

Innovation trends in the financial intermediation sector, 2019-2021



South Africa's financial intermediation sector, which includes central and commercial banking, holds a significant role in the nation's economic framework, contributing to financial stability and providing services. Ongoing pressures for the sector include volatility in the global economy, geopolitical uncertainty and disruptive business models.

This brief examines how much innovation happened in the financial intermediation sector from 2019 to 2021, including the types of technologies businesses in the sector used, the innovation challenges they faced, and the outcomes of their innovations.

During 2019-2021, almost 70% of businesses in the financial intermediation sector conducted activities intended for innovation, and almost all of them developed product or process innovations by the end of 2021.

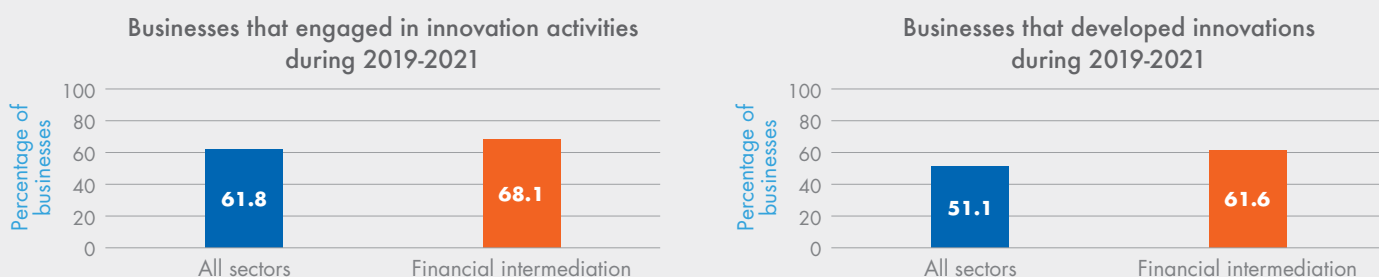


Figure 1: Percentage of businesses in financial intermediation that engaged in innovation and developed innovations.

What types of advanced and emerging technologies did businesses in the financial intermediation sector use and/or develop during 2019-2021?

Internet of Things was the most widely used technology, by 56.6% of businesses in the sector, followed by **business intelligence technologies**, by 30.2% of businesses.

While far lower proportions of businesses used emerging technologies, including **AI** (15.7%), **blockchain** (15.7%) and **robotics** (14.7%), they were more commonly used than all other technologies.

Internet of Things and business intelligence technologies were the most widely used technologies in the sector, while the use of other technologies was low.

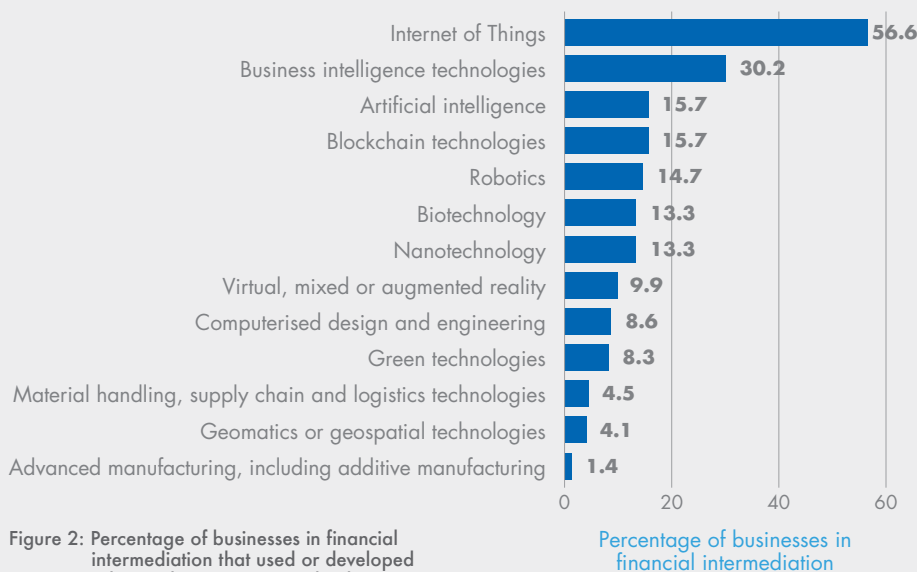


Figure 2: Percentage of businesses in financial intermediation that used or developed advanced or emerging technologies.

What were the most important barriers to innovation that financial intermediation businesses faced during 2019-2021?

Low proportions of businesses experienced innovation barriers to a high degree. The most important barriers were financial, including **high innovation costs** and **lack of funds**, but both were cited as highly important by only 13.3% of businesses in the sector.

Competition and **lack of information** barriers were not of high importance to businesses in the sector.

The most important barriers to innovation were financial but, overall, businesses in the sector did not experience barriers to a large degree.

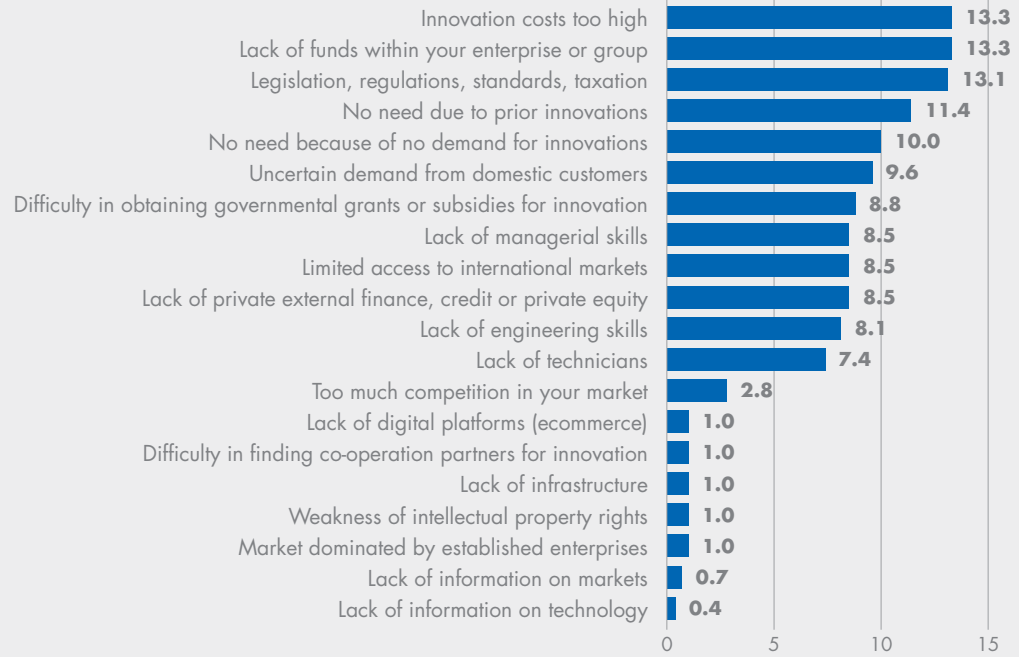


Figure 3: Percentage of businesses in financial intermediation that rated barriers to innovation as highly important.

What did innovative businesses in the financial intermediation sector perceive to be the most important outcomes of their innovation(s) during 2019-2021?

The most important outcomes were social and organisational related. 39.8% of businesses believed their innovations resulted in **improved gender equality**.

Improvements in the **quality and range of products**, and **export market performance**, were of lowest importance.

Improved gender equality was the most important innovation outcome for businesses in the sector.

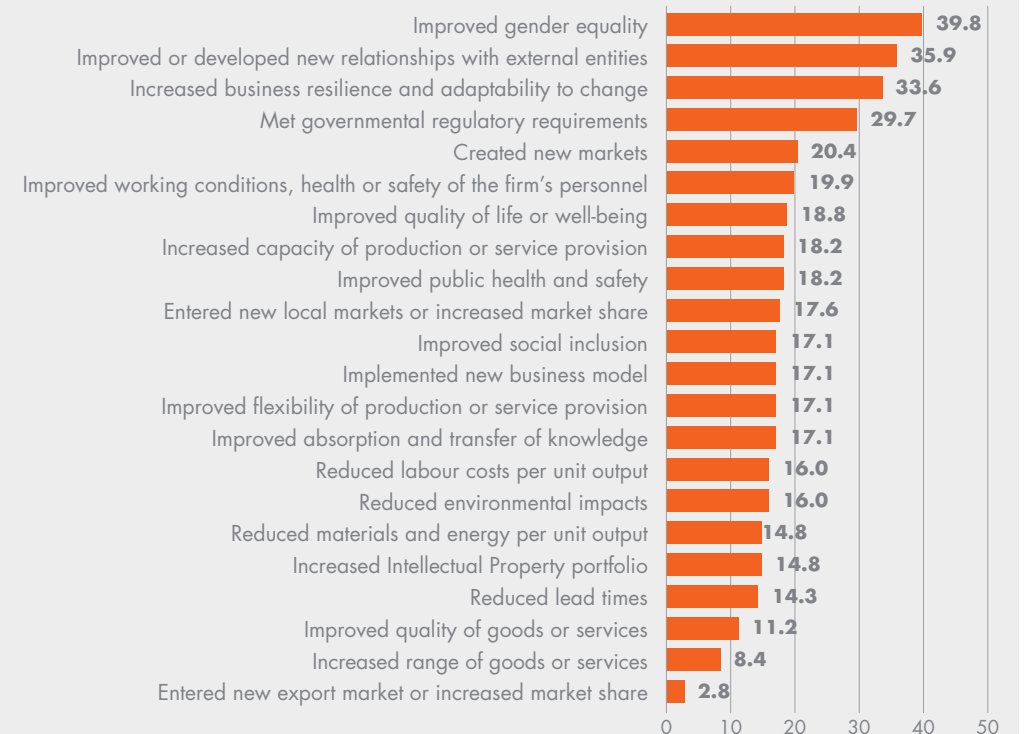


Figure 4: Percentage of innovative businesses in financial intermediation that rated outcomes as highly important.

About this brief

This brief is one of eight sector-specific analyses drawn from the [South African Business Innovation Survey 2019-2021](#). It provides deeper insight into innovation trends in the **financial intermediation sector**, so that businesses can compare and benchmark their innovation activities. Industry associations and policymakers can use the data to mobilise and support innovation activities across the financial intermediation sector.