

# Bank Zero has lift off

Bank Zero Mutual Bank was granted its licence, has integrated with the national payments systems of the South African Reserve Bank (Sarb), and is currently alpha testing their app-driven bank.



Michael Jordaan

“The stringent licencing process, the high standards, and Sarb's skilled and professional approach clearly demonstrates that South Africa has a world-class regulator,” says Michael Jordaan, co-founder and chairperson of Bank Zero.

The fledgling bank integrated with the national payments systems of the Sarb, a move that will bring major benefits to customers. “Settling directly with the Sarb rather than through a ‘sponsoring bank’ enables us to participate directly with peer banks in the movement of money. We now have the ability to control our payments value chain, which forms a powerful foundation for innovative and cost-efficient offerings.” says Lezanne Human, co-founder and executive director.

## Savings culture

This Sarb integration, together with being a true mutual savings bank that pays decent interest, will enable Bank Zero to nurture a savings culture, says Liné Wiid. “Societies suffer from the disease of instant gratification, a mindset of ‘I want it; I want it now’. This is destructive in the long run as it perpetuates a culture of expensive, enslaving debt. Creating a savings culture means shifting mindsets from ‘I want a car; I want expensive credit now’ to ‘I have a savings goal; I’ll buy a car later’. Such delayed gratification leads to financial freedom – these behavioural changes require a new bank that is efficient at all levels, especially capital.”

## Alpha testing

Bank Zero remains prudent with its capital as Yatin Narsai, co-founder and CEO, explains: “Alpha testing is a major achievement – most institutions invest billions just to get here.” This phase involves a small team validating the end-to-end live systems and processes. Bank Zero’s scientific approach to building a bank uses precise laboratory-style testing and includes:

- Using the banking App with its integration to the revolutionary new core banking platform,
- Full end-to-end testing of the customer experience from ‘on-boarding’ through to actual transacting,
- Perfecting the integrated business, security and regulatory processes,

- Recently completing a disaster recovery test of the infrastructure & full software stack, and
- Confirming the fully automated regulatory reporting as required by the Sarb.

“Sweat equity is our single largest investment and leverages off a combined 250-plus years of detailed ‘know-how’. Experiencing a coming together of such experts in the context of modern agile interpretations is a great privilege. This enables Bank Zero to solve real-world challenges like painful fraudulent payments harming many businesses and individuals. “Criminals are innovating, so should banks - it’s an imperative,” says Narsai

## **Strategic collaboration**

Mastercard and Bank Zero are currently developing a new generation of card to deliver cutting-edge security and other unique features. Mark Elliott, division president, Mastercard Southern Africa says, “By supporting Bank Zero’s value proposition we address modern day payment realities, while providing the latest EMV technology and delivering multi-layered security protocols to protect users against fraud and identity theft.”

IBM has gotten the measure right when it comes to high-volume secure computing. Based on their multi-decade server expertise and research, IBM provides Bank Zero with breakthrough enterprise-grade security on its open-source based enterprise server through its pervasive encryption technology.

For certain functions Bank Zero uses the cloud – resulting in a hybrid model that delivers the best of both worlds.

“Building a bank is hard work; building an innovative bank is exponentially harder,” says Jordaan. The Bank Zero build-out continues, and after implementing additional payment rails (such as card transacting), Beta testing will start during quarter one of 2019. Public operations are expected to start around mid-2019.

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