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MZANSI CLIENTS ROCKET

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The Mzansi account, developed in response to the Financial Sector Charter objective to provide low earners with affordable and accessible banking, has bagged more than 600 000 clients as at February 7 with black females being in the majority, the Banking Council of SA announced on Wednesday. According to the data released by the council, the majority of clients are in the 25-54-age bracket and the gender breakdown revealed that 56% of the Mzansi clients are females and 44% are males.

The Mzansi account was launched on October 15 last year. The racial breakdown revealed that about 90% of the clients are black and 4% are white.

The council also disclosed that 6 000 accounts are being opened daily and 90% of the clients are new to their particular institution.

The country's four major retail banks - Absa, FNB, Nedcor and Standard Bank - as well as PostBank, offer the Mzansi account. Regarding market share breakdown.

PostBank has 27% market share, followed by Standard Bank at 26%. Absa occupies third place with 24% market share and FNB has 16% while Nedbank has 7%.

On a provincial basis, Gauteng (26%) and KwaZulu-Natal (23%) have the lion's share of the Mzansi clients. Colin Donian, director of Mzansi Initiative, said the objective is to move beyond counting heads but to begin to give sense of who the Mzansi clients are and how they use their accounts.

Donian revealed that the growth in the number of clients has been beyond "our and any other stakeholders' expectations." "The other highlights include the gender split, the effectiveness of public private partnerships and the fact that 90% of the clients had no existing relationship with their particular institutions," said Donian. "The challenge now," stressed Donian, "is how do we extend the distribution footprint in the poor and rural provinces." According to Donian, Mzansi has brought R160-m into the formal banking sector, with an average of R290 being currently held in each Mzansi account.

Donian added that 65% of the accounts have been used in the last 30 days and 90% of the accounts have positive balances.

Apparently, the banks' entry level products other than Mzansi Absa's FlexiAccount, FNB's Smart Account, Standard Banks ePlan, Nedbank's PeoplesCard and Postbank's FlexiCard are still seeing some growth. "On average, banks are seeing an increase of 7% for its existing entry level products," Donian pointed out.

"We see little reason why this kind of momentum (Mzansi) will not be maintained for the next while, but it will plateau towards the end of 2005." Donian explained that two reasons would impact Mzansi's momentum: initial pent-up demand will be satisfied and competing offerings coming on stream from each bank. According to Donian, the implications for the rise in Mzansi clients mean that the

"previously **unbanked**" are integrated into the banking system, which increases their chances of accessing credit from the banks.

"On a micro level, R160-m has been added to the savings pool." Going forward, Donian said it is anticipated that banks and PostBank would begin to do competitive advertising and financial literacy and education programmes would gain momentum.

He added that there would be greater understanding of Mzansi account holders' behaviours and needs.