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Renamed Teba seeks clients in wider market

Johannesburg, Oct 11, 2010 (Business Day/All Africa Global Media via COMTEX) -- TEBA Bank has changed its name to ubank as the medium-sized lender abandons a 35-year history of serving mainly mine workers and begins to lay siege to the broader market.

CEO of ubank, Mark Williams, said on Friday the bank, which has about 500 000 customers, would be expanding its customer base over the next 18 months.

The bank, which is owned by a trust jointly managed by the National Union of Mineworkers and the Chamber of Mines, had been implementing a five-year transformation strategy that recently culminated in the name change, driven by the decision to extend its services beyond the niche traditional market.

Mr Williams said ubank would grow its footprint by opening branches and expanding delivery channels to cover the major urban and metropolitan areas.

Before, ubank had predominantly focused on local and migrant mine workers.

It had already spent up to R180m on a new IT platform to prepare the bank for the larger diversified customer base, and would continue to invest in new technology, and products and services, as it broadens its customer profile, he said.

"Our expanded customer base is growing every month and we would like to close the gap (with competitors) quite significantly in terms of our numbers. Over the next 18 months we are talking of growing into the millions," Mr Williams said.

The bank will be competing with rivals - particularly Capitec and African Bank - who are also expanding particularly into the unbanked market, where experts estimate that as many as 10- million people do not have access to banking services.

Capitec Bank , with about 2,5-million customers by the end of last month and a branch network of more than 400, is using its low-fee structure and paperless banking to woo customers.

The growth of this market is seen as key to the expansion of income for banks once these customers become eligible for such high-fee earning products as vehicle and personal loans.

Mr Williams said he was not worried about competition because ubank was not necessarily going "head-to-head" with rivals.



It had a different and unique business model more suited to the lower end of the market, including illiterate rural customers.

These were customers who would be "frightened" to visit the branches of the larger banks where they felt intimidated, he said. "How do we differentiate ourselves? Our customers are our owners because the depositors are the beneficiaries of the trust that owns the bank. There is a balance between serving customers well and getting a reward and deploying that reward to the trust that owns us," he said.

"Our profile is fundamentally different from our competitors'. We have been operating in a worker environment for the past 30 years and we have a significant rural base as our market.

"Our profile as an institution and being black-owned as well as our products make us uniquely competitive," said Mr Williams.