

Technology and a lack of trust are disrupting the financial sector

 By [Danette Breitenbach](#)

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Way back when, commerce was easy, you exchanged a sheep for a goat, or a bushel of wheat for a shirt. But eventually, it made sense to centralise these transactions and have someone trustworthy looking after those IOUs.

This created banks, insurance companies and other financial institutions, which we trusted to look after our money. Then the global crisis of 2008 hit, and people lost faith in these venerable entities – a distrust that is still evident today.



At the same time, technology has boomed. Micro-transactions are now possible and while you can do a bitcoin transaction for almost nothing, big banks, using the same technology, have not dropped their charges. “We are paying them to hold our money, and then still pay for the transaction,” says FedGroup CEO, Grant Field.

Historical distribution methods are also changing. “Previous generations wanted to speak to a broker face-to-face. The next generation only wanted to talk to them on the phone or on email, but they still wanted to talk to a human. But millennials do not want a to deal with a human at all; they want to transact online and quickly. Chatbots, that are specialists in their area, are better than a general call centre in communicating when dealing with digital natives,” he explains.

Swarm mentality

The swarm mentality also plays a role. Our grandparents invited people for dinner two months in advance, our parents invited them for next Friday, while this generation is more spontaneous, using social media to announce where they are and inviting people to join them at that moment.

“This is how finance services will take place in the future. I will tell my friends that I invested with this company, and tell them to check it out. It is about collective thinking and the evolution of social media.”

Old ways will not survive

“The current model must change. The Ubers of the world have made us comfortable with disruption, so the old way will not survive. Five years ago, you paid R90 a month for a bank account. Today we pay R15 a month for the same product but your monthly bank charges are R350... that cannot continue,” Field explains.

Financial services brands will have to become agile and adopt a different mindset. If you are going to launch a new product, do it quickly. He does caution one thing. “You cannot launch a different technology on nothing, you still need to apply tested business principles. The machinery still needs to work,” he says.

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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