

Banks urged to slow down on digitisation

By Faridah Kulabako

Commercial banks should slow down the pace of digitalisation so as not to lock out people who are not digital savvy.

The call was made by the Financial Sector Deepening Uganda executive director, Jacqueline Musiitwa, on the sidelines of the launch of the Financial Inclusion Week in Kampala last week.

Musiitwa said banks need to balance digitisation and human touch, saying face-to-face interaction with customers is still important in building strong relationships between banks and the public.

"Banking is still based on relationships, whether we have digital means or not. Banks that fail to find that balance would be set to lose," Musiitwa said, adding that banks are currently digitising without first sensitising the public.

"Given the current low levels of financial and technology literacy, we risk losing people at the bottom of the pyramid."

Her comments come at a time when digitisation is gaining momentum in the industry, with some banks closing branches to improve operational efficiency and profitability.

BETWEEN THE LINES:

■ Musiitwa said while agent banking will provide a bridge between them and customers, banks will still need to engage with their customer through bank agents or physical branches for now.

Banks, including Stanbic, Standard Chartered and Barclays, have been closing some of their branches in favour of digital platforms.

Standard Chartered Bank boss Albert R. Saltson recently said that closing brick-and-mortar branches is in line with its strategic move to digitise all their services and completely eliminate physical presence in the long run.

He said the bank plans to minimise the physical contact between the bank and its customers and the bank, adding that digital banking is the future of the industry.

He said the bank has invested \$1.5b (sh5.4 trillion) in technology to be rolled out over the next three years worldwide.

Stanbic Bank chief executive officer Patrick Mweheire also earlier said the bank intends to aggressively pursue its digitisation agenda and improve operational efficiency and profitability.

Digitalisation, according to Mweheire, targets to cut the bank's costs by sh7b in the second half of the year through freezing staff headcount, premises, cash handling, contracts, energy, litigation and technology spend.

In the digitisation agenda, banks hope to ride on agent banking to maintain their presence with customers.

Musiitwa said while agent banking will provide a bridge between banks and customers, banks will still need to engage with their customers through bank agents or physical branches for now.

"Agents should be trained to ensure that they keep that customer link, but if banks look at agents as a way to put technology into their hands and hoping that they will go out on their own, a lot will be lost along the way, especially for poor customers," she said.