

## Capitec Bank – Redefining retail banking: Innovation through elimination

### Introduction

#### *Unlikely accolades*

Michiel Le Roux, Riaan Stassen and Gerrie Fourie were celebrating in the wake of the announcement that Capitec retail bank had been crowned the World's Best Bank by international banking advisory group Lafferty. Having worked together in the liquor industry prior to entering the world of banking, it seemed fitting to Le Roux and Stassen that this momentous occasion should be celebrated in this manner. Adding another feather to its cap, Credit Suisse had recently identified Capitec as one of the great brands of tomorrow. The only African brand to be recognised among the likes of Amazon, Facebook and Alibaba, they felt exceptionally honoured by the accolade. Le Roux had always told shareholders that Capitec would either be a big success or a small failure, but not in his wildest dreams could he have foreseen the success that this day in their history marked. Their relentless focus on simplicity had paid off (Harling & Misser, 1998) – and not just for Capitec's shareholders.

Stassen felt blessed to have a committed and experienced management team who had made the entire journey with them from the very beginning. He knew that the team's mutual respect and their ability to work together towards a common goal was an essential ingredient in their success. While they awaited their colleagues, the three men reflected on all the leg work that their journey encompassed.

### South African industry context

#### *The 1990s: A new South Africa in need of new banking*

In the late 1990s South Africa's banking sector was dominated by four major players: FNB, Nedbank, ABSA and Standard Bank, with a collective market share in excess of 80%.<sup>1</sup> With the change in the political landscape in 1994, a new customer segment emerged out of the previously oppressed and largely unbanked, non-white population of South Africa. The big four were encouraged to open up their basic banking and lending services to this

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