

# Innovations in fintech

By [Daniel Goldberg](#)

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Fintech is changing customers' experience and expectations by promoting a more client-centric and interactive approach to financial and banking services. As businesses continue to move trading records and documents onto the cloud, we will see them access other fintech products easily.



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Here are seven key predictions to consider moving into 2020:

## 1. Digital only banking

We saw the launch of four local online banks in 2019: Bank Zero, Thyme Bank, Better Bank and Discovery Bank. Lowering the need for physical infrastructure and optimising processes, the newcomers will be able to run more cost effectively than traditional banks. Going forward into 2020, these banks will start to play an important role in the market. Their accessible services and apps built off the latest technology, will draw in a number of customers, even from incumbent banks.

## 2. More companies moving into fintech

The new year will see the continuation of big non-finance institutions moving into the fintech space. We've seen several big companies such as retail chains and the telcos moving into financial services by offering insurance and credit products. This trend will continue, with more retailers becoming active in this space going forward.

## 3. Joint ventures between banks and fintech

Based on international trends, we'll start seeing banks partnering more deeply with fintech lenders to offer credit products to their customers. The digital banks will be able to seamlessly talk to the platforms used by fintech lenders, providing fully online processes with the quickest turnaround times to their customers.

## 4. Continued scepticism for cryptocurrency

The hesitation surrounding cryptocurrency is likely to remain as we enter 2020. Currently in South Africa there are no specific laws or regulations that address the use of virtual currencies. Due to their unregulated status, cryptocurrency cannot be classified as legal tender or a means of payment. Mass adoption will only occur once people become more familiar with and comfortable with cryptocurrency. As such, mass investment in Blockchain on the industry side has calmed down and is unlikely to pick up again in 2020.

## **5. Rise of regtech**

The role of regtech is integral to the new online banks and digital lenders. By helping financial institutions onboard customers more easily through digital channels, they make it simpler to transact online. In terms of the impact of regtech on consumers and businesses, the application process and onboarding can be greatly simplified by banks, lenders and investors if they leverage the right solutions.

## **6. Increase in digital security**

As we continue to transact and communicate more online, the risk for fraud and other cyber threats will only increase. On the fintech side there are a number of local startups helping companies avoid these new risks including EFT fraud and hacked accounts.

## **7. Open banking**

Although unlikely to come into effect this year, South Africa is set to follow the global trend of open banking. By opening their platforms to allow customers to more easily share their data, banks will enable customers to access a new wave of fintech services. This means businesses will experience more automation, better security and greater efficiencies with financial services.

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