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African Bank on track for expansion

Finance chief Gustav Raubenheimer welcomes the bank's lack of legacy systems

23 January 2017 - 06:20 AM Hanna Ziady



African Bank. Picture: FREDDY MAVUNDA

African Bank is revamping all its branches and opening in new areas as it gears up to launch its transactional banking product in the fourth quarter of 2017, which will include a credit card offering, says CEO Brian Riley.

"We plan to compete on pricing, functionality and product," Riley said on Friday, discussing its transactional banking offering, which he said would be omnichannel, meaning customers could engage with the bank in whatever way they chose.

African Bank, which was relaunched on April 4 2016, surprised shareholders when it reported operating profit after tax of R269m for the period to the end of September. The forecast was for an operating loss of R280m.

Today the bank has a gross loan book of roughly R30bn, reflecting its more conservative approach to lending.

The bank rejected just more than half of the 150,000 monthly loan applications it received, said finance chief Gustav Raubenheimer.

That it would launch without any legacy systems was an advantage, he said.

While it had discontinued a pilot joint venture with Sanlam to sell long-term insurance and investment products to clients, it hoped to have a contract in place with a new partner by the end of March, said Riley.

The bank was already selling a funeral insurance product at branches and wanted to sell advice-based products, he said.

Its five-year performance plan includes growing non-interest revenue to more than R300m and lifting customer numbers from 1.2-million to more than 2.5-million.

The bank has enough cash to honour payments on its bonds until 2019.