

# Fintech benefits consumers and intermediaries

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The different technologies associated with fintech assist consumers with their decision-making process regarding financial products and enable intermediaries to provide their clients with needs-driven solutions and products.



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## Learning apps

Machine learning and/or artificial intelligence (AI), provide for predictive behavioural analytics, data driven data to aid decision making – and will not only automatically learn the habits of users, often hidden to themselves, but will engage users in learning games to make their instinctive, unconscious spending and saving decisions better.

Beyond these benefits, fintech devices also promote more effective and efficient automated customer service technology. For example, employing chatbots and AI interfaces assists consumers with basic functions – resulting in a more cost efficient and arguably more effective service to consumers.

Fintech is also being used to fight fraud by leveraging information about payment history and to flag transactions that are outside the norm.

The current role intermediaries play in the sales and servicing chain and the invaluable expertise they bring to the benefit of

the consumer is still preferred by many South Africans.

The process of risk identification and evaluation generally comes with years of experience and involves understanding each client's unique set of lifestyle or business circumstances. Evaluation of the risk - how frequent or how severe - is also achieved through the personal knowledge and information accumulated by the advisor.

Risk mitigation involves identifying and evaluating effective means of controlling risks or contracting out where feasible. Finally, assessing the residual risk is the role the advisor plays when looking for appropriate cost-effective solutions to finance these risk exposures.

Data is used throughout this value chain and the more detailed and comprehensive the data available to underpin the decision making, the more valuable and more accurate the advice and subsequent solutions are likely to be.

## Useful to know

- All intermediaries or advisors are bound by the requirements of the Protection of Personal Information (PoPI) Act as are the Insurers or other institutions. This ensures information on consumers is kept safe from illegal or untoward access.
- All intermediaries are obliged to provide comparative pricing as well as any significant differences in the scope of cover or benefits provided by each product being compared. Usually, in the South African market, there are several significant product suppliers offering similar or comparable products for the consumer or business. An independent professional intermediary or advisor will often present the client with multiple options and then make recommendations as to the best alternatives. This gives consumers a choice of comparable products.
- Insurtech advisory apps offer consumers multiple insurers (often five to seven) to consider and the app will assist consumers in the decision-making process making the process more affordable and effective, particularly when enhanced with additional human intervention when necessary.

Fintech, and in the case of the insurance sector – Insurtech - is set to revolutionise the way insurance business is done in the future. As it develops it will support and enhance customer service and experience, irrespective of how the business is being transacted – as an enhancement to intermediated distribution, a stand-alone alternative to existing intermediated distribution or through direct channels.

## ABOUT THE AUTHOR

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