

UNIVERSITY OF FORT HARE

**Introduction to Digital Banking
BIS521E**

DEGREE EXAMINATIONS

November 2019

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Time: 3 HOURS

Subject: BIS521E

Marks: 100

**This paper consists of 4 pages including the cover page
and appendix**

Internal Examiner
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External Examiner
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INSTRUCTIONS

1. Answer all questions completely and number them clearly.
2. The value of the mark for each question should be used as a rough guide to the amount of time/content to allocate to answering the question.
3. It is in the candidate's interest to write legibly.
4. Integrate either the presented scenario or real world examples into your answer to show that you understand the application of the theory/content.
5. Clearly state any assumptions that you make when responding to questions.
6. At the end of the examination place all answer books inside the first answer book used. Fill in all the covers of all the answer books, and indicate how many were completed.

1. Discuss the key characteristics of a digital bank by making reference to the appendix attached. [10]
2. Critically discuss any one of South Africa's top banks with respect to the extent to which they deliver an omni channel experience to their customers. [20]
3. Define privacy as it relates to digital banking. Discuss the privacy concerns that may result in the context of digital banking and discuss how users' attitudes or concerns towards privacy affect their decisions to use digital banking platforms. [15]
4. Explain why governments may consider a critical need to regulate cryptocurrencies. [10]
5. Explain the concept of blockchain and describe how it functions and how the concept came into being (what problems relating to traditional banking did it attempt to address). [13]
6. Critically compare traditional currencies and cryptocurrencies [12]
7. Refer to the article in the appendix and discuss the state of digital banking in South Africa. In your answer, reflect on the 5 key decisions facing the leadership of banks when dealing with the opportunities and threats of digital banking. [20]

[END OF PAPER]

Appendix

'We like competition' – FNB CEO on new entrants in banking sector

Mar 13 2019 05:00

Jan Cronje, Fin24

fin24



Jacques Celliers, CEO of FNB

FNB CEO Jacques Celliers says competition from new banking entrants means the sector as a whole will get better.

Celliers was speaking to Fin24 on Tuesday afternoon following the release of FirstRand's unaudited interim results for the six months ended December 31, 2018.

FNB announced a pre-tax profit increase of 12% to R12.5bn for the six months ended 31 December 2018, driven mainly by a strong performance from its SA business.

The bank saw growth in the cross-selling of new products, financial transactions on its app and overall transactional volumes in debit and credit card swipes.

In late 2018 a host of new or refurbished banks started entering the SA market, including TymeDigital, Bank Zero, Discovery Bank, Postbank and African Bank.

"We are quite blessed as a nation that we have a nice competitive spirit in the market. You don't want to live in a society where banks are lazy and slow," said Celliers.

The FNB CEO said the group was looking forward to seeing how the new entrants compete, adding that they were bound to experience "start-up pain" as they navigate the market and try to scale up.

"Over the years there have been many competitors that came and left," he said, citing Capitec as a onetime new entrant that successfully grew to a position of prominence.

Celliers said FNB would have to "figure out what is going to come at us" and "be responsive".

But increased competition was a good sign, he said. "We respect them all... we think they will be formidable over time," he said.

"We want to win Wimbledon when Federer is playing, not when novices play."