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Targeting the Unbanked: Mzansi¹ at Standard Bank

Just in after eight weeks' maternity leave, Mbali Malotana was deep in thought as she settled into and organized her new office. She had been promoted just before her leave to oversee Standard Bank's low-income products group, and was mentally reviewing the list of priorities she had discussed with the bank's strategy team before her departure. As a new hire just two years earlier, she had been an integral part of the team that created and launched the group and had jumped at the opportunity to lead it after the unexpected departure of her former boss.

The head of the Personal and Business Banking division, Clive Krige, minced no words during her promotion when he stressed the importance of growing the low-income business. "This will be the future growth engine of this company," he bellowed as he shook her hand just weeks ago, "We expect to see great things from you when you return!" She had had eight weeks to shake off her initial nervousness about the task before her, but the immensity of the job at hand was looming large as she composed an email to schedule her first staff meeting.

As a first priority, the team was going to take a critical look at their Mzansi accounts and stokvels, the traditional saving method in South Africa, still preferred by the urban poor population. Even though the number of Mzansi bank accounts had been growing among the poor population, Mbali wondered why stokvel was still so popular. She wanted to learn what made this traditional model of saving and lending, which in her mind was archaic, a preferred choice for the low-income population. A recent study had estimated the annual volume of informal savings at R5.61 billion.²

She also knew that while ahead of its own conservative account growth targets, Standard Bank's Mzansi account growth was significantly lagging behind the blazing pace that was being set by Postbank, a key competitor. This trend was certainly worrisome for the continued performance of Mzansi at Standard Bank. However, it revealed an even bigger threat to the bank's overall low-income segment penetration strategy. Particularly, Mbali had heard through the grapevine that Postbank was reaping profits from its Mzansi accounts, a feat yet to be achieved at Standard Bank. What exactly was fuelling Postbank's growth? Could Standard Bank tweak its Mzansi products to match and exceed Postbank's performance? Was Mzansi the best vehicle for Standard to reach the low-income segment?

To answer these and many other questions she had drafted for her meeting, Mbali believed that the group needed to go back to the basics: among other things, a renewed understanding of the history and



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