period. The benefit to the client was that the cover would be reinstated without formalities after that premium break. These breaks only applied during level-5 lockdown in many instances.

This approach left many clients exposed to the financial risk of dying at a time when they arguably needed the cover most. Clearly, we need better answers from insurers as to how they help their policyholders in crises such as these – even now, nearly a year later. Except for Sanlam and PPS, there were no insurers who were prepared to hold cover at the levels before Covid-19 struck. Insurance costing is not at all straightforward, however the most important request we got from clients over the lockdown was simple financial assistance without compromising their loved ones.

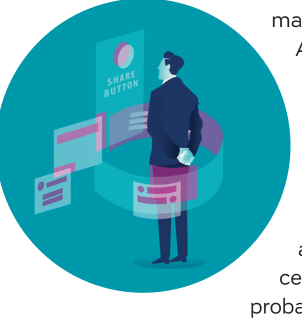
Sanlam offered the option of deferring up to three months of policy premiums. The outstanding premiums were treated as a loan. This loan could be repaid over time or written off at claim stage. Most importantly, cover would have remained in force during the premium holiday.

The second relief option was to do a reduction of cover to an affordable premium for a limited period. The cover could be reinstated to original levels, without formalities, after the expiry of the relief period.

PPS offered members the option to have their premiums deducted from the profit-share account if it was in credit.

Their second alternative, and by far one of the best in the industry, was to not pay premiums over two months while still retaining full cover on all benefits. If the profit-share balance was not enough to fund the premiums due, members could have applied for a temporary cessation of premiums. This option did mean that there was no cover over the premium cessation period, however cover would be reinstated without formalities once the client could pay premiums again.

Discovery Life also allowed policyholders to have their premiums paid out of any accumulated integrator payback benefits. If clients had insufficient cash available in these benefits, then they could reduce cover for a certain period. The cover reduction was allowed over two separate three-month periods. The cover reinstatement was done free from formalities.



Momentum allowed clients to have a premium holiday for up to three months. Over this premium holiday clients would be entitled to a 20% ex-gratia benefit in the event of a claim. They could reinstate their cover without formalities after the premium holiday.

Liberty Life offered their policyholders the option to reduce their cover for three or six months. The cover could be reinstated with the submission of a health declaration. There would be a challenge to have the cover reinstated if you had developed any medical conditions during the premium break.

Old Mutual allowed policyholders to skip three months' premiums, however a claim during this time would have been limited to an ex-gratia pay-out of 25% of the cover available, capped at R3m. The alternative was to reduce your cover for three months and have the reinstatement done free of formalities.

Hollard Life allowed policyholders to reduce cover by 50% and reinstate the cover after three months without any formalities.

In addition, Sanlam and PPS have been especially good with claims on their illness benefits. Clients have had successful claims for testing positive for Covid-19 and for being forced to isolate after having had contact with someone who was positive. Claims for self-isolation have been admitted even without testing positive. Self-employed clients have been particularly protected, especially as the self-isolation period has often meant no compensation due to no work being done.

While the notion of a pandemic may be new to most South African insurers, one would assume that if there was ever a time to dig into their reserves, April 2020 to June 2020 was certainly the time for them to live up to the promises in their advertisements. If the only certainty we have is that this probably won't be the last time we experience such an event, then it's time for insurers to provide more comprehensive and considered responses.

Short-term insurance

Short-term insurers stood to benefit the most from Covid-19 and the initial lockdown period. Clients would be at home all day, thereby reducing the risk of motor vehicle accidents or break-ins and robberies. The weather has been benign too. Many short-term insurers recognised that people would take the opportunity to dispense of their short-term cover – especially given that short-term insurance is a month-to-month contract and therefore easier than life cover to cancel and reinstate. Under "normal" crisis conditions, people tend to prioritise DStv and cellphone contracts ahead of their short-term insurance cover.

To date, though, most of our insurance providers have played a vital role in helping

One enduring benefit of the Covid-19 crisis could be that clients start to appreciate the value of new-generation flexible investment and retirement products.

us assist our clients accordingly. Most insurers offered premium relief of between one and three months and discounts on motor vehicle coverage due to the lockdowns restricting travel. Discounts of between 15% and 20% respectively were available for personal and commercial policies.

There were, however, insurers that went further and allowed us to offer even more premium relief to clients.

Momentum (ex-Alexander Forbes) offered limited mileage discounts, review of clients' premiums, change of debit order dates to accommodate clients, self-inspection of vehicles to reissue policies after two consecutive unpaid premiums and further amendments due to the client's request.

Echelon, Old Mutual and **MUA** offered a review of premiums, change of debit order date to accommodate clients and further amendments due to the client's request to retain the client.

Santam offered limited mileage discounts, review of premiums, change of debit order date to accommodate clients and further amendments due to the client's request in order to retain the client.

Discovery Insure offered limited mileage discounts, review of premiums, change of debit order date to accommodate clients and further amendments due to the client's request to retain the client by us discussing their portfolio with them individually.

Retirement and investments

When we started our financial advisory business, we resolved never to invest clients into inflexible investment and retirement products which imposed penalties for adjusting, and which required clients to commit to paying premiums over a long period.

This probably cost us as a business as our earnings from these products was materially lower than what we could have earned. However, the value of that decision was that clients could cancel their investment and retirement annuity contributions at short notice with no penalties or fees, and simply reinstate them when their financial position was restored. We therefore have no idea if there was any relief offered by insurers to clients of those products. However, one enduring benefit of the Covid-19 crisis could be that clients start to appreciate the value of new-generation flexible investment and retirement products.

And ... those lessons that were learned?

Some providers played the long game and offered real relief when it was needed most. These providers will likely be the winners in future when clients look to increase their cover, or when advisers look to choose products that will benefit their clients in good and bad times. Hopefully, this is also the straw which breaks the proverbial camel's back when it comes to product design and that we will see products designed with the client's interest front and centre.

One thing is patently clear, though: if financial products are going to still be perceived as providing clients critical safety nets in times of crisis, then it is in everyone's interest for product providers to take the time to work out with the financial advisory community where these products missed the mark over the past year and what could be done better in the future. Clients will continue to need to adjust course in future as personal and macro circumstances change. It would be great if we could see more products that accommodate these changes with more compassion and flexibility; and fewer, if any, penalties. ■

Craig Gradidge, CFP (investments and retirement planning), **Virath Juggai,** CFP (risk and estate planning), and **Mehmood Sader** (short-term insurance), at Gradidge-Mahura Investments.

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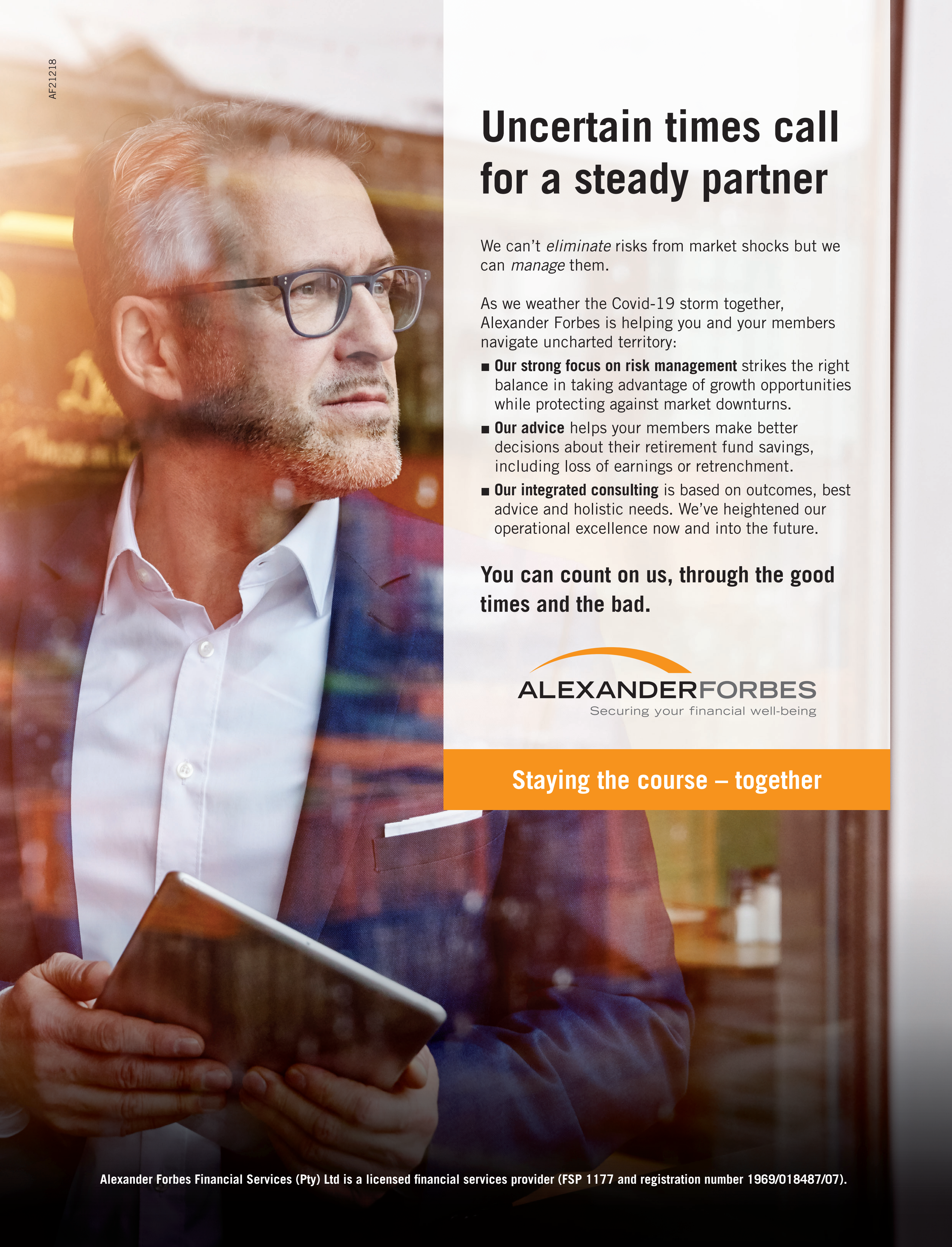
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Uncertain times call for a steady partner
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By Paul Rackstraw

MANAGEMENT

Maintaining the trust dividend

There are some vital measures which a financial services provider can implement to hold onto its most prized asset, namely trust.

Trust is conceivably the most sought-after currency traded between a client and an investment manager. But it is a somewhat nebulous concept because it is so difficult to evidence or quantify. However, trust is real, and without it, clients will be reluctant to hand over their hard-earned money for safekeeping and are unlikely to remain invested with you through all the vagaries of the financial markets.

The pandemic has introduced a host of new risks and challenges, putting further pressure on this prized currency. This article summarises our endeavours and beliefs regarding best practice when it comes to building and maintaining client trust through the Covid-19 pandemic.

The widely-recognised cornerstones of earning client trust are competence, reliability, integrity and communication. For investment managers, these coalesce into generating the performance clients expect to achieve – but if this does not happen, prompt and honest communication is critical on any matters standing in the way of delivering on the agreed client mandate.

These are extraordinary times that call for extraordinary measures. The first step is recognising that everyone (both clients and staff) is experiencing elevated levels of stress and anxiety. Those who are lucky enough to still be working are facing hugely increased workloads and hours. They are also adapting to new ways of operating and communicating through digital means, while working from home and having to balance this with family commitments.

Communicate, communicate, and communicate

Many organisations tend to only share positive events. When there are challenges, they shy away from communicating, or weave a story that suits them. During a crisis, instead, we intensify our client communication. In each case, we ensure that we are honest, factual and detailed about the issue at hand and, as soon as possible, share the fix or solution we have developed to deal with it. We also try hard to create as many face-to-face opportunities as possible to discuss the issues with clients (virtually at present). This is particularly important as it provides them with a valuable opportunity to ask questions and air their concerns. These sessions have significantly built confidence and trust. It is our strong belief that the worst time for an organisation to go silent is at a time of crisis.

Strive to serve clients better

Servicing clients effectively during a crisis can be a big challenge. Organisations must balance day-to-day efficiencies with the complicated nuances that a crisis might bring. We have found in times like these it is important to have an internal client champion to represent the client's voice in the organisation – this will ensure that the client's perspective is always considered in our decision making. The client champion is involved in all the conversations and decision-making activities that affect the client – with the role to challenge the status quo and ensure that the client's voice is heard. A recent example was our realisation that virtual meetings required a different presentation style compared to the personal nature of face-to-face interactions. So, we embarked on a presenter coaching programme to make our clients' experience as positive as possible during virtual presentations.

Practice what you preach

All crises come with increased responsibility, be it to our clients, staff or surrounding communities. We need to be aware and sensitive to how people are feeling or suffering and let this guide our response. At the inception of the lockdown, our business and staff quickly mobilised a response that facilitated donations to organisations that were helping those most affected by the pandemic. Part of this process involved allowing staff to include initiatives that they were close to, or from their own communities, which made the process tangible and authentic, rather than a tick-box exercise, in line with our ethos to be responsible and 'practice what we preach'.

The key: putting clients first

The Covid-19 pandemic has undoubtedly changed the way companies work with clients and other stakeholders. Experimenting and adapting will need to continue until a "new" optimal model for doing business is developed. Companies will only get there if they put clients at the front and centre of the process, ensuring they are heard and can have confidence that their needs will be met during challenging times. We believe that putting your clients first is the only plausible way to measure and maintain the trust dividend. ■

Paul Rackstraw is the managing director of Futuregrowth Asset Management.

We need to be aware and sensitive to how people are feeling or suffering and let this guide our response.

Photo: Shutterstock

By Warren Ingram

CLIENT SERVICE

Humans need connections

Financial services providers were taught some valuable lessons by a locked-down world.

The world was taught some harsh lessons in 2020. Lockdowns forced people to adapt to new technologies to do meetings, have parties and work with colleagues. At the same time, we were all reminded of the importance of human connections to our well-being. The world might be a better place after the pandemic has passed. Many have a new focus on the environment, family life and how we structure our working days.

Surprise

Millions of people were jolted by lockdown into a review of how they spend money. This will be beneficial for savings rates and asset accumulation in future. I may be naïve, but I believe many of us will be more considered in the way we manage our finances and present ourselves to the world.

Sustained hardship and continued financial insecurity are likely to cause new behaviours and attitudes. I believe that conspicuous consumption will give way to prudence and humility – those who display their wealth are likely to be perceived negatively in future.

Anxiety

Anxiety caused by the pandemic added pressure to an already stressed population who were worried about political instability, economic decline, corruption and government incompetence. The lack of confidence in government is a major concern as government needs to resolve this crisis. A speedy, well-coordinated vaccine roll-out will do wonders to renew faith in it.

Isolation

In times of crisis, it is natural for people to seek out others. Social contact is a great antidote to anxiety and depression – lockdown made this impossible. As stock markets collapsed in early 2020, private investors needed reassurance and guidance to help them make the right decisions. Unfortunately, large financial institutions do everything they can to direct their clients to online services. As a result, the deep-seated need for human engagement was unavailable to most investors.

The best financial planners increased their interpersonal communication with their clients during lockdown. While in-person meetings were impossible, individual Zoom meetings or calls were extremely helpful to anxious investors needing to hear a friendly voice. I recall a tearful conversation with an elderly man who told me in October 2020 that our telephone call was the first time he had spoken to another person since February 2020.

Technology helped

The ability for some financial services companies to work from home seamlessly was a great benefit. While this worked reasonably well for most companies, many were found wanting. The virtual meeting came of age in the pandemic. Most people adapted with remarkable speed to this format.

Clients could speak with their advisers on a regular basis with minimal difficulty. The work-from-home movement certainly received a boost from lockdown. However, it was interesting to note that many workers asked to return to the office when lockdown restrictions eased. For some, the isolation was difficult, while others struggled with limited space. Many older clients were most comfortable with a simple phone call rather than a virtual meeting.

I believe forward-thinking companies will alter their work hours in future. It is now obvious that many employees can productively work from home. A hybrid model may achieve great outcomes through reduced rental costs and happier employees who benefit from lower travel costs and more quality time at home.

Management challenges

Through conversations with business owners, I learned that effective workers were equally effective at home. Similarly, ineffective staff were exposed when they could no longer hide at the office. Lots of corporate politicians have been exposed as unproductive employees. Leaders who generally focused on time management rather than output management have really struggled. I suggest that those kinds of management dinosaurs should adapt, and rapidly so.

Unfortunately, many low-income staff did not have the correct infrastructure to work from home. This is something that companies should consider in their planning. A low-cost investment in noise-cancelling headphones, laptops, battery packs and space-saving desks might unleash new productivity from even more South African workers. Companies who provide data to staff and their families will generate a massive return on a small investment.

Actions for the future

People are increasingly concerned that their money should be invested in businesses that are making the world a better place. More people are worried about social and environmental issues than ever before. Financial services companies that pay lip service to these issues will find themselves in a structural decline. This necessitates a greater focus on good corporate citizenship. Bad corporate citizens will be increasingly punished by investors.

I believe behavioural coaching is likely to push financial planners to the forefront of the financial industry.

As more companies and clients move to virtual meetings on a permanent basis, those who can connect with their clients effectively will have the advantage. As large institutions reduce or eliminate personal contact with clients, it creates the opportunity for smaller, client-centric companies to compete. Additionally, we are no longer constrained by geography – people can service clients anywhere in the world at a low cost. There will be many new opportunities for those who focus on clients and their needs, while managing profits – these should not be mutually exclusive anymore. ■

Warren Ingram is an executive director of Galileo Capital and is responsible for its wealth management and retirement planning services.

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collective insight

By Aiden Sookdin

TECHNOLOGY

Fintech and the business of consumer relationships

Small businesses are adapting to the online world. There are several considerations they need to take into account.

Businesses in today's climate have been forced to find innovative ways to transact; many have had to adapt their entire operating models. Some even had to merge with other industries to remain buoyant in the wake of volatility that the pandemic has unleashed. Companies offering digital e-commerce solutions have been much better positioned to adapt to the new business demands. Smaller companies with smaller budgets often just don't have the money to invest in this infrastructure and feel the impact the most.

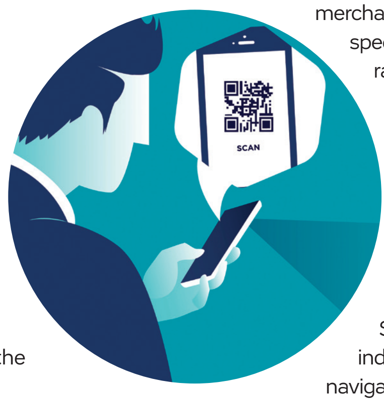
Simple financial transactions that previously required physical contact, such as buying electricity or groceries, settling debts or applying for loans, are now seen as difficult due to restricted access required by social distancing. Financial services providers now must ensure that they can identify and solve problems in a practical, convenient and affordable way so that their value can be tangibly felt by their customers.

Traditional banks have been particularly challenged and now, almost 12 months into the pandemic, are still grappling with the realities of an increasingly online world.

ATMs cause fear of superspreader potential

According to Business Insider, the unregulated use of ATMs, which require physical contact to operate, was discussed by the National Coronavirus Command Council (NCCC) on 11 January this year.

Nearly 10 months after the first lockdown was announced, it was decided that every financial institution must ensure that all ATMs have sanitisers available. Failure to implement adequate sanitisation procedures could result in the ATMs becoming superspreaders of the disease.



The Covid-19 virus could latch onto credit and debit cards in the same way it's able to survive on other surfaces. In the US, banknotes from some countries are being quarantined for seven to ten days as a "precautionary measure," according to the US Federal Reserve.

In a world where physical cash has become a potential threat to health and well-being of a population, contactless transacting can step in to fill the gaps.

Contactless transacting

Given the wide range of devices consumers and merchants use to transact and manage their money, the winners in the fintech space will be those able to successfully deliver a seamless customer experience across multiple devices and address users' concerns.

Understanding the real problems

It is important to understand users' concerns because we are transacting in a completely digital landscape. In conducting research and regular interviews with both consumers and business, a clearer understanding of the problems fintech companies need to solve during this challenging time has emerged.

Security is of utmost importance: When transacting online, South African consumers and merchants need to know that their personal information, especially banking information, is kept safe and secure. Fintech solutions need to implement strong security measures to put users' minds at ease. Further to that, this is a key consideration that should be addressed in all marketing and communications to build trust and elevate the user experience.

Convenience and user experience: Catering to the needs of the user has never been as important as it is today. Not only must navigation be fast and seamless, but consumers have also stated that the less clicks required to perform transactions, the better. The real challenge for fintech solutions now is to find a balance between robust security measures and the efficiency of the user experience.

Cost of e-commerce transacting: In South Africa, the smaller your business is, the higher your transacting fees. As a consumer, the less money you earn, the higher your interest rates are. This means that merchants and consumers on the lower end of the income spectrum are often charged much higher fees and interest rates than those who earn more.

When it comes to the world of digital transactions, the aim of fintech organisations should be to level the playing field and reduce the cost of accessing financial services to attract more clients – and deliver exceptional financial services for all, at an affordable cost.

Reduce the administrative burden: Traditional methods of applying for finance can be cumbersome. Small business owners are experts in their fields and industry. They often don't have the resources or time to navigate the complex financial environment. This problem is compounded when it's no longer "business as usual".

Fintech organisations can make a positive impact by introducing digital end-to-end solutions with more efficient application processes and faster turnaround times in providing feedback to applicants.

Consistent, engaging and simplified communication

The pandemic has seen waves of negative news dominate the media in the last year. Consumers are desperately looking for optimism and positivity, especially from their financial services providers.

While fintech companies already understand how to market their products and services across various platforms in the digital landscape, a greater focus should now be put on delivering strong advice, from reputable sources. This will help consumers and businesses to manage their money more efficiently while living a more productive lifestyle.

The value of the message being delivered to clients is of utmost importance. It should aim to make a positive difference in the life of the client. Not only will it build trust and increase retention, but it will also engage customers and spur them to positive action. ■

Aiden Sookdin is a financial services content strategist.

Photo: Shutterstock

collective insight

By Deslin Naidoo

EQUALITY

When a butterfly flaps its wings
(or in this case, a bat)

Prioritise direct capital allocation to the means of production, labour, and technology that benefit society positively.

"Interconnected" is one of the words that came to my mind over the past year. Despite the constraints that geographic borders, political affiliations or our choice of football teams may impose, human society becomes more interconnected and integrated each passing day. The last time that the world was caught in the grip of profound societal change, as we are today, was during World War II. Everyone wanted, in fact, needed, the world to go back to normal; but like then the changes already run deep.

Global leaders remain preoccupied with two dominant challenges: how do we combat the medical crisis and how do we balance the economy against saving people's lives. There are significant resources and many smart minds committed to finding these answers, yet as they make these answers up, one must live with real daily challenges on the ground. Many South Africans have either observed or directly experienced several issues.

The first, that we will strongly relate to, is that our financial system is very fragile – there is no safety net. Although some survived, and others thrived, most were forced to access emergency savings, sell assets or rely on goodwill and charity.

The second is that the medical system, a primary need for the country, is ill-equipped and failing. The decision to implement lockdowns, is to allow (both literally and figuratively) for breathing space in hospitals. Considering the financial challenges being faced, this is causing great distress for people.

The third issue is that if you were financially distressed due to these uncontrollable circumstances, the means to rise and rebuild are difficult to access. No amount of financial advice or coaching changes the reality that you are largely alone in the process. The cost to access the resources that you need is high, as those with available finance have latitude to dictate the price.

The fourth is that people are generally behaving irresponsibly either through ignorance, naivety, or selfishness. One must understand that a functional society operates via an unwritten pact or social contract to act in the best interests of each other. These are unenforceable contracts, and game theory indicates that an individual will maximise their personal value by making decisions solely for their own interest. Game theory also tells you that if enough people do this, then everybody becomes worse off.

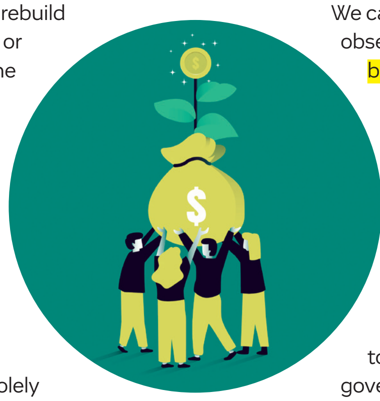
Is this the normal we want to go back to? We could look at things differently – we now have an opportunity to create a better world, an improved normal. This pandemic demonstrates to us the value of freedom, the value of dignity and the value of security – for ourselves and for those around us; for those we love and those that have been downtrodden and defenceless. We are interconnected. One individual cannot succeed without the cooperation of others, the same way the world cannot defeat the virus in one country only but everywhere.

> The true purpose of government, business, financial systems and the means of production in our economy is to serve the collective human needs.

Through this crisis, the generosity of people abounds. We have not forgotten that part which we recognise as being human – people have helped, people have given even when they themselves lacked. This thinking needs to transcend our current circumstances. We bear a great responsibility to each other. Governments and our financial systems have an enormous role to play in this.

The true purpose of government, business, financial systems and means of production in our economy is to serve the collective human needs. One of the most important decisions is effective capital allocation. We need to give priority to capital allocation directly to means of production, labour, and technology that benefit society positively, and not towards harmful practices or disintermediated into higher-order speculative financial instruments.

The decisions we make around money directly shapes the world we live in – the choices we make on how and with whom to spend it, where and how we save it, and equally importantly, how we earn it. The money you save for retirement, your kid's education or any other financial goal is not just maximising your return and the lump sum payment that you receive at the end. Your money should also be paying you a social dividend, by contributing positively to society and the environment, including better schools, medical care, air, water, and more dignity. Whilst we fight for every cent at the end, we create a dismal journey in-between.



We can, through the distribution and access to vaccines, observe the inequality in the world. It is a great divide between nations, and we see how once again underdeveloped nations will be left behind. The moral tragedy is the fundamental unfairness that a young healthy person in a rich country, with a low risk of dying, will be vaccinated before a vulnerable elderly person in a poor country. This tragically is the reality that we must change.

The price we pay to pursue profit maximisation is high and perpetuates inequality and economic discrimination. We need to hold to account the entities that we use to do this – the government, the banks, the corporates, our employers, the small business around the corner, and your own family. Accountability and governance of these entities, of the people who work therein and in turn those who benefit from their decisions, is what builds trust that our money is not being swallowed by a bottomless pit of inadequacy, greed, or corruption.

When the bat flapped its wings, it opened the eyes of the people. ■

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