

## **Inaugural speech at NMMU – Rootman (11 July 2017)**

**[Summary for *congratulations* following speech]**

### **Research in financial services: Professing a way forward**

Professor Rootman introduced us to Financial Services Providers (FSPs) and reminded us of experiences that all of us previously had with FSPs. She however, stressed the importance of FSPs to the South African economy, specifically towards GDP growth, employment creation and employment transformation. After clearly defining FSPs as well as the organisations, Acts and Codes that govern the industry, Prof Rootman elaborated on why FSPs and their relationships with clients are important.

Prof Rootman shared some client related questions in the industry, which made us think... We realised that these questions are currently unanswered.

Prof Rootman took us on a journey of previously conducted research in the financial services industry. By scrutinising databases she adequately summarised the large amount of research studies conducted within the field of marketing, as applicable to FSPs. She focused on the specific marketing concepts relevant to FSP research, and indicated the number of African studies relating to each of these concepts. After defining each, Prof Rootman also showed the theoretical models relating to each of the marketing concepts, including service quality, customer satisfaction, customer loyalty and retention, as well as relationship marketing. She graphically showed the trend with a timeline, and showed that the focus of research among FSPs relates to relationship marketing.

In her discussion, Prof Rootman emphasised that the practicality of relationship marketing is also evident, as many role players in the financial services industry took the relationship marketing concept to heart, by attempting to implement it.

Prof Rootman also convinced us with facts that international FSP research followed the same trend towards a focus on relationship marketing. She however emphasised that international best practices should be considered by FSPs, but the need for contextualised South African FSP research is critical.

Prof Rootman then gave us valuable insights on relevant African and South African specific financial services statistics. She elaborated on the high percentage of citizens on the African continent still not making use of financial services. Of those served, half are insufficiently served. The statistics shows that FSP opportunities remain largely unlocked in high-growth African markets.

Also evident from Prof Rootman's inaugural lecture is the current disruption in the industry due to FinTechs. The lecture highlighted the opportunities available to traditional FSPs to partner with FinTechs, as well as the opportunities that mobile devices offer FSPs to exploit.

Prof Rootman also highlighted the decreased rankings of FSPs in terms of brand value, client loyalty and satisfaction levels, as well as FSPs financial ratios.

A valuable part of Prof Rootman's inaugural lecture was her focus on what FSP clients really want. Her previous research results and findings clearly show that she is an expert in this regard. She highlighted the perception and practical gaps in clients' versus FSPs' views. She showed that clients are not loyal and willing to switch from one FSP to another. Prof Rootman also emphasised that FSPs cannot have similar marketing activities and efforts for their different categories of clients.

If FSPs want to be more successful and increase their contribution towards to the country's economic growth they need to create an environment that is conducive to relationship marketing, and ensure that their efforts align with clients' relationship marketing ideas.

Prof Rootman made four valuable statements in this lecture:

- (1) Questions on clients' perceptions of FSPs remain unanswered;
- (2) The trend of research shows a focus on FSP firm-client relationships or relationship marketing;
- (3) FSP research needs to be contextualised; and
- (4) South African specific reasons warrant more financial services research.

Prof Rootman also explained the idea of shared value and the need for FSPs to consider the implementation thereof.

For each of Prof Rootman's lecture sections, and linked to each of these statements, Prof Rootman professed the way forward by sharing ideas for future research. Further research would not only improve FSPs and benefit the economy; even more so it would benefit broader categories of stakeholders groups, meaning not only FSP clients, but also potential clients such as the unbanked or those financially excluded, as well as FSP employees.

*With her inaugural lecture Prof Rootman has presented four key statements. Through these statements she has given us an overview of financial services research, she shed light on the current state of financial services in South Africa, and she has professed the way forward for financial services research.*